Rhode Island House Bill 7133 (2014)

Title of Bill: House Bill 7133 (Fiscal Year 2014 State Budget Bill)

Purpose: Bill to increase the state gas tax by 1 cent-per-gallon (starting July 1, 2015), revisited every two years to reflect increases based on the rate of inflation; increase vehicle inspection fees from $39 to $55; and raise court fees drivers pay to dispute fines for traffic violations from $25 to $50. H 7133 (Article 21- Relating to Transportation) also transferred existing motor vehicle fees and surcharges, previously deposited into the General Fund, to the Rhode Island Highway Maintenance Account.

Status of Amendment: Passed

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History

State Gas Tax
Rhode Island last increased the gas tax by 2 cents-per-gallon in 2009. Prior to the passage of H 7133, the state gas tax was 32 cents-per-gallon. ii

Gas Tax Distribution & Transportation Funding Sources
Prior to H 7133, all vehicle-related fees went to Rhode Island’s general fund. The budget plan under this bill will gradually move all of this vehicle-related revenue to a new fund specifically for the maintenance of roads and bridges. This fund will be used to pay for all the transportation infrastructure costs beginning in the 2016 fiscal year.

H 7133 was a deal reached to rid the state of the need for controversial tolls on the Sakonnet River Bridge. Additionally, the new budget also transfers the revenue from a portion of the state’s existing gasoline tax to the Rhode Island Turnpike and Bridge Authority. iii

According to Rhode Island’s Fiscal Year 2016 Budget, the state gas tax is allocatediv:

- 19.25 cents-per-gallon is allocated to the Rhode Island Department of Transportation (RIDOT);
• 9.75 cents-per-gallon is allocated to the Rhode Island Public Transportation Authority (RIPTA);
• 3.5 cents-per-gallon is allocated to the Rhode Island Turnpike and Bridge Authority (RITBA) (beginning FY 2015, as enacted by H 7133);
• 1 cent-per-gallon is allocated to the DEA/DHS; and
• 0.5 cent-per-gallon is distributed to the Underground Storage Tank-DEM.

Need

According to the Road Information Program (TRIP):

• 37% of Rhode Island’s major roads are in poor condition and driving on these roads costs motorist an extra $478 million a year in vehicle repair, about $637 per motorist.
• 56% of Rhode Island’s bridges are structurally deficient or functionally obsolete.
• 37% of Rhode Island’s major highways are congested.
• Roadway conditions are shown to be a significant factor in one-third of traffic fatalities; from 2009 through 2013, a total of 344 people died on Rhode Island highways.
• Motor vehicle crashes cost Rhode Island $767 million per year, $732 for each resident from medical costs, lost productivity, travel delays, workplace costs, insurance costs and legal costs.

Studies

A study commissioned by the Rhode Island Construction Coalition released April 22, 2014 found that returning funding for the construction industry to pre-recession 2001 levels (roughly 26 percent of construction jobs were lost between 2007-2010) would drop the state unemployment rate by 1.4 percentage points, create 9,880 new jobs, $404 million additional income for Rhode Island households, and $60.2 million more in state tax revenues.

Tim Scanlon, executive director of the Construction Industries of Rhode Island, stated at a 2015 conference, “For every construction job that you add, you add 1.8 jobs in the public sector.”

In a press release, Tim Scanlon, executive director of the Construction Industries of Rhode Island and Rhode Island Construction Coalition member stated:
“Professor Tebaldi’s report provides an unbiased analysis of the way construction activity induces jobs and prosperity, both directly and indirectly. We’re looking to foster a debate about the factors hindering our recovery, and to create momentum for initiatives to promote and maximize our growth — which will benefit the Rhode Island economy as a whole.”

In addition to the study commissioned by the Rhode Island Construction Coalition, several legislative studies were enacted in previous years in order to analyze the state’s transportation funding needs and recommend solutions to increase revenue. A 2011 report identified a $242 million transportation funding gap for RIDOT, a $5.3 million gap for RIPTA, and a $68.6 million gap for RITBA. The study noted that the state’s gas tax collections were not reliable in the current form, and a more sustainable funding mechanism was needed.

