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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO PUBLIC FINANCE - BONDING AND LEASING AUTHORITY OF CITIES
AND TOWNS

Introduced By: Representatives Morin, Messier, Casey, and Phillips

Date Introduced: March 02, 2016

Referred To: House Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-10.1-4 of the General Laws in Chapter 42-10.1 entitled "Public
2 Finance Management Board" is hereby amended to read as follows:

3 **42-10.1-4. Notice of debt issue to board.** -- (a) Each state, municipal and regional
4 department, authority, agency, board, commission, and public and quasi-public corporation
5 having authority to issue revenue or general obligation bonds or notes shall, no later than thirty
6 (30) days prior to the sale of any such debt issue at public or private sale, give written notice of
7 the proposed sale to the board and each issuer shall, within thirty (30) days after such sale, submit
8 to the board a report of final sale.

9 (b) The notice of proposed debt shall include one proposed sale date, the name of the
10 issuer, the nature of the debt issue, and the estimated principal amount thereof, and such further
11 information as may be required by rule of the board and shall be delivered in accordance with
12 procedures to be established by rule of the board, and the notice of final sale shall be made on a
13 form approved by the board and contain all of the information requested on said form. Any issuer
14 which fails to submit the report of proposed debt or report of final sale by the appropriate
15 deadline shall be subject to a per diem fine of two hundred fifty dollars (\$250).

16 (c) Failure of delivery of the above notice or of the time or efficiency thereof shall not
17 affect the validity of the issuance of any debt, bond or note.

18 (d) The board shall submit a report annually on or before September 30th of each year to

1 the director of administration, the speaker of the house, the chairman of the house finance
2 committee, the president of the senate, the chairman of the senate finance committee, and the
3 auditor general on debt issues by cities and towns and other authorities subject to the provision of
4 chapter 45-12, which report shall include the information set forth in division (b) of this section
5 and shall be for the notices of debt issues received during the state's fiscal year next preceding.
6 An electronic transmission of the report shall be considered an acceptable submission.

7 SECTION 2. Chapter 42-10.1 of the General Laws entitled "Public Finance Management
8 Board" is hereby amended by adding thereto the following section:

9 **42-10.1-9. Board approval required.** – (a) Notwithstanding any provision of general
10 law, special law, public corporation, or municipal charter to the contrary, no public corporation,
11 body corporate and politic, instrumentality, authority or agency created by statute, city or town,
12 any municipal and regional department, authority, agency, board, commission, fire, water, sewer
13 or regional school district shall incur an obligation to borrow money or enter into any financing
14 lease in an amount greater than one million dollars (\$1,000,000) without the prior approval of the
15 board, unless:

16 (1) The general assembly approves the borrowing by special statutory authority or by
17 approval as provided for in the public corporation debt management act, chapter 18 of title 35; or

18 (2) The borrowing has received the express consent of the voters.

19 (b) In addition to and not by way of limitation on, the exemptions provided in subsections
20 (a)(1) and (2) of this section, prior approval by the board shall not be required under this chapter
21 for conduit obligations issued by the Rhode Island health and educational building corporation for
22 nonprofit corporations or by the Rhode Island industrial facilities corporation.

23 (c) Prior approval of the board shall be required for any insurance of the payment of
24 mortgage loans by the Rhode Island industrial-recreational building authority pledging the faith
25 and credit of the state pursuant to §42-34-3.

26 SECTION 3. This act shall take effect on January 1, 2017.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would require public finance management board approval of municipal leases in
2 excess of one million dollars (\$1,000,000) and notice to the board of the issuance of new
3 borrowing obligations.

4 This act would take effect on January 1, 2017.

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