

State of Rhode Island and Providence Plantations

Fiscal Year 2019 Budget



Volume IV – Public Safety, Natural Resources
and Transportation

Gina M. Raimondo, Governor

Transportation

Transportation

Summary

The transportation function provides for the maintenance and construction of quality infrastructure that reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation through its core programs (Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance) and transportation development and maintenance. Transportation development includes construction and design, traffic management, environmental and intermodal planning, capital programming, bridge rehabilitation/replacement, and highway safety. The Department of Transportation maintenance section engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

In FY 1994, Rhode Island established the Intermodal Surface Transportation Fund (ISTF) to provide financing for transportation expenditures from dedicated user-related revenue sources. This dedicated highway fund establishes a direct relationship between transportation project financing and the end-users of the projects, with the goal of establishing a stable revenue stream capable of financing the projects on a pay-as-you-go basis.

For FY 2018, the Intermodal Surface Transportation Fund is supported by 32.5-cents of Rhode Island's 34.0-cent per gallon gasoline tax. Gasoline tax receipts finance operating and debt service expenditures of the Department of Transportation, as well as specific portions of transportation-related expenditures of the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority (RITBA), and the Department of Human Services (formerly the Department of Elderly Affairs). The revenue generated by the state's gasoline tax is allocated to these recipients on an individual cent basis. State law governs the distribution of the cents to the agencies. As of FY 2010, there is no longer any contribution to the General Fund from the gasoline tax.

In recent years, Rhode Island has modified its transportation financing system to reduce reliance on debt financing and to provide additional resources for state projects. Rhode Island General Law 39-18.1-4 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund. Revenues deposited to this account include increased registration and license fees, certificate of title fees, an emissions inspections fees, a good driving surcharge, and a surcharge on rental vehicles.

During the 2015 General Assembly session, the Department of Transportation and the Governor's Administration put forward the RhodeWorks proposal to fund Rhode Island's transportation infrastructure needs for the next decade. Passed in early 2016, the plan includes the refinancing of existing Grant Anticipation Revenue Vehicle (GARVEE) debt to shift payments into the future and make \$120 million in federal funds more immediately available (during the initial years of the proposed program), as well as the issuance of \$300 million in new GARVEE bonds. Additionally, the plan includes the tolling of large commercial trucks beginning in FY 2018, resulting in an estimated \$41.0 million of revenue per year when implemented. The focus of the program is the reduction of the number of structurally deficient bridges in Rhode Island, from 22.0 percent in 2014 to 10.0 percent in 2025.

Federal Funding

Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA). Federal highway funding is provided through the Highway Trust Fund and other sources, as appropriated and allocated by Congress through transportation authorization legislation. Typically, these authorization provisions extend five to six years, allowing for mid-range capital planning at the state level.

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On December 4, 2015, the President signed into law the Fixing America's Surface Transportation (FAST) Act that authorizes federal highway, highway safety, transit, and rail programs for five-years from Federal Fiscal Year 2016 through FFY 2020.

FY 2018 Revised Budget

The Governor recommends revised FY 2018 appropriations of \$595.0 million for the Department of Transportation, including \$291.0 from federal funds, \$249.9 million from other funds, \$51.1 million from the Rhode Island Capital Plan Fund, and \$3.1 million in restricted receipts. Relative to FY 2018 enacted levels, recommended federal funds increase by \$5.6 million, Rhode Island Capital Plan Fund financing increases by \$7.3 million, while restricted receipts decrease by \$82,050 from enacted levels. Other funds increase by a total of \$67.5 million from enacted levels. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, Turnpike and Bridge Authority, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Highway Maintenance Account funds, toll revenue, land sale proceeds, non-land surplus property revenues, and other miscellaneous receipts.

