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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO PUBLIC FINANCE -- RHODE ISLAND TRANSPORTATION
INFRASTRUCTURE FUND -- CREATION -- ALLOCATIONS TO FUND

Introduced By: Senators DiPalma, Felag, Ottiano, Miller, and DaPonte

Date Introduced: February 12, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 35-4 of the General Laws entitled "State Funds" is hereby amended
2 by adding thereto the following sections:

3 **35-4-11.1. Rhode Island transportation infrastructure fund -- Creation --**
4 **Allocations to fund. --** (a) There is hereby created a restricted receipt account within the Rhode
5 Island intermodal surface transportation fund established in § 35-4-11, to be known as the Rhode
6 Island transportation infrastructure fund or transportation infrastructure fund. Unexpended
7 balances remaining in the Rhode Island transportation infrastructure fund shall not be subject to
8 the ten percent (10%) indirect charge.

9 (b) Commencing with the start of FY 2015, and continuing for five (5) additional
10 consecutive fiscal years thereafter until FY 2020, pursuant to the ninety-seven percent (97%)
11 limitation on state spending contained in Article IX, Section 16 of the constitution of the state of
12 Rhode Island, one quarter of one percent (0.25%) of the state's annual appropriation shall be
13 allocated and deposited into the transportation infrastructure fund every fiscal year, until the total
14 amount of the annual allocation is equal to one and one-half percent (1.5%) of the state's total
15 appropriation, at which point the one and one-half percent (1.5%) rate shall remain in place until
16 further action of the general assembly. Such deposit shall be deemed to be in compliance with the
17 ninety-seven percent (97%) limitation within said Article IX, Section 16.

18 (c) From FY 2015 through to and including FY 2018, an amount equivalent to the value

1 of all Rhode Island department of transportation debt, which is being assumed by the state and
2 covered through appropriations from the general fund, shall be subtracted from the motor fuel tax
3 provided for in chapter 36 of title 31 and deposited into the Rhode Island transportation
4 infrastructure fund. Beginning in FY 2019, and annually thereafter, forty-five million dollars
5 (\$45,000,000) of the Rhode Island department of transportation's motor fuel tax allocation which
6 was previously used for debt service, shall be deposited into the Rhode Island transportation
7 infrastructure fund. This amount shall be in addition to the amount appropriated pursuant to
8 subsection (b).

9 (d) Commencing with FY 2015, and ending at the conclusion of FY 2019, a five percent
10 (5%) surcharge shall be assessed on all fees collected by the division of motor vehicles. Funds
11 collected from such surcharge shall be deposited into the Rhode Island transportation
12 infrastructure fund. This amount shall be in addition to the amount appropriated pursuant to
13 subsection (b).

14 **35-4-11.2. Appropriations to support fund – Use of bonds to initially support fund. -**

15 -(a) The general assembly shall annually make appropriations from the general fund to the Rhode
16 Island transportation infrastructure fund to address any shortfalls in revenue from the reduction or
17 elimination of any tolls on any of the four (4) bridges in the East Bay Bridge system, specifically
18 the Mt. Hope Bridge, the Newport or Newport-Pell Bridge, the Jamestown Verrazzano Bridge,
19 and the Sakonnet River Bridge, as appropriate. Such appropriations shall be in addition to the
20 amount appropriated pursuant to § 35-4-11.1.

21 (b) Upon its inception, and up until the Rhode Island transportation infrastructure fund is
22 appropriately funded as determined by the general assembly, general obligation bonds shall be
23 proposed to the voters to support the fund in accomplishing its objectives. The initial general
24 obligation bond proposals shall be submitted to the voters at the general election to be held in
25 November, 2014.

