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# ARTICLE 7

## RELATING TO PUBLIC CORPORATION DEBT MANAGEMENT

SECTION 1. Section 35-18-3 of the General Laws in Chapter 35-18 entitled "Public Corporation Debt Management" is hereby amended to read as follows:

**35-18-3. Approval by the general assembly.** -- (a) No elected or appointed state official may enter into any financing lease or into any guarantee with any person without the prior approval of the general assembly unless:

(1) The governor certifies that federal funds will be available to make all of the payments which the state is or could be obligated to make under the financing lease or guarantee; or

(2) The general assembly has adjourned for the year with the expectation that it will not meet again until the following year and the governor certifies that action is necessary, because of events occurring after the general assembly has adjourned, to protect the physical integrity of an essential public facility, to ensure the continued delivery of essential public services or to maintain the credit worthiness of the state in the financial markets.

(b) No bonds may be issued or other obligation incurred by any public corporation to finance, in whole or in part, the construction, acquisition, or improvement of any essential public facility without the prior approval of the general assembly, unless:

(1) The governor certifies that federal funds will be available to make all of the payments required to be made by the public corporation in connection with the bond or obligation. The certification shall be transmitted to the speaker of the house and the president of the senate with copies to the chairpersons of the respective finance committees and fiscal advisors; or

(2) The general assembly has adjourned for the year with the expectation that it will not meet again until the following year and the governor certifies that action is necessary, because of events occurring after the general assembly has adjourned, to protect the physical integrity of an essential public facility, to ensure the continued delivery of essential public services, or to maintain the credit worthiness of the state in the financial markets. The certification shall be transmitted to the speaker of the house and the president of the senate, with copies to the chairpersons of the respective finance committees and fiscal advisors.

(c) In addition to, and not by way of limitation on, the exemptions provided in subsections (a) and (b), prior approval by the general assembly shall not be required under this

1 chapter for bonds or other obligations issued by, or financing leases or guarantee agreements  
2 entered into by:

3 (1) The Rhode Island Industrial Facilities Corporation; provided financing leases, bonds  
4 or other obligations are being issued for an economic development project;

5 (2) The Rhode Island clean water finance agency;

6 (3) The Rhode Island housing and mortgage finance corporation;

7 (4) The Rhode Island student loan authority;

8 (5) The state or any ~~Any~~ public corporation to refund any bond, or other obligation issued  
9 by, or financing leases or guarantee agreements entered into by the state or the public corporation  
10 ~~to finance the acquisition, construction, or improvement of an essential public facility~~ provided  
11 that the governor certifies to the speaker of the house and the president of the senate, with copies  
12 to the chairpersons of the respective finance committees and fiscal advisors that the refunding  
13 shall provide a net benefit to the issuer; provided, however, obligations of the Rhode Island  
14 resource recovery corporation outstanding on July 31, 1999, may be refunded by the issuance of  
15 obligations on or before August 1, 1999;

16 (6) The Narragansett Bay water quality management district commission; and

17 (7) The Rhode Island health and educational building corporation, except bonds or other  
18 obligations issued in connection with the acquisition, construction, or improvement of any facility  
19 used by any state agency, department, board, or commission, including the board of governors for  
20 higher education, to provide services to the public pursuant to the requirements of state or federal  
21 law, and all fixtures for any of those facilities.

22 (d) Nothing contained in this section applies to any loan authorized to be borrowed under  
23 Article VI, section 16 or 17 of the Rhode Island Constitution.

24 (e) Nothing in this section is intended to expand in any way the borrowing authority of  
25 any public corporation under its charter.

26 (f)(1) Any certification made by the governor under subsection (a), (b), or (c) of this  
27 section may be relied upon by any person, including without limitation, bond counsel.

28 (2) The certifications shall be transmitted to the speaker of the house and the president of  
29 the senate with copies to the chairpersons of the respective finance committees and fiscal  
30 advisors.

31 (g) Except as provided for in this chapter, the requirements of this chapter supersede any  
32 other special or general provision of law, including any provision which purports to exempt sales  
33 or leases between the state and a public corporation from the operation of any law.

34 SECTION 2. This article shall take effect upon passage.