

RPG Bridge Repair Plan Summary

The Republican Policy Group Plan is a ten year commitment to repair our deficient bridges.

It contains no new revenue: no tolls, no new taxes, no new fees

It provides more money for repair and replacement than the Governor's Borrowing/Tolling proposal

It requires a long term commitment from the General Assembly that prioritizes bridge infrastructure. In conversations last spring with RIDOT Director Peter Alviti, he stressed the safety issues surrounding our deficient bridges. He expressed serious concern that travelers will be severely hurt if action is not taken soon. We concur. This plan provides funds more quickly than borrowing & tolling and is cheaper overall.

Advantages:

- Uses Current Revenue
- No Bond Attorney and Underwriting Fees
- No Hefty Interest Charges
- No Expensive Gantry Installations or Maintenance
- No Credit Card Fees for Transponders
- No Increase in Consumer Prices to pay for higher shipping costs
- No Loss of Competitiveness for our Small Businesses due to higher costs of raw materials and shipping finished goods
- No Harm to our Trucking industry, their ability to retain and attract customers
- No Loss of Gas Tax Revenue as Trucks Divert Travel around RI
- No Moral Jeopardy for the State's residents from the temptation of easy revenue from higher, broader tolls

Sources of Funds:

Refinance GARVEE Bonds: We concur with the Governor's Proposal. GARVEE Bonds were used to finance the I-Way construction. By refinancing these bonds, the state will receive an immediate \$120 million. This will cost an additional \$15 million. We feel this extra expense is justified because of the seriously deficient condition of many of our bridges. It is a safety concern and should have the highest priority. This will provide an early infusion of money, as the legislature works to pass the legislation needed to appropriate the funds from the additional sources. Our plan uses \$30 million each year for 4 years (2016-2019).

DMV Fees: In the past two years, the legislature raised vehicle fees by 40%. Proponents of the fee increase stated that these funds would be used for road and bridge repair. Our plan takes the increases and pledges them to our deficient bridges.

DMV Fees consist of: Inspection fees, Good Driver Dismissal fees, Gas Tax Inflation index and Transfer fines and fees (license and registration renewals)

Because of the safety hazards created by our dangerously deficient bridges, we are assigning these fees to our bridges. It needs to be the top priority.

This source begins at \$24,300,000 in 2016 and increases as the gas tax is adjusted upwards for inflation. Additionally, the transfer of the fines and fees increases according to a predetermined Legislative schedule.

It is our belief that these funds will still be counted towards the state's mandatory federal match.

Twin Rivers: This source adds \$500,000 to bridge repair. Although the gaming venues are an important source of revenue for the state, we feel this budget item is unjustified. Twin Rivers recently bought Newport Grand. In their study of that deal, they should have known the rewards and challenges of that purchase and prepared for successful operation, independent of taxpayer support. It is an egregious example of corporate welfare to ask the taxpayers to support their profits when our bridges are in danger of collapse.

Film Tax Credits: Appropriate \$3,000,000 to bridge repair. Current legislation authorizes \$15 million annually for film tax credits. This limit was instituted after \$26 million was redeemed in the early years of the program. The average state cost since inception has been approximately \$7.5 million annually. We will submit legislation that caps the film credit at \$5 million a year and utilize \$3 million for bridge repair.

Our study of film credits has shown a poor reward to our economy from the film tax credit program. Data from the Dept of Labor documents that nearly 75% of the wages from the film industry are supported by the tax credit. Given this poor ratio after a decade in operation, we feel the safety needs of the public merit a higher priority. Public safety outweighs the Film Tax Credit subsidy.

JCLS: Use \$4,000,000 from the General Assembly's budget. The General Assembly budget in fiscal year 2015 was \$41.7 million. In the past 12 years, it has grown by over 60%. Also during this time, was a reduction in Legislative Assembly members. The House was reduced by 25 members while the Senate was cut almost in half.

Over the last decade, many Rhode Island families have gone through a period of stagnant wage growth or even job loss. The expense growth for a part-time legislature which meets 60- 70 days during 6 months of the year cannot be justified. We are confident that leadership can implement efficiencies in operations and contribute 10% of their budget to rebuilding our bridges.