26 SECTION 2. Section 35-3-20.1 of the General Laws in Chapter 35-3 entitled "State
27 Budget" is hereby amended to read as follows:

28 **35-3-20.1. Limitation on state spending. --** (a) For the fiscal year ending June 30, 2009,
29 no appropriation, supplemental appropriation, or budget act shall cause the aggregate state
30 general revenue appropriations enacted for the fiscal year to exceed ninety-seven and eight tenths
31 of one percent (97.8%) of the estimated state general revenues for the fiscal year from all sources,
32 including estimated unencumbered general revenues not continued or reappropriated to the new
33 fiscal year remaining at the end of the previous fiscal year. Estimated unencumbered general
34 revenues are calculated by taking the estimated general revenue cash balance at the end of the

1 fiscal year less estimated revenue anticipation bonds or notes, estimated general revenue
2 encumbrances, estimated continuing general revenue appropriations, and the amount of the
3 budget reserve and cash stabilization account at the end of the fiscal year. The amount of the
4 general revenue estimate and estimated unencumbered general revenue remaining shall be
5 determined by the state controller and approved by the auditor general in conformance with
6 accounting procedures currently in use. The excess of any unencumbered general revenue shall be
7 determined by subtracting from the actual unencumbered general revenues at the end of any fiscal
8 year an amount which together with the latest estimated general revenues is necessary to fund the
9 ensuing fiscal year's general revenue budget, including the required estimated general revenue
10 supplemental and annual appropriations. Provided further, the applicable percentage shall
11 decrease by two-tenths of one percent (.2%) for the succeeding four (4) fiscal years as follows:

12	Fiscal year ending June 30, 2010	97.6%
13	Fiscal year ending June 30, 2011	97.4%
14	Fiscal year ending June 30, 2012	97.2%
15	Fiscal years ending June 30, 2013 and thereafter	97.0%

16 (b) The amount between the applicable percentage in subsection (a) and one hundred
17 percent (100%) of the estimated state general fund revenue for any fiscal year as estimated in
18 accordance with subsection (a) shall be appropriated in any given fiscal year into the budget
19 reserve and cash stabilization account; provided, that for the fiscal year ending June 30, 2009, no
20 payment will be made which would increase the total of the budget reserve and cash stabilization
21 account to more than three and four-tenths of one percent (3.4%) of only the estimated state
22 general fund revenues as set by subsection (a). In the event that the payment to be made into the
23 budget reserve and cash stabilization account would increase the amount in the account to more
24 than three and four-tenths of one percent (3.4%) of estimated state general revenues, the amount
25 shall be transferred to the Rhode Island Capital Plan fund, to be used solely for capital projects.
26 Provided further the applicable percentage shall increase by four-tenths of one percent (.4%) for
27 the four (4) succeeding fiscal years as follows:

28	Fiscal year ending June 30, 2010	3.8%
29	Fiscal year ending June 30, 2011	4.2%
30	Fiscal year ending June 30, 2012	4.6%
31	Fiscal years ending June 30, 2013 and thereafter	5.0%

32 However, there shall be no expenditures of money under this section without passage of a
33 specific appropriation by the general assembly. (c) Within forty-five (45) days after the close of
34 any fiscal year, all unencumbered general revenue in the year end surplus account from the fiscal

1 year shall be transferred to the general fund.

2 (d) Commencing with the start of FY 2015, and continuing for the four (4) additional
3 years thereafter until FY 2019, the general assembly shall reallocate the equivalent of one tenth of
4 one percent (.1%) of general revenues from the Rhode Island capital plan fund to the Rhode
5 Island public transit authority. In each successive fiscal year after FY 2015 and continuing up to
6 and including FY 2019, the amount of this reallocation shall be increased by one tenth of one
7 percent (.1%) until it reaches the amount of one-half of one percent (0.5%) in FY 2010.

8 SECTION 3. Sections 24-12-2, 24-12-5, 24-12-40.F and 24-12-40.G of the General Laws
9 in Chapter 24-12 entitled "Rhode Island Turnpike and Bridge Authority" are hereby amended to
10 read as follows:

11 **24-12-2. Authority created -- Composition.** – (a) There is hereby created a body
12 corporate and politic to be known as the "Rhode Island turnpike and bridge authority." The
13 authority shall consist of five (5) members, including the director of transportation, who shall be a
14 member ex officio, and four (4) members appointed by the governor.

15 (b) Provided, that effective July 1, 2015, the authority shall be transferred and
16 reconstituted as a separate division within the Rhode Island department of transportation. In such
17 capacity, the authority shall be known as the Rhode Island turnpike and bridge division. On and
18 after July 1, 2015, all references in the general laws to the Rhode Island turnpike and bridge
19 authority shall be deemed to refer to the Rhode Island turnpike and bridge division within the
20 department of transportation. The new division shall be the toll collecting agent of the department
21 of transportation. With the exception of the Newport Bridge no tolls shall be collected on any
22 bridge without express authorization of the general assembly.

