



## Press Releases

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### House approves 2018 budget bill

STATE HOUSE – The House of Representatives voted 64-11 today to approve a \$9.2 billion 2018 state budget that eliminates the \$134 million shortfall that opened up in May, funds the first year of a six-year phase-out of the car tax, raises the minimum wage, restores no-fare bus passes for low-income elderly and disabled people, includes a pilot program to provide two years of free tuition at CCRI and once again does not include any broad-based tax increases.

The bill (2017-H 5175Aaa) now goes to the Senate, which plans to bring the bill before its Finance Committee Tuesday.

"This budget accomplishes many goals that the people of Rhode Island have asked us for. It finally makes good on the promise to eliminate the excise tax on automobiles, which has been a priority for me because I've heard from so many Rhode Islanders who believe it's an unfair tax. We've also restored free RIPTA passes for the elderly and disabled and included a portion of the governor's free college tuition plan. We've done all this while cutting spending to close a \$134 million shortfall, without raising broad-based taxes. This is a budget that doesn't contain a lot of frills, but it does improve the lives of Rhode Islanders from all walks of life," said House Speaker Nicholas A. Mattiello (D-Dist. 15, Cranston).

Said House Finance Committee Chairman Marvin L. Abney (D-Dist. 73, Newport, Middletown), "This was not an easy budget to accomplish, but it is a fair one. There were many tough decisions that had to be made, but we did so in the mindset of listening to the needs of Rhode Islanders. It will continue the progress we have made in previous budgets and I firmly believe it sets Rhode Island on a path of future prosperity and success."

The budget sets into motion Speaker Mattiello's car tax elimination plan, introduced as a separate bill in May, to begin eliminating the car tax by reducing the taxable portion of a car's retail value from 100 percent to 95 percent and increasing the minimum exemption from \$500 to \$1,000, and capping the rate at \$60 in 2018. It also stops taxing cars that are 15 years or older immediately. The plan would continue reducing the taxable value and maximum rates and raising the minimum exemptions through 2023, with the tax completely eliminated in 2024. The budget fully reimburses cities and towns for the lost revenue, a cost of \$26 million in 2018.

The plan includes a 90-cent increase in the minimum wage over two years, raising the wage to \$10.10 on Jan. 1, 2018, and to \$10.50 on Jan. 1, 2019. If ultimately approved by lawmakers, it would make 2019 the sixth year out of seven that that the Assembly raised the minimum wage.

The bill restores a program that provided no-fare Rhode Island Public Transit Authority (RIPTA) bus passes to low-income elderly and disabled people. While Gov. Gina M. Raimondo's proposal partly restored the program, the House plan will fully fund the program for two years at the cost of \$5 million per year. Over this two-year period, the General Assembly is requesting that the administration find a permanent solution so that vulnerable Rhode Island residents will continue to have access to the passes. Since February, elderly and disabled Rhode Islanders who meet income-eligibility requirements have had to pay 50 cents a ride, plus 25 cents for transfers.

The House continued commitments made in previous years to economic development initiatives through the Rhode Island Commerce Corporation such as extending the sunset on the historic tax credit program for two years, and expanded access to the innovation incentive for manufacturers. Increases to other incentive programs were more modest than in the governor's proposal.

The House concurred with the governor's proposal to enhance efforts to have online retailers collect sales tax. Amazon.com began doing so voluntarily this year.

The bill includes proposed raises for state-subsidized home health care workers and those who serve the developmentally disabled, as included in the governor's proposal. The measure is meant both to ensure quality care for the disabled and to provide relief for workers in an industry where wages are low, despite workers' tremendous responsibilities.

The House did not concur with the governor's plan to freeze hospital and nursing home reimbursement rates until January. It did accept an Oct. 1 rate freeze for nursing home reimbursement rates, but added another \$10 million for nursing homes. The House also included the new health system transformation program that leverages another \$23.5 million in federal funds, including \$13.5 for hospitals, in 2018, and another \$7 million for nursing homes in the current year's budget.

The plan fully funds the seventh year of the 10-year phase-in of the state education funding formula, increasing education aid by \$46 million. The House plan makes permanent a pilot effort in the current year to provide a total of \$2.5 million in extra funding for schools with high numbers of English-language learners, as well as permanently funding recovery high schools, which were previously funded only for this year. It also includes an additional \$1.1 million for early childhood learning programs.

Davies Career and Technical High School will receive a \$3.6 million upgrade under the proposal as part of additional financial help for the manufacturing industry.

The House included a compromise on the governor's proposal to provide two years of free tuition to students at state colleges. It will be a four-year pilot program to provide two years at the Community College of Rhode Island, with requirements that students maintain a 2.5 GPA and stay in Rhode Island following graduation. It also requires evaluation and reporting to the General Assembly on the effectiveness of the program.

To help close a \$134 million shortfall caused by lower-than-expected revenues and higher-than-anticipated spending, lawmakers maximized resources, looked for efficiencies, declined to create new positions throughout government and made a \$25 million cut in general government spending, as well as decreasing the General Assembly's budget by \$2 million and making moderate cuts to smaller programs.

The House concurred with the governor's proposal to raise the cigarette tax from \$3.75 a pack to \$4.25, a year after declining a 25-cent hike she proposed for the current year's budget. The increase will raise an estimated \$7.5 million in new revenue. The House also added a limited tax-amnesty program intended to capture \$12.5 million in additional revenue.

With those efforts, the House was able to fund the proposal without any broad-based tax hikes and without any cuts to local aid.

For more information, contact:

Larry Berman, Communications Director for the Office of the Speaker  
State House Room 331A  
Providence, RI 02903  
(401) 222-2466



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