RICCA: \$1.5 million in 2016 increasing by \$250,000 each year. The Republican Policy Group's study of the Convention Center Authority exposed a quasi-government agency that has been failing for decades to maximize their value to the Rhode Island public. To the contrary, they have been a steady recipient of taxpayer dollars averaging \$20 million a year. This year the RICCA is projected to receive over \$25.7 million from taxpayers.

We highlighted areas for improvement and believe that they can and must improve the profitability of the facilities. Such areas include advantageous contractual negotiations, realignment of marketing strengths with business opportunities, and the institution of effective productivity measures.

The goals we set are achievable.

Medical Advisory Board: This Board is part of the Workmen's Compensation Court. The Medical Advisory Board meets about once every two months. This board employs three staff members who assist with the meeting, developing the agenda and performing light study of best practices and medical protocols for members.

Because the work load is sporadic and low in volume, we recommend the duties be shifted to other fulltime staff in the Court and the savings be shifted to bridge repair. Once again, it comes down to priorities. We believe safe and structurally sound bridges must be the focus.

The current employees should be encouraged to apply for other state vacancies.

RICAP: Since RICAP funds are appropriated for capital projects years in advance, we begin using \$25 million for bridge repair in the 5th year. A rainy-day fund, this program was established in 2006. Each year, it receives 3% of the state's revenue but is capped at 5%. Whatever money has not been used to alleviate shortfalls is considered overflow and is used for capital projects. This provides approximately \$120 million annually for construction, rehabilitation and building preservation projects. Approximately, \$20 million each year is used as the state's match to secure Federal Highway Funds. Another \$21 million is provided by the registration fees transfer from the general revenue fund.

We intend to use an additional \$25 million to complete repair and rehabilitation of our crumbling bridges.

RICAP Art Mandate: \$500,000; State law mandates that 1% of the costs of construction, remodeling, or renovations be allocated for art. While we believe that art is important, we believe that public safety is a higher purpose, at least for the ten years that this initiative envisions.

We are also mindful of the elimination of state sales tax on art purchases in Rhode Island passed in 2013. This tax relief is a significant benefit to the art community that costs Rhode Island nearly \$1.5 million annually. The art exemption is much more valuable than the 1% mandate by the state.

Energy savings: Included in our electricity costs is a charge for renewable energy. The Electric Company is required to supply 8% of all consumed electricity from renewable sources. Renewable energy costs much more than the electricity produced from natural gas; it increases costs to consumers. State government, including our State colleges, consumes approximately 180 million kilowatt hours each year. The renewable energy surcharge, as a result, averages approximately \$526,000 for the state's taxpayers. We will introduce legislation that suspends the mandate for state government until 90% of our structurally deficient bridges have been repaired. Rhode Island should use this half million on bridge safety.

Cadillac Tax: As a result of the Affordable Care Act, all health insurance policies that cost more than \$10,200 for an individual or \$27,500 for a family will be responsible to pay a 40% fine on the overage. Our 2016 budget includes \$2million to begin preparing for this expense.

The Administration must work with insurance providers to restructure the plans to avoid this costly fine. Since it will take some time and negotiation, we do not include this \$2 million in our plan until 2019. The bottom line is that this is an avoidable and costly expense that taxpayers should not be asked to shoulder. The money is better spent on bridges. Bridge spending will increase safety in Rhode Island and will put locals back to work. Paying this tax will send money out of the

state to the federal government. Money that doesn't help increase roadway safety nor put Rhode Islanders back to work.

Museum Of Labor: \$200,000. This small museum in Woonsocket costs nearly \$250,000 annually. The RI Historical Society operates the museum and receives state support each year through grants. Given the extremely poor and dangerous condition of our bridges, we feel it is important to find efficiencies in all government spending. We must prioritize bridges.

We suggest limiting hours of operation, use of volunteers or combining with the Slater Mill, to maintain the historical records, while at the same time maximizing taxpayer value in spending decisions. Culture and heritage are important and should be preserved for future generations to enjoy; however, bridge safety should take priority.