

Governor Calls For Regionalization Efforts

By SEAN FLYNN
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NEWPORT Gov. Donald L. Carcieri held up state government as a model for the 39 cities and towns to follow, in remarks he made this week during the Newport County Chamber of Commerce's annual meeting at OceanCliff. "We are down 2,000 positions in state government during the past 18 months," Carcieri told nearly 300 businesspeople in attendance. "The total number of positions in state government dropped from 25,000 positions to 13,000 positions in the past 20 years."

During those 20 years, the number of employees in cities and towns across the state has gone up by 13,000 employees, he said.

Carcieri said the state budget is roughly \$3 billion, with about \$1 billion of that going to cities and towns, mostly in the form of education aid. That leaves about \$2 billion for state services. He compared that total to the \$2.1 billion the 39 cities and towns cumulatively collect in local taxes.

Calling for consolidation and regionalization among local governments, Carcieri asked Tuesday night if Rhode Island really needs 71 fire districts and 400 water districts.

"Our per capita spending on fire services is the highest in the nation," he said. "On that we are No. 1."

At the beginning of Carcieri's career, when he taught mathematics at Rogers High School, there were about 1,200 students at the school, he said, and it was the only public high school on Aquidneck Island. Now, he said, the enrollment at Rogers has dropped to about half that total and each community has its own high school.

He congratulated the island communities for considering regionalization of some educational services. The Rhode Island Public Expenditure Council is looking at regionalization options on the island in a study that is expected to be released soon.

At the state level, pension requirements have been tightened and employees now pay more toward their health insurance plans, the governor said.

"All this has to be done at the local level," Carcieri said. "That's where most of the money is being spent." As local labor contracts are being negotiated, there has to be a "heightened sense of urgency," he said.

Carcieri also outlined his proposals for tax reform in the state.

"Rhode Island must grow jobs, not taxes," he said. "That's pretty obvious."

Citing national studies, Carcieri said the total tax burden for Rhode Island residents is 10th in the nation. When he took office in 2003, he said Rhode Island ranked fourth in the nation.

Massachusetts, which people sometimes refer to as "Taxachusetts," is 26th in terms of tax burden, he said. New Hampshire, with a population of 1.2 million, slightly more than Rhode Island, is 49th in tax burden, Carcieri said.

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“We have to come to grips with this,” he said. “If we don’t, we won’t be competitive regionally.”

He said Rhode Island’s corporate tax of 9 percent is the highest in the nation. He has proposed cutting it to 7.5 percent in the coming fiscal year. He has proposed the corporate tax be eliminated in phases during the next four fiscal years.

“That would be a sign (for firms) that says, ‘We are open for business and we really want you here,’” he said.

The highest income-tax bracket in the state is 9.9 percent, Carcieri said. He has proposed cutting that to 5.5 percent. The income-tax rate for everyone in Massachusetts is 5.3 percent, he said. Carcieri also has proposed increasing the estate-tax exemption from \$675,000 to \$1 million.

In addition to government budgets and taxes, Carcieri also talked about the need for the state to make major investments in renewable energy, particularly in wind turbines. Before arriving at the chamber meeting, he attended a dedication ceremony for a new wind turbine at Portsmouth High School.

Carcieri is advocating the creation of a wind-turbine farm off the coast of Block Island, 15 to 20 miles offshore. Fifty to 80 wind turbines, all larger than the one in Portsmouth, would tap into the “best wind resources” in the nation, he said.