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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TOWNS AND CITIES -- BUDGET COMMISSIONS

Introduced By: Representatives Morin, Casey, Phillips, Ackerman, and Carson

Date Introduced: January 29, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 45-9-6 of the General Laws in Chapter 45-9 entitled "Budget  
2 Commissions" is hereby amended to read as follows:

3           **45-9-6. Composition of budget commission.** -- (a) If a budget commission is established  
4 under §§ 45-9-5 or 45-12-22.7, it shall consist of five (5) members: three (3) of whom shall be  
5 designees of the director of revenue; one of whom shall be the elected chief executive officer of  
6 the city; and one of whom shall be a council member of the town or city elected to serve on the  
7 budget commission as chosen by a majority vote of said town or city council. In cities or towns in  
8 which the elected chief executive officer for purposes of this chapter is the president of the city or  
9 town council, one member shall be the appointed city or town manager or town administrator (or,  
10 if none, the city or town chief financial officer) as the fifth member. For a fire district, it shall  
11 consist of five (5) members: three (3) of the members of the budget commission shall be  
12 designees of the director of revenue; one shall be the chairperson of the district's governing body;  
13 and one shall be the fire chief of the district. The budget commission shall act by a majority vote  
14 of all its members. The budget commission shall initiate and assure the implementation of  
15 appropriate measures to secure the financial stability of the city, town, or fire district. The budget  
16 commission shall continue in existence until the director of revenue abolishes it.

17           The budget commission shall be subject to chapter 2 of title 36, "Access to Public  
18 Records," and chapter 14 of title 36, "Code of Ethics". The budget commission shall be subject to  
19 chapter 46 of title 42 "Open Meetings." ~~when meeting to take action on the following matters:~~

- 1 ~~(1) Levy and assessment of taxes;~~
- 2 ~~(2) Rulemaking or suspension of rules;~~
- 3 ~~(3) Adoption of a municipal or fire district budget;~~
- 4 ~~(4) Approval of collective bargaining agreements and amendments to collective~~
- 5 ~~bargaining agreements; and~~
- 6 ~~(5) Making a determination under § 45-9-7 that the powers of the budget commission are~~
- 7 ~~insufficient to restore fiscal stability to the city, town, or fire district.~~

8 (b) Action by the budget commission under this chapter shall constitute action by the  
9 city, town, or fire district for all purposes under the general laws, under any special law, and  
10 under the city, town, or fire district charter.

11 (c) Until the budget commission ceases to exist, no appropriation, borrowing  
12 authorization, transfer, or other municipal or fire district spending authority, shall take effect until  
13 approved by the budget commission. The budget commission shall approve all appropriations,  
14 borrowing authorizations, transfers, and other municipal or fire district spending authorizations,  
15 in whole or part.

16 (d) In addition to the authority and powers conferred elsewhere in this chapter, and  
17 notwithstanding any city, town, or fire district charter provision, or local ordinance, or rule or  
18 regulation to the contrary, the budget commission shall have the power to:

19 (1) Amend, formulate, and execute the annual municipal or fire district budget and  
20 supplemental municipal or fire district budgets of the city, town, or fire district, including the  
21 establishment, increase, or decrease of any appropriations and spending authority for all  
22 departments, budget commissions, committees, agencies or other units of the city, town, or fire  
23 district; provided, however, that notwithstanding §§ 16-2-9 and 16-2-18, this clause shall fully  
24 apply to the school department and all school spending purposes;

25 (2) Implement and maintain uniform budget guidelines and procedures for all  
26 departments;

27 (3) Amend, formulate and execute capital budgets, including to amend any borrowing  
28 authorization, or finance or refinance any debt in accordance with the law;

29 (4) Amortize operational deficits in an amount as the director of revenue approves and  
30 for a term not longer than five (5) years;

31 (5) Develop and maintain a uniform system for all financial planning and operations in  
32 all departments, offices, boards, commissions, committees, agencies, or other units of the city's,  
33 town's, or fire district's government;

34 (6) Review and approve or disapprove all proposed contracts for goods or services;

1 (7) Notwithstanding any general or special law to the contrary, establish, increase, or  
2 decrease any fee, rate, or charge, for any service, license, permit, or other municipal or fire  
3 district activity, otherwise within the authority of the city, town, or fire district;

4 (8) Appoint, remove, supervise, and control all city, town, or fire district employees and  
5 have control over all personnel matters other than disciplinary matters; provided, that the budget  
6 commission shall hold all existing powers to hire and fire and set the terms and conditions of  
7 employment held by other employees or officers of the city, town, or fire district; provided,  
8 further, that the budget commission shall have the authority to exercise all powers otherwise  
9 available to a municipality or fire district regarding contractual obligations during a fiscal  
10 emergency; provided, further, that no city, town, or fire district employee or officer shall hire,  
11 fire, transfer, or alter the compensation or benefits of a city, town, or fire district employee except  
12 with the written approval of the budget commission; and provided, further, that the budget  
13 commission may delegate or otherwise assign these powers with the approval of the director of  
14 revenue;

15 (9) Alter or eliminate the compensation and/or benefits of elected officials of the city,  
16 town, or fire district to reflect the fiscal emergency and changes in the responsibilities of the  
17 officials as provided by this chapter;