**Summary of Legislation**

HB 7133 made several changes to how transportation-related fees are taxed, and where that money is deposited. The bill:

- Increased the state gas tax by 1 cent-per-gallon (starting July 1, 2015), revisited every two years to reflect increases based on the rate of inflation according to the Consumer Price Index (CPI);
- Increased vehicle inspection fees from $39 to $55; and raise court fees drivers pay to dispute fines for traffic violations from $25 to $50.
- Created the State Revolving Loan Fund, so local governments will be able to borrow on the state’s credit in order to facilitate long-term transportation planning.
- Created the Highway Maintenance Account, an account where all transportation-related taxes and fees (previously deposited into the General Fund) will be deposited and protected against diversions to other programs, gradually phased in over five years; and
- Utilized the Rhode Island Capital Plan Fund for transportation funding by taking a percentage to provide the state federal match.

HB 7133 also reduced the state corporate tax from 9 percent to 7 percent, increased the minimum amount of an estate’s worth that would require a death tax to $1.5 million (from $921,655), and eliminated a ‘cliff’ that required heirs to pay taxes on the entire cost of the estate if it exceeded that set sum.
Supporters

Arguments:

- Creates a fund specific to transportation infrastructure without increasing tolls.
- Economic development and job creation.
- Public safety issue with roads.
- Long-term sustainability.

House Speaker Nicholas A. Mattiello

“I guess the headline is going to be no tolls on the Sakonnet River Bridge, but what we’ve accomplished is greater than that... I think everybody has felt for a while that it was unfair to burden the East Bay with the toll expense...What we have accomplished is we are going to better our infrastructure across the state”
Sponsor, Representative John G. Edwards (D)

“I look forward to continuing to work with my colleagues in both the Senate and the House to finalize a long-term, statewide plan for the maintenance of our state’s bridges and roads. We share the same common goals; to ensure a fair system that will protect the integrity of our local economy while improving Rhode Island’s infrastructure.”

President of the Senate M. Teresa Paiva Weed (D)

“This budget reflects our firm commitment to improving our economy, encouraging business growth, and job development... It also creates a transportation infrastructure fund to ensure the long term maintenance of our roads and bridges while not increasing tolls.”

Governor Lincoln D. Chafee

“As a whole, this budget focuses on strategies that send a clear and consistent message that the leadership in Rhode Island is doing all that it can to make this state better.”

Representative Jay Edwards (D)

“This is a great day not only for the East Bay but for the whole of Rhode Island, because we can actually say Little Rhody is going to get it right”

Rhode Island Construction Coalition

Coalition members include: Construction Industries of Rhode Island, the Rhode Island Builders Association, Associated Builders & Contractors, Rhode Island Associated General Contractors, Gilbane Building Company, and Build RI.

John Sinnott, vice president at Gilbane Building Company and Coalition member:

"We are in an unprecedented time in Rhode Island's history. Our neighbors and friends are struggling to find work, development has nearly ground to a halt, and there is little confidence in a turnaround. Collectively — from all corners of the construction industry — we have come together, both union and merit shops, home builders and road builders, commercial and institutional builders, to determine what is driving the stagnation and to initiate efforts that will help to turn the State's economy around.”

Tim Scanlon, executive director of Construction Industries of Rhode Island and Coalition member:

“Our overarching mission is to inform the public and Rhode Island’s policy makers about the general state and outlook for this key economic driver.”

Opponents
Arguments:

- Revenue is inadequate to fully meet the state’s transportation funding needs.
- RITBA already invested up to $5 million on tollbooths for the Sakonnet River Bridge. xi
- Drivers may go across the border to lower-tax states in order to get gas.

*Rep. Gregory J. Costantino (D-Dist. 44)*

“Carrying intimate knowledge of the obstacles my constituents face every day in their local communities, I could not bring myself to vote for the imposition of a gas tax increase and raising motor vehicle inspection and good driving fees. We have already asked Rhode Islanders to shoulder too much of the state’s burden on top of their own personal struggles, many of which are tied directly to our unemployment rate.” xii

Why did it succeed?

*Clearly defined need.*

Lawmakers began the 2014 legislative session with clear intent to establish long-term, sustainable transportation funding. Several studies, both from interest groups and from legislatively-established commissions, reinforced the urgent need to find new revenue in order to support the state’s roads and bridges.

*Messaging that emphasized job creation and economic benefits.*

Coalition messaging focused on the creation of new jobs, particularly in light of the loss of many jobs during the 2009 recession, and the economic benefits of transportation construction investment to the state, businesses, and individuals.

