

2014 -- S 2974

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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 - BUDGET COMMISSION

Introduced By: Senator Roger Picard

Date Introduced: May 01, 2014

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-9-6 of the General Laws in Chapter 45-9 entitled "Budget  
2 Commissions" is hereby amended to read as follows:

3 **45-9-6. Composition of budget commission.** -- (a) If a budget commission is established  
4 under ~~section §§~~45-9-5 or ~~section~~ 45-12-22.7, it shall consist of five (5) members: three (3) ~~of~~  
5 ~~whom~~ who shall be designees of the director of revenue; one ~~of whom~~ who shall be the elected  
6 chief executive officer of the city; and one ~~of whom~~ who shall be a council member of the town  
7 or city elected to serve on the budget commission as chosen by a majority vote of said town or  
8 city council ~~the president of the city or town council~~. In cities or towns in which the elected chief  
9 executive officer for purposes of this chapter is the president of the city or town council, one  
10 member shall be the appointed city or town manager or town administrator (or, if none, the city or  
11 town chief financial officer) as the fifth (5th) member. The budget commission shall act by a  
12 majority vote of all its members. The budget commission shall initiate and assure the  
13 implementation of appropriate measures to secure the financial stability of the city or town. The  
14 budget commission shall continue in existence until the director of revenue abolishes it.

15 The budget commission shall be subject to chapter ~~36-2~~ of title 36 ~~of the general laws~~,  
16 "Access to Public Records," and chapter ~~36-14~~ of title 36 ~~of the general laws~~, "Code of Ethics".  
17 The budget commission shall be subject to chapter ~~42-46~~ of title 42 ~~of the general laws~~ "Open  
18 Meetings" when meeting to take action on the following matters:

19 (1) Levy and assessment of taxes;

- 1 (2) Rulemaking or suspension of rules;
- 2 (3) Adoption of a municipal budget;
- 3 (4) Approval of collective bargaining agreements and amendments to collective  
4 bargaining agreements; and
- 5 (5) Making a determination under ~~section~~ [§45-9-7](#) that the powers of the budget  
6 commission are insufficient to restore fiscal stability to the city or town.
- 7 (b) Action by the budget commission under this chapter shall constitute action by the  
8 city or town for all purposes under the general laws, under any special law, and under the city or  
9 town charter.
- 10 (c) Until the budget commission ceases to exist, no appropriation, borrowing  
11 authorization, transfer, or other municipal spending authority shall take effect until approved by  
12 the budget commission. The budget commission shall approve all appropriations, borrowing  
13 authorizations, transfers, and other municipal spending authorizations, in whole or part.
- 14 (d) In addition to the authority and powers conferred elsewhere in this chapter, and  
15 notwithstanding any city or town charter provision or local ordinance to the contrary, the budget  
16 commission shall have the power to:
- 17 (1) Amend, formulate, and execute the annual municipal budget and supplemental  
18 municipal budgets of the city or town, including the establishment, increase, or decrease of any  
19 appropriations and spending authority for all departments, budget commissions, committees,  
20 agencies, or other units of the city or town; provided, however, that notwithstanding ~~sections~~  
21 [§§16-2-9](#) and [16-2-18](#) ~~of the general laws~~, this clause shall fully apply to the school department  
22 and all school spending purposes;
- 23 (2) Implement and maintain uniform budget guidelines and procedures for all  
24 departments;
- 25 (3) Amend, formulate, and execute capital budgets, including to amend any borrowing  
26 authorization, or finance, or refinance any debt in accordance with the law;
- 27 (4) Amortize operational deficits in an amount as the director of revenue approves and  
28 for a term not longer than five (5) years;
- 29 (5) Develop and maintain a uniform system for all financial planning and operations in  
30 all departments, offices, boards, commissions, committees, agencies, or other units of the city's or  
31 town's government;
- 32 (6) Review and approve or disapprove all proposed contracts for goods or services;
- 33 (7) Notwithstanding any general or special law to the contrary, establish, increase, or  
34 decrease any fee, rate, or charge, for any service, license, permit, or other municipal activity,

1 otherwise within the authority of the city or town;

2 (8) Appoint, remove, supervise, and control all city and town employees and have  
3 control over all personnel matters other than disciplinary matters; provided, that the budget  
4 commission shall hold all existing powers to hire and fire and set the terms and conditions of  
5 employment held by other employees or officers of the city or town; provided, further, that the  
6 budget commission shall have the authority to exercise all powers otherwise available to a  
7 municipality regarding contractual obligations during a fiscal emergency; provided, further, that  
8 no city or town employee or officer shall hire, fire, transfer, or alter the compensation or benefits  
9 of a city or town employee except with the written approval of the budget commission; and  
10 provided, further, that the budget commission may delegate or otherwise assign these powers  
11 with the approval of the director of revenue;

12 (9) Alter or eliminate the compensation and/or benefits of elected officials of the city or  
13 town to reflect the fiscal emergency and changes in the responsibilities of the officials as  
14 provided by this chapter;