18 (10) Employ, retain, and supervise such managerial, professional, and clerical staff as are  
19 necessary to carry out its responsibilities; provided, however, that such employment, retention  
20 and supervisory decisions are subject to the approval of the director of revenue; provided, further,  
21 that the budget commission shall not be subject to chapter 2 of title 37 or chapter 55 of title 45 in  
22 employing such staff; provided, further, that the budget commission, with the approval of the  
23 director of revenue, shall have authority to set the compensation, terms, and conditions of  
24 employment of its own staff; provided, further, that the city, town, or fire district shall annually  
25 appropriate amounts sufficient for the compensation of personnel hired under this clause as  
26 determined and fixed by the budget commission; provided, further, that, if the city, town, or fire  
27 district fails to appropriate such amounts, the director of revenue shall direct the general treasurer  
28 to deduct the necessary funds from the city's, town's, or fire district's distribution of state aid and  
29 shall expend those funds directly for the benefit of the budget commission;

30 (11) Reorganize, consolidate, or abolish departments, commissions, authorities, boards,  
31 offices, or functions of the city, town, or fire district, in whole or in part, and to establish such  
32 new departments, commissions, authorities, boards, offices, or functions as it deems necessary,  
33 and to transfer the duties, powers, functions and appropriations of one department, commission,  
34 board, office, or other unit to another department, commission, authority, board, or office, and in

1 connection therewith, remove and appoint new members for any such commission, authority,  
2 board, or department which appointees shall serve the remainder of any unexpired term of their  
3 predecessor;

4 (12) Appoint, in consultation with the director of revenue, persons to fill vacancies on  
5 any authority, board, committee, department, or office;

6 (13) Sell, lease, or otherwise transfer, real property and other assets of the city, town, or  
7 fire district with the approval of the director of revenue;

8 (14) Purchase, lease, or otherwise acquire, property or other assets on behalf of the city,  
9 town, or fire district with the approval of the director of revenue;

10 (15) Enter into contracts, including, but not limited to, contracts with other governmental  
11 entities, and such other governmental entities are hereby authorized to enter into such contracts;

12 (16) Adopt rules and regulations governing the operation and administration of the city,  
13 town, or fire district that permit the budget commission to effectively carry out this chapter under  
14 § 42-35-3(b);

15 (17) Alter or rescind any action or decision of any municipal or fire district officer,  
16 employee, board, authority, or commission within fourteen (14) days after receipt of notice of  
17 such action or decision;

18 (18) Suspend, in consultation with the director of revenue, any rules and regulations of  
19 the city, town, or fire district;

20 (19) Notwithstanding any other general law, special act, charter provision, or ordinance,  
21 and in conformity with the reserved powers of the general assembly pursuant to Article XIII,  
22 section 5 of the constitution of the state, a budget commission is authorized to issue bonds, notes,  
23 or certificates of indebtedness to fund the deficit of a city, town, or fire district without regard to §  
24 45-12-22.4, to fund cash flow and to finance capital projects. Bonds, notes, or certificates of  
25 indebtedness issued under authority of this chapter shall be general obligation bonds backed by  
26 the full faith and credit and taxing power of the city, town, or fire district; provided, however, that  
27 the budget commission may pledge future distributions of state aid for the purpose of retiring  
28 such bonds, notes, or certificates of indebtedness. If any state aid is so pledged, the budget  
29 commission shall execute on behalf of the city, town, or fire district a trust agreement with a  
30 corporate trustee, which may be any bank or trust company having the powers of a trust company  
31 within the state, and any state aid so pledged shall be paid by the general treasurer directly to the  
32 trustee to be held in trust and applied to the payment of principal and interest on such bonds,  
33 notes, or certificates of indebtedness; any earnings derived from the investment of such pledged  
34 aid shall be applied as needed to the payment of that principal and interest and for trustee's fees

1 and related expenses, with any excess to be paid to the city, town, or fire district. Bonds, notes, or  
2 certificates of indebtedness authorized under authority of this chapter shall be executed on behalf  
3 of the city, town, or fire district by a member of the commission and, except as provided for in  
4 this chapter, may be subject to the provisions of chapter 12 of title 45 so far as apt, or may be  
5 subject to the provisions of any special bond act enacted authorizing the issuance of bonds of a  
6 city, town, or fire district so far as apt; provided, however, that any bonds or notes issued for  
7 school purposes must be approved by the general assembly in order to qualify for school housing  
8 aid as set forth in chapter 7 of title 16; and

9 (20) Exercise all powers under the general laws and this chapter, or any special act, any  
10 charter provision or ordinance that any elected official of the city, town, or fire district may  
11 exercise, acting separately or jointly; provided, however, that with respect to any such exercise of  
12 powers by the budget commission, the elected officials shall not rescind nor take any action  
13 contrary to such action by the budget commission so long as the budget commission continues to  
14 exist.

15 (21) Certify to the Rhode Island department of revenue the need to advance payments of  
16 the state's basic education program under chapter 7 of title 16 in the amount determined by the  
17 budget commission. Said amount shall be advanced, subject to approval of the director of the  
18 department of revenue, notwithstanding any general or public law to the contrary. The director of  
19 the department of revenue shall provide notice of any advance payments to the fiscal advisors of  
20 the house and senate finance committees. The state general treasurer shall deduct the estimated  
21 cost to the state's general fund resulting from any advance payments.

22 SECTION 2. This act shall take effect upon passage and shall apply to all budget  
23 commissions in existence on the date of passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TOWNS AND CITIES -- BUDGET COMMISSIONS

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1           This act would subject budget commissions to chapter 46 of title 42 of the general laws,  
2 "Open Meetings" in its entirety.

3           This act would take effect upon passage and would apply to all budget commissions in  
4 existence on the date of passage.

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