23 (c) The department of transportation shall prepare and deliver a report to the general
24 assembly not later than December 31, 2014, setting forth a plan to accomplish the consolidation,
25 acquisition, and implementation of this transfer of the Rhode Island turnpike and bridge authority
26 to the department of transportation.

27 **24-12-5. Power to construct, reconstruct, renovate, acquire, maintain, repair,**
28 **operate or manage projects or additional facilities and to issue bonds.** -- In order to facilitate
29 vehicular traffic, remove many of the present handicaps and hazards on the congested highways
30 in the state, alleviate the barriers caused by large bodies of water, and promote the agricultural
31 and industrial development of the state, the Rhode Island turnpike and bridge authority is hereby
32 authorized and empowered: to construct the Newport Bridge, the turnpike, any portion thereof or
33 any additional facility hereafter authorized to be constructed; to acquire the Mount Hope Bridge,
34 to acquire the Sakonnet River Bridge, to acquire the Jamestown Verrazzano Bridge and any

1 additional facility hereafter authorized to be acquired; to maintain, construct, reconstruct,
2 renovate, acquire, repair, operate or manage any project or projects; and to issue bonds of the
3 authority as provided in this chapter to finance any project or projects; provided, however, that
4 the Mount Hope Bridge shall only be acquired as provided for by section 24-12-40A. Provided
5 further, that effective July 1, 2014, the authority of the Rhode Island turnpike and bridge authority
6 to issue bonds shall be modified so that all such bonding shall be accomplished by the state only
7 through the issuance of general obligation bonds. Debt service on bonds shall be paid for by the
8 Rhode Island turnpike and bridge authority through revenue generated from tolls on the Newport
9 Pell bridge, and other sources, including annual appropriations from the general fund as needed.

10 **24-12-40.F. Title to Sakonnet River Bridge vested in Rhode Island turnpike and**
11 **bridge authority -- Institution of tolls.** – (a) All powers, control, and jurisdiction of and title to
12 the Sakonnet River Bridge is authorized to be transferred to the Rhode Island turnpike and bridge
13 authority. Beginning February 1, 2014, the authority may charge and collect tolls for the use of
14 the Sakonnet River Bridge to provide funds sufficient with any other monies available therefor
15 for paying the costs of acquiring, leasing, maintaining, repairing and operating, the Jamestown
16 Verrazzano Bridge, the Mount Hope Bridge, the Newport Bridge, and the Sakonnet River Bridge,
17 the turnpike and additional facilities. Until February 1, 2014, the Authority shall not charge and
18 collect tolls in excess of those in place on the Newport Bridge on June 1, 2013. Should any part
19 of this section contravene or be inconsistent with any term or provision of the general laws, the
20 provisions of this section shall control.

21 (b) Provided, that effective July 1, 2014, title to the Sakonnet River Bridge shall be
22 transferred to the department of transportation. Provided further, that effective July 1, 2014, any
23 authority to collect tolls on said bridge shall be deemed revoked and voided, and no tolls shall be
24 collected on said bridge without express authorization by the general assembly.

25 **24-12-40.G. Title to Jamestown Verrazzano Bridge vested in Rhode Island turnpike**
26 **and bridge authority.** – (a) All powers, control, and jurisdiction of and title to the Jamestown
27 Verrazzano Bridge is authorized to be transferred to the Rhode Island turnpike and bridge
28 authority.

29 (b) Provided, that effective July 1, 2014, title to the Jamestown Verrazzano Bridge shall
30 be transferred to the department of transportation. Provided further, that effective July 1, 2014,
31 any authority to collect tolls on said bridge shall be deemed revoked and voided, and no tolls shall
32 be collected on said bridge without express authorization by the general assembly.

33 SECTION 4. Chapter 31-36 of the General Laws entitled "Motor Fuel Tax" is hereby
34 amended by adding thereto the following section:

1 **31-36-24. Joint commission to study motor fuel tax.** -- (a) There is hereby created a
2 joint legislative commission to monitor, study, report and make recommendations on all areas of
3 the motor fuel tax and to seek out ways to replace such tax.

