

2016 -- S 2820

LC005420

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT

Introduced By: Senator Daniel DaPonte

Date Introduced: March 23, 2016

Referred To: Senate Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

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

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

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

(c) Each state, municipal and regional authority, agency, board, commission, and public and quasi-public corporation having authority to issue revenue or general obligation bonds or notes shall provide the board annually, by the end of each fiscal year, the following information

for each outstanding debt incurred:

(1) The principal amount of the issue outstanding;

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

(3) The amount of debt authorized by the bond act or other appropriate authorization relevant to the issue that remains authorized but unissued; and

(4) A list of the purposes for which the debt has been issued and the amounts expended for each purpose in the prior fiscal year from the proceeds of the issue.

~~(e)~~(d) Failure of delivery of the above notice or of the time or efficiency thereof shall not affect the validity of the issuance of any debt, bond or note.

~~(d)~~(e) The board shall submit a report annually on or before September 30th of each year to the director of administration, the speaker of the house, the chairman of the house finance committee, the president of the senate, the chairman of the senate finance committee, and the auditor general on debt issues by cities and towns and other authorities subject to the provision of chapter 45-12, which report shall include the information set forth in division (b) of this section and shall be for the notices of debt issues received during the state's fiscal year next preceding. An electronic transmission of the report shall be considered an acceptable submission.

SECTION 2. Section 45-12-3 of the General Laws in Chapter 45-12 entitled "Indebtedness of Towns and Cities" is hereby amended to read as follows:

45-12-3. Statements to accompany bills to general assembly to authorize indebtedness. – (a) Whenever any bill is presented to either house of the general assembly to authorize any city or town to issue bonds or other indebtedness, every such bill shall be accompanied by a resolution or ordinance of the city or town council to the general assembly and the division of debt management within the office of the general treasurer stating the purpose for which the proceeds from the sale of the bonds or other indebtedness are to be used.

(b) Legislation authorizing any city or town to issue bonds or other indebtedness that is transmitted to the general assembly and the division of debt management shall be accompanied by a report summarizing relevant financial information, as determined by the rules and regulations promulgated by the board.

SECTION 3. Chapter 42-10.1 of the General Laws entitled "Public Finance Management Board" is hereby amended by adding thereto the following section:

42-10.1-9. Public finance management board approval. -- (a) Notwithstanding any provision of general law, special law, public corporation or municipal charter to the contrary, no public corporation, body corporate and politic, instrumentality, authority or agency created by statute, city or town, any municipal and regional authority, agency, board, commission, fire,

1 sewer or regional school district shall incur an obligation to borrow money or enter into any
2 financing lease in a principal amount greater than one million dollars (\$1,000,000) without the
3 prior approval of the board, unless:

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

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

7 (b) The board shall be authorized through staff to approve or deny categories of debt
8 deemed to be especially low-risk or time sensitive, without a board vote.

9 (c) Any proposed debt issuance, which is not considered by the board within one hundred
10 twenty (120) days after it is submitted, shall be considered approved for the purposes of this
11 section.

12 (d) In addition to, and not by way of limitation on, the exemptions provided in
13 subsections (a)(1) and (2) of this section prior approval by the board shall not be required under
14 this chapter for conduit obligations issued by the Rhode Island health and education building
15 corporation for nonprofit corporations or by the Rhode Island industrial facilities corporation.

16 (e) Prior approval of the board shall be required for any insurance of the payment of
17 mortgage loans by the Rhode Island industrial-recreational building authority pledging the faith
18 and credit of the state pursuant to chapter 34 of title 42.

19 SECTION 4. This act shall take effect on January 1, 2017.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO STATE AFFAIRS AND GOVERNMENT

1 This act would require that the public finance management board be provided with a final
2 report of any public debt issuance within thirty (30) days of issuance, and that any issuer of public
3 debt provide the public finance management board with an annual report detailing the specifics
4 for each outstanding debt incurred. This act would further require municipalities to provide the
5 division of debt management with the applicable resolution or ordinance stating the purpose of
6 any public debt issuance, and would further require that, subject to certain limitations, no public
7 debt issuance would be incurred in an amount greater than \$1,000,000 without the prior approval
8 of the public finance management board.

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

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