*Compromise.*

Increasing the state gas tax and linking it to inflation to ensure long-term sustainability was generally viewed as a compromise between meeting the state’s transportation funding needs and avoiding other wildly unpopular funding methods, particularly tolls on the Sakonnet River bridge. A majority of both Democrats and Republicans supported this bill, ensuring its passage.
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The Transportation Investment Advocacy Center ™ (TIAC) is a first-of-its kind, dynamic education program and internet-based information resource designed to help private citizens, legislators, organizations and businesses successfully grow transportation investment at the state and local levels through the legislative and ballot initiative processes.

The TIAC website, www.transportationinvestment.org, was created so transportation investment advocates do not have to “re-invent the wheel” to mount successful campaigns. It exists to put in one place—and promote the sharing of—strategies... sample political and communications tools... legislative and ballot initiative language... and information on where to obtain professional campaign advice, research and help. To subscribe to at no cost—and receive via email—the regularly updated TIAC blog, visit the website.

In addition to the website, the TIAC program includes an annual workshop in Washington, D.C., and ongoing webinars for transportation investment advocates featuring case studies, best practices, and the latest in political and media strategies. State and local chamber of commerce executives, state legislators, state and local transportation officials, “Better Roads & Transportation” group members, industry and labor executives, and leaders of state and local chapters of national organizations who have an interest in transportation development programs are welcomed to participate.

The TIAC is a project of the American Road and Transportation Builders Association’s “Transportation Makes America Work!”™ (TMAW) program (www.tmaw.org) and funded through voluntary contributions and sponsorships. To become a sponsor or to make a contribution, visit the ARTBA store or contact TIAC Manager Carolyn Kramer at ckramer@artba.org or 202-289-4434. Also contact Ms. Kramer if you have questions or comments about any reports or case studies published through the TIAC.
## Appendix


**Legislators voting to approve the gas tax increase**

### Senate

- David E. Bates (R- District 32)
- Christopher Scott Ottiano (R- District 11)
- Dennis L. Algiere (R- District 38)
- Catherine Cool Rumsey (D- District 34)
- Maryellen Goodwin (D- District 1)
- Juan M. Pichardo (D- District 2)
- Gayle L. Goldin (D- District 3)
- Dominick J. Ruggerio (D- District 4)
- Paul V. Labour (D- District 5)
- Harold M. Metts (D- District 6)
- James E. Doyle II (D- District 8)
- Frank Lombardi 26 (D- District)
- Adam J. Satchell (D- District 9)
- Walter S. Felag, Jr. (D- District 10)
- Louis P. DiPalma (D- District 12)
- Daniel Da Ponte (D- District 14)

### House

- Joseph A. Trillo (R- District 24)
- Edith H. Ajello (D-District 1)
- Christopher R. Blazejewski (D-District 2)
- Thomas A. Palangio (D-District 3)
- Gordon D. Fox (D-District 4)
- John J. DeSimone (D-District 5)
- Raymond A. Hull (D-District 6)
- Maria E. Cimini (D-District 7)
- Anastasia P. Williams(D-District 9)
- Scott A. Slater (D-District 10)
- Grace Diaz (D-District 11)
- Joseph S. Almeida (D-District 12)
- John M. Carnevale (D-District 13)
- Charlene M. Lima (D-District 14)
- Nicholas A. Mattiello (District 15)
- Peter G. Palumbo (D-District 16)
- Robert B. Jacquard (D-District 17)
- Arthur Handy (D-District 18)
- Joseph M. McNamara (D-District 19)

- Donna M. Nesselbush (D- District 15)
- Elizabeth A. Crowley (D- District 16)
- William J. Conley, Jr. (D- District 18)
- Ryan W. Pearson (D- District 19)
- Roger A. Picard (D- District 20)
- Stephen R. Archambault (D- District 22)
- Paul W. Fogarty (D- District 23)
- Frank Lombardo III (D- District 25)
- Hanna M. Gallo(D- District 27)
- Joshua B. Miller (D- District 28)
- Michael J. McCaffrey (D- District 29)
- William A. Walaska (D- District 30)
- Erin P. Lynch (D- District 31)
- James C. Sheehan (D- District 36)
- V. Susan Sosnowski (D- District 37)
- M. Teresa Paiva Weed (D- District 13)

