

Senate Finance Committee

The Senate Finance Committee was scheduled to meet Tuesday at the Rise (when the Senate daily session ends) in the Senate Lounge. The Committee was to take testimony on three sections of the Governor's proposed budget: Article 2, section 3 creating a supplemental budget reserve, Article 4, section 1 freezing the gas tax rate, and what the committee is referring to as Article 2, section 1 rebating taxes paid on electricity and natural gas bills. The Governor talked about the rebate of the 4% gross receipts tax on electric bills and the 3% gross receipts tax on natural gas bills in his State of the State Address. It is estimated to average a rebate of \$24 to electricity customers and \$30 to natural gas customers. The total relief is estimated at \$35 million. The actual website link on the General Assembly site for bill text, does not include the rebate language in Article 2. If you have an interest in the rebate program and wish to submit testimony you can still do so by referencing: "Public Service Corporations Tax (Temporary Relief)."

Taking a Look at the Remaining Articles in the Governor's Budget

Article 2 – Relating to State Funds

This Article begins by changing the information technology investment fund into a restricted receipt account. Policy makers use restricted receipt accounts to make it more difficult to transfer money to other programs in future years. Monies can be moved, but an additional vote is needed to do so. The Governor proposes to take revenues derived from the sale of state-owned land and buildings and place it in this restricted receipt account.

The Governor proposes to create another new fund called the "supplemental state budget reserve account." Future General Assemblies would be able to transfer money into this account. Should revenues come into the state less than anticipated - after the third quarter of a fiscal year - the General Assembly could make appropriations from the supplemental state budget reserve account for the difference between the estimated total resources and the original estimate made in the budget.

The budget Article eliminates the Executive Climate Change Coordinating Council Projects from the state indirect cost recoveries requirement. Normally agencies get to keep 10% of monies placed into a restricted receipt account for which that agency oversees the program. The General Laws list restricted receipt accounts that are not subject to this 10% - EC4 would be another. The budget gives EC\$ \$4.5 million.

The last section of Article 2 creates a special fund, called the "large systems initiatives fund (LSI) to be administered by the chief information officer within the Department of Administration.

This fund would be used to maintain the enterprise-wide software project for the executive branch. This is a large project meant to streamline payments and human resources.

Article 3 – Relating to Government Reform and Reorganization

Article 3 begins with the creation of the Rhode Island Longitudinal Data System Act. The purpose of the RILDS is to connect data across sectors over time to support research from early learning programs through postsecondary education and into employment. It is meant to track the same type of information on the same subjects at multiple points in time. The Article establishes a governing board, comprised of the participating agencies, charged with approving policies regarding how data requests are handled, what reports are to be produced, etc. Funding for this program will come from state revenues, federal grants and user fees.

The second section of the Article establishes a new definition for bridges in Rhode Island, “having an opening measured along the center of the roadway of eight feet or more between under copings of abutments.” The language clarifies that the state is financially responsible for bridges on state owned roads, not bridges on non-state roads. Even if the state performs an inspection on a non-state road, the state would not become responsible for the structure.

The Article proposes to allow a new group of honorably discharged national guard members, and their spouses, to be buried in the Rhode Island Veterans’ memorial cemetery. To qualify, the guard member had to complete at least six years of services with another state and reside in Rhode Island for at least two consecutive years immediately prior to death.

The Office of Management and Budget is given additional authority to evaluate executive branch agencies and assess the efficiency of the performance.

Section 7 of the Article changes the Minority Business Enterprise participation requirement for procurements and construction projects. Under current law procurement and construction projects must award at least 10% of the dollar value of the entire project to MBE companies. The Article increases the percentage to 15% and further requires that of the 15%, half must go to a woman owned business (7.5%).

The last section eliminates the Underground Storage Tank Advisory Board. This board has not met in many years, in large part due to its authority transferring to the Department of Environmental Management in 2016.

Article 5 – Relating to Energy and Environment

Article 5 addresses changes to the paint stewardship program, the mattresses recycling program and the electricity fee program.

