

2015 -- H 5566

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO PUBLIC FINANCE -- PUBLIC CORPORATION DEBT MANAGEMENT

Introduced By: Representatives Morgan, Chippendale, Filippi, Giarrusso, and Roberts

Date Introduced: February 25, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

3 **35-18-3. Approval by the general assembly.** -- (a) No elected or appointed state official
4 may enter into any financing lease or into any guarantee with any person without the prior
5 approval of the general assembly unless: ~~(1)~~ the governor certifies that federal funds will be
6 available to make all of the payments which the state is or could be obligated to make under the
7 financing lease or guarantee; or

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

13 (b) No bonds may be issued or other obligation incurred by any public corporation to
14 finance, in whole or in part, the construction, acquisition, or improvement of any essential public
15 facility without the prior approval of the general assembly, unless: ~~(1)~~ the governor certifies
16 that federal funds will be available to make all of the payments required to be made by the public
17 corporation in connection with the bond or obligation. The certification shall be transmitted to the
18 speaker of the house and the president of the senate with copies to the chairpersons of the
19 respective finance committees and fiscal advisors; ~~or~~

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

8 ~~(c) In addition to, and not by way of limitation on, the exemptions provided in~~
9 ~~subsections (a) and (b), prior approval by the general assembly shall not be required under this~~
10 ~~chapter for bonds or other obligations issued by, or financing leases or guarantee agreements~~
11 ~~entered into by:~~

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

14 ~~(2) The Rhode Island clean water finance agency;~~

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

16 ~~(4) The Rhode Island student loan authority;~~

17 ~~(5) Any public corporation to refund any bond or other obligation issued by the public~~
18 ~~corporation to finance the acquisition, construction, or improvement of an essential public facility~~
19 ~~provided that the governor certifies to the speaker of the house and the president of the senate,~~
20 ~~with copies to the chairpersons of the respective finance committees and fiscal advisors that the~~
21 ~~refunding shall provide a net benefit to the issuer; provided, however, obligations of the Rhode~~
22 ~~Island resource recovery corporation outstanding on July 31, 1999, may be refunded by the~~
23 ~~issuance of obligations on or before August 1, 1999;~~

24 ~~(6) The Narragansett Bay water quality management district commission;~~

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

30 ~~(8) The state to refund any financing leases entered into with the authorization of the~~
31 ~~general assembly, provided that the governor certifies to the speaker of the house and the~~
32 ~~president of the senate, with copies to the chairpersons of the respective finance committees and~~
33 ~~fiscal advisors, that the refunding shall provide a net benefit to the state. [Except as provided in](#)~~
34 ~~[subsections \(a\) and \(b\) of this section, neither the general assembly nor any governmental or](#)~~

1 quasi-governmental entity created by it shall issue any bonds, commonly called "moral
2 obligation" bonds, not secured by the full faith and credit of the state as set forth in section 16 of
3 Article VI of the Constitution of the state, or secured by revenues as authorized by section 17
4 thereof.

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

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

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

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

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

17 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 PUBLIC FINANCE -- PUBLIC CORPORATION DEBT MANAGEMENT

1 This act would eliminate the option of issuing bonds when the general assembly has
2 adjourned, and further provide that neither the general assembly nor any governmental or quasi-
3 governmental entity created by it shall issue any bonds, commonly called "moral obligation"
4 bonds, not secured by the full faith and credit of the state as set forth in section 16 of Article VI of
5 the Constitution of the state, or secured by revenues as authorized by section 17 thereof.

6 This act would take effect upon passage.

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