

2014 -- S 2399 SUBSTITUTE A

LC004651/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

A N A C T

RELATING TO TOWNS AND CITIES - INDEBTEDNESS OF TOWNS AND CITIES

Introduced By: Senators DaPonte, Goodwin, Nesselbush, Satchell, and Bates

Date Introduced: February 12, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 45-12 of the General Laws entitled "Indebtedness of Towns and  
2 Cities" is hereby amended by adding thereto the following section:

3 **45-12-33. Borrowing for road and bridge projects financed through the "municipal**  
4 **road and bridge revolving fund. -- (a) A city or town may authorize the issuance of bonds,**  
5 **notes, or other evidences of indebtedness to evidence loans from the municipal road and bridge**  
6 **revolving fund administered by the Rhode Island clean water finance agency in accordance with**  
7 **chapter 24-18 of the general laws; provided, however, that the outstanding principal amount, in**  
8 **aggregate, shall not exceed five percent (5%) of the total amount of the city or town's most**  
9 **recently adopted municipal budget.**

10 **(b) These bonds, notes, or other evidences of indebtedness are subject to the maximum**  
11 **aggregate indebtedness permitted to be issued by any city or town under § 45-12-2.**

12 **(c) The denominations, maturities, interest rates, methods of sale, and other terms,**  
13 **conditions, and details of any bonds or notes issued under the provisions of this section may be**  
14 **fixed by resolution of the city or town council authorizing them, or if no provision is made in the**  
15 **resolution, by the treasurer or other officer authorized to issue the bonds, notes or evidences of**  
16 **indebtedness; provided, that the payment of principal shall be by sufficient annual payments that**  
17 **will extinguish the debt at maturity, the first of these annual payments to be made not later than**  
18 **three (3) years, and the last payment not later than twenty (20) years after the date of the bonds.**

19 **The bonds, notes, or other evidences of indebtedness may be issued under this section by**

1 any political subdivision without obtaining the approval of its electors, notwithstanding the  
2 provisions of §§ 45-12-19 and 45-12-20 and notwithstanding any provision of its charter to the  
3 contrary.

4 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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1           This act would permit cities and towns to authorize, without charter or referendum  
2 approval, the issuance of bonds, notes or other evidences of indebtedness for road and bridge  
3 projects financed through the municipal road and bridge revolving fund established pursuant to  
4 chapter 24-18 of the general laws.

5           This act would take effect upon passage.

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