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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO EDUCATION - FOUNDATION LEVEL SCHOOL SUPPORT

Introduced By: Senator P Fogarty

Date Introduced: March 06, 2013

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 16-7-44 of the General Laws in Chapter 16-7 entitled "Foundation
2 Level School Support" is hereby amended to read as follows:
3 **16-7-44. School housing project costs.** – (a) School housing project costs, the date of
4 completion of school housing projects, and the applicable amount of school housing project cost
5 commitments shall be in accordance with the regulations of the commissioner of elementary and
6 secondary education and the provisions of sections 16-7-35 -- 16-7-47; provided, however, that
7 school housing project costs shall include the purchase of sites, buildings, and equipment, the
8 construction of buildings, and additions or renovations of existing buildings and/or facilities.
9 School housing project costs shall include the cost of interest payment on any bond issued after
10 July 1, 1988, provided that such bond is approved by the voters on or before June 30, 2003 or
11 issued by a municipal public building authority or by the appropriate approving authority on or
12 before June 30, 2003. Except as provided in subsection 16-7-41(d), those projects approved after
13 June 30, 2003, interest payments may only be included in project costs provided that the bonds
14 for these projects are issued through the Rhode Island Health, Education and Building
15 Corporation, except as provided for in subsection (b) herein. School housing project costs shall
16 exclude: (1) any bond issuance costs incurred by the municipality or regional school district; (2)
17 demolition costs for buildings, facilities, or sites deemed surplus by the school committee; and (3)
18 restrictions pursuant to section 16-7-44.1 below. A building, facility, or site is declared surplus by
19 a school committee when the committee no longer has such building, facility, or site under its

1 direct care and control and transfers control to the municipality, section 16-2-15. The board of
2 regents for elementary and secondary education will promulgate rules and regulations for the
3 administration of this section. These rules and regulations may provide for the use of lease
4 revenue bonds, capital leases, or capital reserve funding, to finance school housing provided that
5 the term of any bond, or capital lease shall not be longer than the useful life of the project and
6 these instruments are subject to the public review and voter approval otherwise required by law
7 for the issuance of bonds or capital leases. Cities or towns issuing bonds, or leases issued by
8 municipal public buildings authority for the benefit of a local community pursuant to chapter 50
9 of title 45 shall not require voter approval. Effective January 1, 2008, and except for interim
10 finance mechanisms, refunding bonds, and bonds issued by the Rhode Island Health and
11 Educational Building Corporation to finance school housing projects for towns, cities, or regional
12 school districts borrowing for which has previously been authorized by an enabling act of the
13 general assembly, all bonds, notes and other forms of indebtedness issued in support of school
14 housing projects shall require passage of an enabling act by the general assembly.

15 (b) Effective July 1, 2013, as to any municipality or local educational agency (LEA) that
16 is rated A or better with any of the primary rating agencies, said municipality or LEA shall be
17 able to elect to pursue issuing and selling their bonds on the open market, without approval from
18 the general assembly and without having said bonds issued by the Rhode Island health and
19 educational building corporation. So long as said municipalities or LEAs maintain said A rating
20 or better, said communities shall remain eligible for the bond's interest reimbursement from the
21 state and for any other state reimbursement provided for school housing costs. For any regional
22 school districts, all communities comprising the district shall need to maintain said A rating or
23 better in order continue to receive these reimbursements. In the event the community is eligible
24 to issue bonds pursuant to this subsection (b) but subsequently loses its A rating or better, then
25 such community shall no longer be eligible for any state reimbursement pursuant to this section
26 or the bond.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO EDUCATION - FOUNDATION LEVEL SCHOOL SUPPORT

1 This act would provide that if a municipality or LEA has an A rating or better with any of
2 the primary rating agencies, the municipality or LEA will be able to issue and sell their bonds on
3 the open market, without the need for general assembly approval or to go through the Rhode
4 Island health and educational building corporation.

5 This act would take effect upon passage.

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