15 (10) Employ, retain and supervise such managerial, professional and clerical staff as are  
16 necessary to carry out its responsibilities; provided, however, that such employment, retention  
17 and supervisory decisions are subject to the approval of the director of revenue; provided, further,  
18 that the budget commission shall not be subject to chapter ~~37-2~~ [of title 37](#) or chapter ~~45-55~~ [of title](#)  
19 ~~45 of the general laws~~ in employing such staff; provided, further, that the budget commission,  
20 with the approval of the director of revenue, shall have authority to set the compensation, terms,  
21 and conditions of employment of its own staff; provided, further, that the city or town shall  
22 annually appropriate amounts sufficient for the compensation of personnel hired under this clause  
23 as determined and fixed by the budget commission; provided, further, that if the city or town fails  
24 to appropriate such amounts, the director of revenue shall direct the general treasurer to deduct  
25 the necessary funds from the city's or town's distribution of state aid and shall expend those funds  
26 directly for the benefit of the budget commission;

27 (11) Reorganize, consolidate, or abolish departments, commissions, authorities, boards,  
28 offices, or functions of the city or town, in whole or in part, and to establish such new  
29 departments, commissions, authorities, boards, offices, or functions as it deems necessary, and to  
30 transfer the duties, powers, functions, and appropriations of one department, commission, board,  
31 office, or other unit to another department, commission, authority, board, or office and in  
32 connection therewith remove and appoint new members for any such commission, authority,  
33 board, or department which appointees shall serve the remainder of any unexpired term of their  
34 predecessor;

1 (12) Appoint, in consultation with the director of revenue, persons to fill vacancies on  
2 any authority, board, committee, department, or office;

3 (13) Sell, lease, or otherwise transfer real property and other assets of the city or town  
4 with the approval of the director of revenue;

5 (14) Purchase, lease, or otherwise acquire property or other assets on behalf of the city or  
6 town with the approval of the director of revenue;

7 (15) Enter into contracts, including, but not limited to, contracts with other governmental  
8 entities, and such other governmental entities are hereby authorized to enter into such contracts;

9 (16) Adopt rules and regulations governing the operation and administration of the city  
10 or town ~~which that~~ permit the budget commission to effectively carry out this chapter under  
11 ~~subsection §42-35-3(b) of the general laws;~~

12 (17) Alter or rescind any action or decision of any municipal officer, employee, board,  
13 authority, or commission within fourteen (14) days after receipt of notice of such action or  
14 decision;

15 (18) Suspend, in consultation with the director of revenue, any rules and regulations of  
16 the city or town;

17 (19) Notwithstanding any other general law, special act, charter provision, or ordinance,  
18 and in conformity with the reserved powers of the general assembly pursuant to ~~Article XIII,~~  
19 ~~section 5 of the Constitution of the state,~~ R.I. Const., Art.XIII,Sec.5 a budget commission is  
20 authorized to issue bonds, notes, or certificates of indebtedness to fund the deficit of a city or  
21 town without regard to ~~section §45-12-22.4 of the general laws,~~ to fund cash flow, and to finance  
22 capital projects. Bonds, notes, or certificates of indebtedness issued under authority of this  
23 chapter shall be general obligation bonds backed by the full faith and credit and taxing power of  
24 the city or town; provided, however, that the budget commission may pledge future distributions  
25 of state aid for the purpose of retiring such bonds, notes, or certificates of indebtedness. If any  
26 state aid is so pledged, the budget commission shall execute, on behalf of the city or town, a trust  
27 agreement with a corporate trustee, which may be any bank or trust company having the powers  
28 of a trust company within the state, and any state aid so pledged shall be paid by the general  
29 treasurer directly to the trustee to be held in trust and applied to the payment of principal and  
30 interest on such bonds, notes, or certificates of indebtedness; any earnings derived from the  
31 investment of such pledged aid shall be applied as needed to the payment of that principal and  
32 interest and for trustee's fees and related expenses, with any excess to be paid to the city or town.  
33 Bonds, notes, or certificates of indebtedness authorized under authority of this chapter shall be  
34 executed on behalf of the city or town by a member of the commission and, except as provided

1 for in this chapter, may be subject to the provisions of chapter ~~45-12~~ [of title 45](#) ~~of the general~~  
2 ~~laws~~ so far as apt, or may be subject to the provisions of any special bond act enacted authorizing  
3 the issuance of bonds of a city or town so far as apt, provided, however that any bonds or notes  
4 issued for school purposes must be approved by the general assembly in order to qualify for  
5 school housing aid as set forth in chapter ~~16-7~~ [of title 16](#) ~~of the general laws~~; and

6 (20) Exercise all powers under the general laws and this chapter or any special act, any  
7 charter provision or ordinance that any elected official of the city or town may exercise, acting  
8 separately or jointly; provided, however, that with respect to any such exercise of powers by the  
9 budget commission, the elected officials shall not rescind or take any action contrary to such  
10 action by the budget commission so long as the budget commission continues to exist.

11 (21) Certify to the Rhode Island department of revenue the need to advance payments of  
12 the state's basic education program under chapter 7 of title 16 ~~of the Rhode Island general laws~~ in  
13 the amount determined by the budget commission. Said amount shall be advanced, subject to  
14 approval of the director of the department of revenue, notwithstanding any general or public law  
15 to the contrary. The director of the department of revenue shall provide notice of any advance  
16 payments to the fiscal advisors of the house and senate finance committees. The state general  
17 treasurer shall deduct the estimated cost to the state's general fund resulting from any advance  
18 payments.

19 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 - BUDGET COMMISSION

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1           This act would provide for a member of a town or city council to be elected to serve on a  
2 budget commission.

3           This act would take effect upon passage.

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