Revenues derived from the gasoline tax and the Highway Maintenance Account, which combined, make up the state-funded portion of the Intermodal Surface Transportation Fund. The revised estimated state gas tax revenue available in FY 2018 is \$144.6 million, which represents the revised per-penny gasoline tax yield estimate of \$4,449,465. \$40.8 million of available gas tax in FY 2018 will go directly to the Department of Administration to fund debt service and other centralized services. Included within the Department of Transportation's budget is \$67.9 million for transfers to motor fuel revenue bond debt service, the Rhode Island Public Transit Authority, and the Rhode Island Turnpike and Bridge Authority.

The revised estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2018 are \$142.0 million. This includes a positive carryforward of \$66.0 million from FY 2017. Legislation directed all remaining registration and license fees were to be transferred from the General Fund to the Intermodal Surface Transportation Fund beginning in FY 2016, in a phased-in approach (25.0 percent in FY 2016, 75.0 percent in FY 2017, and 100.0 percent in FY 2018). The 2017 General Assembly adjusted the phase-in schedule to 50.0 percent in FY 2017, 80.0 percent in FY 2018, and 100.0 percent in FY 2019. As part of the revised FY 2018 Budget, the Governor recommends reducing the schedule phase-in for FY 2018 to 60.0 percent, which will result in \$10.3 million less in revenue for the Intermodal Surface Transportation Fund. The Governor recommends 100.0 percent in FY 2019.

Five-percent of all Highway Maintenance Account receipts are transferred to support operational expenses at the Rhode Island Public Transit Authority (RIPTA). The 2017 General Assembly directed an additional \$5.0 million per year for FY 2018 and FY 2019 to offset a reduction in revenue from the reinstatement of free rides for elderly and disabled riders and to fund debt service on outstanding general obligation bonds, which had been funded using general revenues for the previous two years.

Major changes from enacted levels to the Governor's revised FY 2018 Budget include:

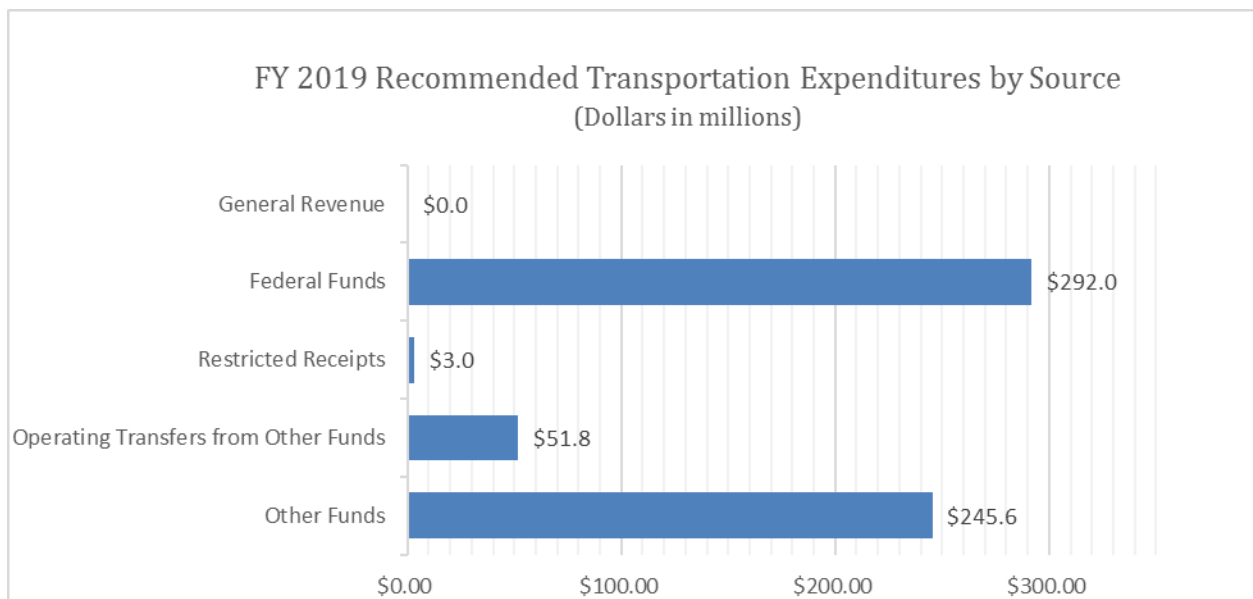
- A carryforward of \$63.4 million from unspent FY 2017 gas tax and Highway Maintenance Account revenues. The additional funds will be used for vehicle and heavy equipment purchases and on major construction projects, including the reconstruction of the Route 6/10 interchange.
- A carryforward of \$7.3 million from unspent FY 2017 Rhode Island Capital Plan Funds, to be used as a match for federal funds on major capital projects.
- The inclusion of \$4.0 million dollars for toll revenue as part of RhodeWorks, to be used on bridge maintenance and repair.