Under current law, the paint program and the mattress program must both be run by a non-profit organization. Article 5 allows for-profit entities to bid to provide services to the state as well. The paint program would become a five-year contract entered into following a competitive bid process. The bids must include proposals to increase collection points across the state and to identify ways to motivate local infrastructure investment and business development in addition to job creation. The existing law requires a bidder to pay \$2500 to cover the review of the plan. That fee is eliminated. Article 5 allows the re-constituted program to create a reserve fund up to 50% of the projected program costs in any given year. Once the 50% threshold is reached, the language calls for reducing the paint fee. If no entity bids to provide the service, the responsibility will fall to RI Resource Recovery. Similarly, the mattress program would also transition to a five-year contract with an entity, and the responsibility would remain with RI Resource Recovery if an entity does not win a bid. A 50% reserve fund is permitted under the budget article.

The third part of Article 5 makes changes to the demand-side management program. When originally passed into law, the surcharge on customers' bills was set for a period of 21 years which means it would sunset in 2028. Article 5 extends the charge to 2030. Last year, \$5 million was transferred to the RI Infrastructure bank to fund energy efficiency, renewable energy and demand-side management projects. Article 5 expands the scope of use for that money to include clean transportation, clean heating and energy storage projects. Article 5 transfers \$4.5 million of the fees collected to the EC4 Committee (Executive Climate Change Coordinating Council). The 2021 Act on Climate charged the EC4 with developing a plan to reach the emission reduction targets set in statute. The \$4.5 million can be used to develop the plan, invest directly in programs to reduce greenhouse gas emissions, publishing findings and emissions, and support the Climate Justice Workgroup – including “compensation to community participants.” Lastly, the Article eliminates RI Energy's performance-based incentives that it received to administer the energy efficiency program.

Article 7 – Relating to Economic Development

Article 7 is similar to the Economic Development Article in previous budget years. Many current programs are set to expire December 31, 2023. The Governor-proposed article pushes the sunset clause to December 31, 2024 for the following programs: Rebuild Rhode Island Tax Credit, Rhode Island Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund Act, I-195 Redevelopment Project Fund Act, Small Business Assistance Program Act, Stay Invested in RI Wavemaker Fellowship, Main Street Rhode Island Streetscape Improvement Fund, Innovation Initiative, High School, College and Employer Partnerships, Air Service Development Fund and the Rhode Island Qualified Jobs Incentive Act of 2015.

In addition, a few program changes have been proposed. The Rebuild Rhode Island Tax Credit Act has a maximum aggregate credit amount of \$210 million. According to the Revenue Department, that aggregate amount has almost been reached. The Governor proposes to increase the cap to \$225 million. The Stay Invested in RI Wavemaker Fellowship currently covers individuals in the STEM fields. Article 7 proposes to expand the purpose of the program to include teachers and healthcare individuals. The Department of Elementary and Secondary Education is instructed to assist Commerce Corporation in defining “teacher.” The RI Streetscape Improvement Fund would be amended to allow communities to use the fund for technical assistance, although the Commerce Corporation is charged with establishing a limit on the amount of the fund that can be used for this expanded purpose.

The following new bills were filed last week:

House Bill No. [5225](#) Kislak, Alzate, Henries, McGaw, Batista, Morales, Stewart, Felix, Sanchez, Speakman, AN ACT RELATING TO PROPERTY -- RESIDENTIAL LANDLORD AND TENANT ACT (Requires all property owners of rental property to file with the secretary of state notice of their name, address, telephone number, email address and other information.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5225.pdf>

House Resolution No. [5231](#) Shekarchi, Blazejewski, HOUSE RESOLUTION EXTENDING THE REPORTING AND EXPIRATION DATES OF THE SPECIAL LEGISLATIVE COMMISSION TO STUDY THE ENTIRE AREA OF LAND USE, PRESERVATION, DEVELOPMENT, HOUSING, ENVIRONMENT, AND REGULATION (Extends the reporting and expiration dates of the commission to study the entire area of land use, preservation, development, housing, environment, and regulation, from June 8, 2023, to April 30, 2025, and expires on June 30, 2025.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5231.pdf>

House Bill No. [5239](#) Solomon, Finkelman, Cardillo, Lima, Corvese, Noret, Casimiro, Giraldo, Casey, AN ACT RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND COMPUTATION (Creates a sales tax holiday on August 12 and 13, 2023.) <http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5239.pdf>

House Bill No. [5261](#) Stewart, Cruz, Morales, Henries, Kazarian, Alzate, Sanchez, Knight, AN ACT RELATING TO TOWNS AND CITIES -- ZONING ORDINANCES (Changes zoning distance notice requirements and requires website and social media hearing

notice postings.)

<http://webserver.rilin.state.ri.us/BillText/BillText23/HouseText23/H5261.pdf>