

2014 -- H 8226

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LC005727  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TOWNS AND CITIES -- MUNICIPAL INCENTIVE AID

Introduced By: Representative Lisa P. Tomasso

Date Introduced: May 22, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 45-13.2-4 and 45-13.2-6 of the General Laws in Chapter 45-13.2  
2 entitled "Municipal Incentive Aid" are hereby amended to read as follows:

3 **45-13.2-4. State Aid Incentive Program appropriated.** -- There are hereby  
4 appropriated funds for a state aid program entitled "Municipal Incentive Aid Program." For fiscal  
5 year 2014, fiscal year 2015 and fiscal year 2016, the amount of five million dollars (\$5,000,000)  
6 shall be appropriated, ~~and an amount of ten million dollars (\$10,000,000) will be requested for~~  
7 ~~appropriation for fiscal year 2015 and for fiscal year 2016~~. Municipal Incentive Aid shall be  
8 administered and managed by the division of municipal finance within the department of revenue.

9 **45-13.2-6. Distributions.** -- (a) Municipal Incentive Aid described in this chapter shall be  
10 distributed to eligible municipalities on the basis of the most recent population estimate for each  
11 municipality as a share of the total state population reported by the U.S. Department of  
12 Commerce, Bureau of the Census. Such payments shall be made to eligible communities in  
13 March ~~2014, March 2015, and March 2016~~ of each year to the extent that funds are appropriated.

14 (b) For fiscal year 2014, municipalities shall be eligible to receive aid under this chapter  
15 if: (1) the municipality has no locally-administered pension; or (2) the municipality notified plan  
16 participants, beneficiaries and others pursuant to chapter 45-65, and submitted to the state's  
17 department of revenue a Funding Improvement Plan ("FIP"), pursuant to section 45-65-6, for  
18 every locally-administered pension plan in that municipality, and each FIP had been approved by  
19 the plan sponsor and the local governing body no later than June 1, 2013; or (3) there existed a

1 locally-administered pension plan(s) in that municipality, but either: (i) no FIP was required  
2 pursuant to chapter 45-65; or (ii) a FIP is required pursuant to chapter 45-65, but, the due date for  
3 the FIP submission is after the March payment of state aid.

4 (c) For fiscal years 2015 ~~and 2016~~ and each fiscal year thereafter that municipal  
5 incentive aid is distributed to eligible municipalities under this chapter, municipalities shall be  
6 eligible to receive aid under this chapter, if: (1) the municipality has no locally-administered  
7 pension; or (2) the municipality has transitioned all locally-administered pension plans into  
8 MERS by June 30, 2014; or (3) the municipality had notified plan participants, beneficiaries and  
9 others pursuant to chapter 45-65 and had submitted to the state's department of revenue a FIP,  
10 pursuant to chapter 45-65, for every locally-administered pension plan and each submitted FIP  
11 meets the guidelines of the Study Commission on Locally-Administered Pension Plans created  
12 pursuant to section 45-65-8 or otherwise applicable guidelines or regulations and each FIP has  
13 been approved by the plan sponsor and the local governing body; or (4) the municipality has  
14 implemented the original recommended FIP or an amended FIP pursuant to chapter 45-65 within  
15 one month after the close of the fiscal year and made the required funding payment (formerly  
16 referred to as Annually Required Contribution, or ARC) in compliance with the municipality's  
17 adopted FIP(s) and the funding guidelines established by the Pension Study Commission ~~eighteen~~  
18 ~~(18) months after an actuary has certified that a locally administered plan is in critical status for a~~  
19 ~~plan year;~~ and the FIPs are approved by the plan sponsor and the local governing body; or (5)  
20 there existed a locally-administered pension plan in that municipality, but either: (i) no FIP was  
21 required pursuant to chapter 45-65 and either: (A) the municipality is funding one hundred  
22 percent (100%) of its required funding payment; ~~Annually Required Contribution (ARC) or (B)~~  
23 the municipality has a funded ratio of one hundred percent (100%) or greater; or (ii) FIP is  
24 required pursuant to chapter 45-65, however, the due date for the FIP submission or  
25 implementation is after the March payment of this municipal incentive aid.

26 (d) ~~In any fiscal year that a municipality does not receive an appropriation under this~~  
27 ~~chapter, the amount that would have been allocated to the municipality will be distributed in the~~  
28 ~~month of May among the other eligible municipalities for that fiscal year, on the basis of the most~~  
29 ~~recent population estimate for each municipality as a share of the total state population reported~~  
30 ~~by the U.S. Department of Commerce, Bureau of the Census. Commencing in FY 2014, and in~~  
31 any year thereafter that a municipality is not eligible to receive a distribution under this chapter,  
32 the distribution that said municipality would have received had it been eligible shall be  
33 reappropriated to the immediately following fiscal year, at which time the amount reappropriated  
34 shall be distributed to said municipality provided that said municipality has satisfied the

1 eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event  
2 that said municipality fails to satisfy the eligibility requirements for the prior and the then current  
3 fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined,  
4 then the amount that would have been distributed to the municipality for said prior year will be  
5 distributed in the month of May among the municipalities that received a distribution in the prior  
6 fiscal year, with the share to be received by each municipality calculated in the same manner as  
7 distributions were calculated in the prior fiscal year.

8 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 TOWNS AND CITIES -- MUNICIPAL INCENTIVE AID

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1           This act would change the requested appropriation amount for the municipal incentive aid  
2 program for fiscal years 2015 and 2016 from ten million dollars (\$10,000,000) to five million  
3 dollars (\$5,000,000) for each year. Commencing in FY 2014 and in any year thereafter that a  
4 municipality is not eligible to receive a distribution under this program, the distribution shall be  
5 reappropriated to said municipality in the following fiscal year provided eligibility requirements  
6 of both the prior fiscal year and the then current fiscal year are met.

7           This act would take effect upon passage.

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