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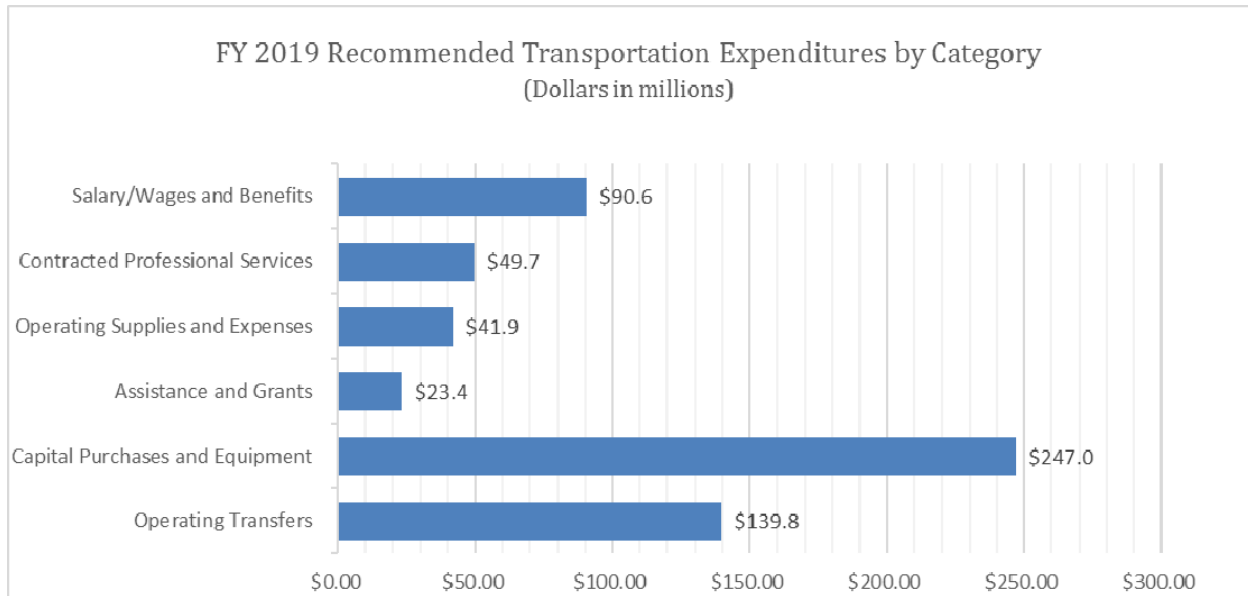
- Pursuant to authority provided by the General Assembly in the FY 2018 Appropriations Act, increased gas tax funding of \$2.5 million and increased federal funding of \$1.3 million is now reflected in the agency budget. This accounts for the decentralization of budgetary authority for statewide internal services provided by the Department of Administration’s Divisions of Human Resources and Information Technology.

