

2016 -- S 2007 SUBSTITUTE B

LC003777/SUB B

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- PUBLIC FINANCE  
MANAGEMENT BOARD

Introduced By: Senators DaPonte, Pearson, DiPalma, Lombardi, and Walaska

Date Introduced: January 12, 2016

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

- 1           SECTION 1. Sections 42-10.1-2 and 42-10.1-4 of the General Laws in Chapter 42-10.1  
2   entitled “Public Finance Management Board” are hereby amended to read as follows:
- 3           **42-10.1-2. Purpose. --** It shall be the purpose and responsibility of the board:
- 4           (1) To advise and assist all state departments, municipal and regional authorities,  
5   agencies, boards, commissions, ~~and~~ public and quasi-public corporations, and fire districts and  
6   other special districts having authority to issue revenue or general obligation bonds or GARVEE  
7   bonds or notes or other various types of conduit debt or enter into financing leases with respect to  
8   issuance of and financial planning related to all those bonds, leases, and notes;
- 9           (2) ~~Upon request, to~~ To advise and/or assist any city or town and any municipal or regional  
10   agency, authority, board, commission, ~~or~~ public or quasi-public corporations, or fire districts or  
11   other special districts having authority to issue revenue or general obligation bonds or GARVEE  
12   bonds or notes or other various types of conduit debt or enter into financing leases with respect to  
13   the issuance and financial planning related to those bonds, leases, and notes;
- 14           (3) To collect, maintain, and provide information on all state, municipal and regional  
15   authority, agency, board, commission, public or quasi-public corporation, and fire district and  
16   other special district debt authorization, sold and outstanding, and serve as a statistical center for  
17   all state and municipal debt issues;
- 18           (4) To maintain contact with state, municipal and regional authority, agency, board,

1 commission, public or quasi-public corporation, fire district and other special district bond  
2 issuers, underwriters, credit rating agencies, investors, and others to improve the market for state  
3 and local government debt issues;

4 (5) To undertake or commission studies on methods to reduce the costs and improve  
5 credit ratings of state and local debt issues;

6 (6) To recommend changes in state laws and local practices to improve the sale and  
7 servicing of state and local debts.

8 (7) To annually ascertain the total amount of state, regional, municipal, and public and  
9 quasi-public corporation debt authorized, sold and unsold.

10 (8) To oversee the undertaking of a debt affordability study no less frequently than every  
11 two (2) years, which shall include recommended limits for the debt capacity of each state,  
12 municipal and regional authority, agency, board, commission, public and quasi-public corporation  
13 and fire district and other special district having authority to issue revenue or general obligation  
14 bonds or GARVEE bonds or notes or other types of conduit debt or enter into financing leases.

15 **42-10.1-4. Notice of debt issue to board.** -- (a) Each state, municipal and regional  
16 department, authority, agency, board, commission, ~~and~~ public and quasi-public corporation, and  
17 fire district and other special district having authority to issue revenue or general obligation bonds  
18 or GARVEE bonds or notes or other various types of conduit debt shall, no later than thirty (30)  
19 days prior to the sale of any such debt issue at public or private sale, give written notice of the  
20 proposed sale to the board; and each such issuer shall, within thirty (30) days after closing, submit  
21 to the board a report of final sale.

22 (b) The notice of proposed debt shall include one proposed sale date, the name of the  
23 issuer, the nature of the debt issue, and the estimated principal amount thereof, and such further  
24 information as may be required by rule of the board and shall be delivered in accordance with  
25 procedures to be established by rule of the board; and the notice of final sale shall be made on a  
26 form approved by the board and contain all of the information requested on said form. Any issuer  
27 which fails to submit the report of proposed debt or report of final sale by the appropriate  
28 deadline may be subject to a per diem fine of two hundred fifty dollars (\$250), which shall be  
29 collected and enforced by the Office of the General Treasurer.

30 (c) Each state, municipal and regional authority, agency, board, commission, public and  
31 quasi-public corporation, and fire district and other special district having authority to issue  
32 revenue or general obligation bonds or GARVEE bonds or notes or various types of conduit debt  
33 or enter into financing leases shall provide annually, within ninety (90) days after the end of each  
34 fiscal year, the following information for each outstanding debt incurred as of the end of such

1 year:

2 (1) the principal amount of the issue outstanding;

3 (2) the amount of proceeds of the issue that remains unspent;

4 (3) the amount of debt authorized by the bond act or other appropriate authorization

5 relevant to the issue that remains authorized but unissued; and

6 (4) a list of the purposes for which the debt has been issued and the amounts expended

7 for each purpose in the prior fiscal year from the proceeds of the issue.

8 ~~(c)~~(d) Failure of delivery of the above notice or of the time or efficiency thereof shall not

9 affect the validity of the issuance of any debt, ~~bond or note~~ bonds, notes or leases.

10 ~~(d)~~(e) The board shall submit a report annually on or before September 30th of each year

11 to the director of administration, the speaker of the house, the chairman of the house finance

12 committee, the president of the senate, the chairman of the senate finance committee, and the

13 auditor general on debt issues by cities and towns and other authorities, agencies, boards,

14 commissions, public and quasi-public corporations, fire districts, and other special districts

15 subject to the provision of chapter 45-12, which report shall include the information set forth in

16 division (b) of this section and shall be for the notices of debt issues received during the state's

17 fiscal year next preceding. An electronic transmission of the report shall be considered an

18 acceptable submission.

19 SECTION 2. Chapter 42-10.1 of the General Laws entitled "Public Finance Management

20 Board" is hereby amended by adding thereto the following sections:

21 **42-10.1-9. Report of debt affordability and targets.** -- (a) The board shall compile and

22 publish annually the total amount of public state, regional, municipal, and public and quasi-public

23 corporation debt authorized, sold and unsold.

24 (b) No less frequently than every two (2) years, the board shall oversee the undertaking of

25 a debt affordability study, which shall include recommended limits for the debt capacity of each

26 state, municipal and regional authority, agency, board, commission, public and quasi-public

27 corporation and fire district and other special district having authority to issue revenue or general

28 obligation bonds or GARVEE bonds or notes or other various types of conduit debt or enter into

29 financing leases.

30 **42-10.1-10. Public finance management board advisory opinions.** -- The board shall

31 have the authority to offer non-binding, advisory opinions on all aspects of debt management

32 practices of state, municipal, and public and quasi-public corporations.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T  
RELATING TO STATE AFFAIRS AND GOVERNMENT -- PUBLIC FINANCE  
MANAGEMENT BOARD

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- 1           This act would amend the statutes relating to the public finance management board to  
2   give them authority over all public debt, including municipalities and fire districts and requires  
3   them to issue periodic reports regarding same.  
4           This act would take effect January 1, 2017.

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