- David A. Bennett (D-District 20)
- Eileen S. Naughton (D-District 21)
- Frank G. Ferri (D-District 22)
- K. Joseph Shekarchi (D-District 23)
- Jared R. Nunes (D-District 25)
- Patricia A. Serpa (D-District 27)
- Scott J. Guthrie (D-District 28)
- Lisa P. Tomasso (D-District 29)
- Robert E. Craven, Sr. (D-District 32)
- Donald J. Lally, Jr. (D-District 33)
- Donna M. Walsh (D-District 36)
- Samuel A. Azzinaro (D-District 37)
- Brian Patrick Kennedy (D-District 38)
- Larry Valencia (D-District 39)
- Stephen R. Ucci (D-District 42)
- Deborah A. Fellela (D-District 43)
- Gregory J. Costantino (D-District 44)
- Mia A. Ackerman (D-District 45)
- Jeremiah T. O'Grady (D-District 46)
Cale P. Keable (D-District 47)  
Michael A. Morin (D-District 49)  
Stephen M. Casey (D-District 50)  
Robert D. Phillips (D-District 51)  
Thomas Winfield (D-District 53)  
William W. O’Brien (D-District 54)  
Arthur J. Corvese (D-District 55)  
Agostinho F. Silva (D-District 56)  
William San Bento, Jr. (D-District 58)  
J. Patrick O’Neill (D-District 59)  
Elaine A. Coderre (D-District 60)  
Raymond H. Johnston Jr. (D-District 61)  
Mary Duffy Messier (D-District 62)  
Katherine S. Kazarian (D-District 63)  
Helio Melo (D-District 64)  
Gregg Amore (D-District 65)  
Jan P. Malik (D-District 67)  
Kenneth A. Marshall (D-District 68)  
Raymond E. Gallison, Jr. (D-District 69)  
John G. Edwards (D-District 70)  
Dennis M. Canario (D-District 71)  
Linda D. Finn (D-District 72)  
Marvin L. Abney (D-District 73)  
Deborah Ruggiero (D-District 74)  
Peter Martin (D-District 75)  

Legislators voting against the gas tax increase

**Senate**

Nicholas D. Kettle (R-District 21)  
Dawson Tucker Hodgson (R-District 35)  
Edward O’Neill (I-District 17)  
Marc A. Cote (D-District 24)  
Leonidas P. Raptakis (D-District 33)

**House**

Patricia L. Morgan (R-District 26)  
Antonio Giarrusso (R-District 30)  
Doreen Marie Costa (R-District 31)  
Michael W. Chippendale (R-District 40)  
Brian C. Newberry (R-District 48)  
John J. Lombardi (D-District 8)  
Teresa Ann Tanzi (D-District 34)  
Spencer E. Dickinson (D-District 35)  
Michael J. Marcello (D-District 41)  
Karen L. MacBeth (D-District 52)  
James N. McLaughlin (D-District 57)  
Joy Hearn (D-District 66)
Rhode Island House Finance Committee Approves $28 million Transportation Infrastructure Fund

RI leaders say they'll nix Sakonnet tolls, hike gas tax
http://wpri.com/2014/06/05/lawmakers-strike-deal-to-nix-sakonnet-tolls/

State of Rhode Island General Assembly

State of Rhode Island and Providence Plantations FY 2016 Budget Summary:
http://www.budget.ri.gov/Documents/CurrentFY/ExecutiveSummary/7_Transportation.pdf

“Key Facts About Rhode Island’s Surface Transportation system and Federal Funding”
http://www.tripnet.org/docs/Fact_Sheet_RI.pdf

THE ECONOMIC IMPACT OF THE CONSTRUCTION INDUSTRY ON THE ECONOMY OF RHODE ISLAND IN 2013”, Ebinaldo Tebaldi, Ph.D., Associate Professor of Economics, Center for Global and Regional Economic Studies, Bryant University. March 2014.

CIRI is active member of new RI Construction Coalition

“SENATE COMMISSION ON SUSTAINABLE TRANSPORTATION FUNDING”
http://webserver.rilin.state.ri.us/SenateFinance/special_reports/sustainable%20transportation%20funding%20report.pdf

Rhode Island Senate Finance Committee Passes Bill to Establish Infrastructure Fund, Revoke Bridge Tolls

RI leaders say they’ll nix Sakonnet tolls, hike gas tax
http://wpri.com/2014/06/05/lawmakers-strike-deal-to-nix-sakonnet-tolls/

Costantino voted against 38 Studios payment, gas tax increases