4 (b) The commission consists of twelve (12) members of the general assembly: six (6) of
5 whom shall be members of the house of representatives, to include the chair or deputy chair of the
6 committee on finance, and five (5) other members, one of whom shall be from the minority party,
7 all to be appointed by, and to serve at the discretion of, the speaker of the house of
8 representatives; and six (6) of whom shall be from the senate, to include the chair or vice chair of
9 the committee on finance, and five (5) other members, one of whom from the minority party, all
10 to be appointed by, and to serve at the discretion of, the president of the senate.

11 (c) The commission shall have co-chairpersons, one appointed by the speaker of the
12 house of representatives and one by the president of the senate.

13 (d) The commission may review or study any matter related to the motor vehicle fuel tax
14 and shall seek ways to devise and implement a replacement for the motor vehicle fuel tax. The
15 commission may request and shall receive from any instrumentality of the state. The commission
16 shall make recommendations to the speaker of the house and the president of the senate on or
17 before March 1, 2015.

18 (e) The commission shall have the power to hold hearings, shall meet at least quarterly,
19 may make recommendations to the general assembly, state agencies, private industry or any other
20 entity, and shall report to the general assembly on its findings and recommendations as it
21 determines appropriate, in addition to the recommendations required pursuant to subsection (d).

22 SECTION 5. Chapter 31-47.4 of the General Laws entitled "Uninsured Motorist
23 Identification Database Procedure" is hereby amended by adding thereto the following section:

24 **31-47.4-11. Funds to be deposited into transportation infrastructure fund.** -- All
25 funds and revenue generated as a result of the establishment of the uninsured motorist
26 identification database pursuant to this chapter shall be deposited into the Rhode Island
27 transportation infrastructure fund established pursuant to § 35-4-11.1. This amount shall be in
28 addition to the amount appropriated pursuant to § 35-4-11.1.

29 SECTION 6. Chapter 44-18 of the General Laws entitled "Sales and Use Taxes -
30 Liability and Computation" is hereby amended by adding thereto the following section:

31 **44-18-18.2. Sales and use tax prospective rate changes.** -- (a) As to any sales and use
32 tax rate imposed which was to be reduced from seven percent (7%) to six and one-half percent
33 (6.5%) upon passage of any federal law which authorizes states to require remote sellers to collect
34 and remit sales and use taxes, said sales and use taxes shall instead be reduced from seven percent

1 (7%) to six and six hundred twenty-five one thousandths percent (6.625%), if and when federal
2 law authorizes states to require remote sellers to collect and remit sales and use taxes. The six and
3 six hundred twenty-five one thousandths percent (6.625%) sales and use tax rate shall take effect
4 for tax years beginning on or after the date that the state requires remote sellers to collect and
5 remit sales and use taxes.

6 (b) Of the sales and use tax collected under the prospective six and six hundred twenty-
7 five one thousandths percent (6.625%) rate, one hundred twenty-five one thousandths percent
8 (0.125%) shall be deposited into the Rhode Island transportation infrastructure fund. This one
9 hundred twenty-five one thousandths percent (0.125%) allocation shall take effect for tax years
10 beginning on or after the date that the state requires remote sellers to collect and remit sales and
11 use taxes.

12 (c) For purposes of clarification, this section shall take effect upon passage; provided, the
13 adjustment in sales and use tax rates set forth herein are prospective and shall take place as
14 provided for in this section, specifically for tax years beginning on or after the date that the state
15 requires remote sellers to collect and remit sale and use taxes.

16 SECTION 7. This act shall take effect on July 1, 2014. The remaining sections of this act
17 shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC FINANCE -- RHODE ISLAND TRANSPORTATION
INFRASTRUCTURE FUND -- CREATION -- ALLOCATIONS TO FUND

1 This act would provide a new method to fund transportation and bridge costs in Rhode
2 Island. The act would establish the Rhode Island transportation infrastructure fund as a restricted
3 receipt account within the Rhode Island intermodal surface transportation fund. The act would
4 provide further annual allocations to the transportation infrastructure fund from various sources.
5 The act would also transfer the Rhode Island turnpike and bridge authority into a division within
6 the Rhode Island department of transportation. The act would also allocate certain sales and use
7 tax revenues to the transportation infrastructure fund.

8 This act would take effect on July 1, 2014. The remaining sections of this act would take
9 effect upon passage

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