FY 2019 Recommended Budget

The Governor recommends FY 2019 appropriations of \$592.4 million for the Department of Transportation, including \$292.0 million from federal funds, \$245.6 million from other funds, \$51.8 million from the Rhode Island Capital Plan Fund, and \$3.0 million in restricted receipts. Relative to FY 2018 enacted levels, recommended federal funds increase by \$6.6 million, Rhode Island Capital Plan Fund financing increases by \$8.1 million, and restricted receipts decrease by \$133,722 from the enacted budget. Other funds for the Department of Transportation increase by a total of \$63.8 million from FY 2018 enacted levels. The other funds total includes gasoline tax expenditures for the Department of Transportation, RIPTA, Turnpike and Bridge Authority, and GARVEE/Motor Fuel Revenue Bonds, as well as Rhode Island Highway Maintenance Account funds, toll revenue, land sale proceeds, non-land surplus property revenues, utility access permit fees, and other miscellaneous receipts.



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The total estimated receipts for the gasoline tax portion of the Intermodal Surface Transportation Fund in FY 2019 are \$144.3 million, which represents a gasoline tax yield estimate of \$4,440,702 per penny of the gasoline tax. The total estimated receipts for the Rhode Island Highway Maintenance Account portion of the Intermodal Surface Transportation Fund in FY 2019 are \$97.0 million, which represents an increase of \$22.6 million from FY 2018 enacted levels. Rhode Island General Law 39-18.1-4 transfers 100.0 percent of all existing Department of Motor Vehicle (DMV) fees to the Highway Maintenance Account as of July 1, 2018. \$40.1 million of available gas tax in FY 2018 will go directly to the Department of Administration to fund debt service and other centralized services. Also included within the Department of Transportation's budget is \$77.6 million for transfers to motor fuel revenue bond debt service, the Rhode Island Public Transit Authority, and the Rhode Island Turnpike and Bridge Authority.

Major changes from enacted levels to the Governor's recommended FY 2019 Budget include:

- An additional \$22.6 million in revenues in the Highway Maintenance Account, to be used for road and bridge maintenance and on major construction projects.
- \$10.0 million in Rhode Island Capital Plan Fund financing for repair and maintenance of local transportation infrastructure.
- \$41.0 million for bridge maintenance and repair from fully operational tolling infrastructure as part of the RhodeWorks plan.
- \$2.5 million in gas tax funding and \$1.3 million in federal funding for internal services previously included in the Department of Administration's budget.
- \$3.8 million for additional FTE positions to support internal maintenance, engineering, and design functions, to reduce the Department's reliance on outside contractors.

Transportation Function Summary

Expenditures by Agency	2016 Actuals	2017 Actuals	2018 Enacted Budget	2018 Revised Budget	2019 Recommended
Department Of Transportation	395,129,559	415,815,151	514,065,072	595,043,313	592,433,211
Total Expenditures	395,129,559	415,815,151	514,065,072	595,043,313	592,433,211
Expenditures by Object					
Salary and benefits	64,093,613	67,751,655	86,885,543	88,296,677	90,642,128
Contract Professional Services	43,604,611	42,888,304	38,815,480	43,392,768	49,730,550
Operating supplies and Expenses	30,982,675	533,301	20,222,722	40,959,673	41,864,702
Assistance And Grants	21,512,155	17,045,620	23,265,569	23,871,796	23,384,569
Subtotal: Operating	160,193,054	128,218,881	169,189,314	196,520,914	205,621,949
Capital Purchases And Equipment	138,645,723	163,359,613	237,962,734	293,616,712	247,014,126
Operating Transfers	96,290,782	124,236,656	106,913,024	104,905,687	139,797,136
Subtotal: Other	234,936,505	287,596,269	344,875,758	398,522,399	386,811,262
Total Expenditures	395,129,559	415,815,151	514,065,072	595,043,313	592,433,211
Expenditures by Source of Funds					
Federal Funds	254,067,959	239,668,419	285,390,062	290,957,841	292,015,160
Restricted Receipts	2,890,620	1,278,394	3,168,128	3,086,078	3,034,406
Operating Transfers From Other Funds	12,052,271	32,649,645	43,724,952	51,059,476	51,822,782
Other Funds	126,118,709	142,218,692	181,781,930	249,939,918	245,560,863
Total Expenditures	395,129,559	415,815,151	514,065,072	595,043,313	592,433,211
FTE Authorization	752.0	701.0	775.0	775.0	795.0