

1 impact on year-end financial results, including all accruals and encumbrances; and how the
2 municipality and school district plans to address any such shortfalls. In the event that the school
3 reporting is not provided, then state education aid may be withheld pursuant to the provisions of §
4 16-2-9.4(d).

5 (c) In order to facilitate electronic upload to the "Transparency Portal" as defined herein,
6 the chief financial officer of the municipality shall also submit, as part of the annual audited
7 financial statements of the municipality, a municipal data report for the municipality's general
8 fund containing content and in a format designated by the division of municipal finance and the
9 office of the auditor general. Such municipal data report shall be included in the scope of the
10 annual audit and shall be included in the municipality's financial statements as supplementary
11 information.

12 (d) All budget-to-actual financial information as required in (b), municipal data report as
13 required in (c), and reports required pursuant to the provisions of § 44-35-10 shall be submitted to
14 the division of municipal finance through the use of the division's Transparency Portal, in the
15 format required by the division of municipal finance, which will be located on the division's
16 website. The division of municipal finance will create a finalized report from all information
17 submitted through the Transparency Portal ("Transparency Report"). The division of municipal
18 finance will submit the Transparency Report to the municipality to be signed by the chief
19 executive officer, chief financial officer, superintendent of the school district, and chief financial
20 officer for the school district. All signed Transparency Reports shall be posted to the
21 municipality's website within ten (10) business days of receipt of such report. The municipalities
22 shall provide a copy of the signed Transparency Report to the commissioner of education, the
23 office of the auditor general, the municipality's council president, and the school committee chair.
24 In addition, a copy of the signed Transparency Report which has been designated by the division
25 of municipal finance for the inclusion in the municipalities audited financial statements shall be
26 provided by the municipality to its auditor.

27 ~~(e)~~(e) If any of the ~~quarterly reports~~ budget-to-actual financial information required under
28 subsection (b) project a year-end deficit, the chief financial officer of the municipality shall
29 submit to the state division of municipal finance, the commissioner of education, and the auditor
30 general a corrective action plan signed by the chief executive officer and chief financial officer on
31 or before the last day of the month succeeding the close of the fiscal quarter in which budget-to-
32 actual financial information is required, which provides for the avoidance of a year-end deficit or
33 structural deficit that could impact future years, and the school superintendent shall also comply
34 with the provisions of § 16-2-11(c) to assist in this effort. The plan may include recommendations

1 as to whether an increase in property taxes and/or spending cuts should be adopted to eliminate
2 the deficit. The plan shall include a legal opinion by municipal counsel that the proposed actions
3 under the plan are permissible under federal, state, and local law. The state division of municipal
4 affairs may rely on the written representations made by the municipality in the plan and will not
5 be required to perform an audit.

6 ~~(f)~~ If the division of municipal finance concludes the plan required hereunder is
7 insufficient and/or fails to adequately address the financial condition of the municipality, the
8 division of municipal finance can elect to pursue the remedies identified in § 45-12-22.7.

9 ~~(g)~~ The monthly reports and budget-to-actual financial information required shall
10 include the financial operations of any departments or funds of municipal government, including
11 the school department or the regional school district, notwithstanding the status of the entity as a
12 separate legal body. This provision does not eliminate the additional requirements placed on local
13 and regional school districts by §§ 16-2-9(f) and 16-3-11(e)(3).

14 (h) The "Transparency Portal" shall be an electronic interface which will be implemented,
15 maintained, and monitored by the state division of municipal finance with the assistance of the
16 state department of administration. In addition, the division of municipal finance shall post to its
17 website a list of participating and non-participating entities for each reporting cycle identified
18 under subsections (b), (c), and required reports pursuant to § 44-35-10.

19 Subsections ~~(i)~~ through ~~(m)~~ below shall apply to fire districts.

20 ~~(i)~~ The treasurer/chief financial officer or other fiduciary, as applicable, of the fire
21 district within the state shall continuously monitor the fire district's financial operations by
22 tracking actual versus budgeted revenue and expense.

23 ~~(j)~~ The treasurer/chief financial officer or other fiduciary, as applicable, of the fire
24 district shall submit a quarterly report on or before the 25th day of the month succeeding the end
25 of each fiscal quarter to the division of municipal finance and the state auditor general certifying
26 the status of the fire district's budget. Each quarterly report submitted must be signed by the chair
27 of the governing body and the treasurer/chief financial officer. The report shall be submitted to
28 the members of the governing body and the members of the town council. The quarterly reports
29 shall be in a format prescribed by the division of municipal finance and the state auditor general.
30 The reports shall contain a statement as to whether any actual or projected shortfalls in budget
31 line items are expected to result in a year-end deficit; the projected impact on year-end financial
32 results including all accruals and encumbrances; and how the fire district plans to address any
33 such shortfalls.

34 ~~(k)~~ If any of the quarterly reports required under subsection (g) above project a year-

1 end deficit, the treasurer/chief financial officer or other fiduciary, as applicable, of the fire district
2 shall submit to the division of municipal finance and the state auditor general a corrective action
3 plan signed by the chair of the governing body and treasurer/chief financial officer, or other
4 fiduciary as applicable, of the fire district on or before the last day of the month succeeding the
5 close of the fiscal quarter, which provides for the avoidance of a year-end deficit or structural
6 deficit that could impact future years. The plan may include recommendations as to whether an
7 increase in property taxes and/or spending cuts should be adopted to eliminate the deficit. The
8 plan shall include a legal opinion by legal counsel that the proposed actions under the plan are
9 permissible under federal, state, and local law. Said plan shall be sent to the members of the fire
10 district's governing body and the members of the town council. The division of municipal finance
11 may rely on the written representations made by the governing body of the fire district in the plan
12 and is not be required to perform an audit.

13 ~~(l)~~ If the division of municipal finance concludes the plan required hereunder is
14 insufficient and/or fails to adequately address the financial condition of the fire district, the
15 division of municipal finance can elect to pursue the remedies identified in § 45-12-22.7.

16 ~~(m)~~ The reports and plans required above shall also include, but not be limited to, a
17 comprehensive overview of the financial operations of the fire district, including a list of the
18 value of the fire district's assets (tangibles and intangibles) and liabilities.

19 SECTION 2. Section 44-35-10 of the General laws in Chapter 44-35 entitled "Property
20 Tax and Fiscal Disclosure – Municipal Budgets" is hereby amended to read as follows:

21 **44-35-10. Balanced municipal budgets – Additional reporting requirements –**
22 **Electronic reporting/municipal uniform chart of accounts.** -- (a) The operating budgets for all
23 cities and towns shall provide for total appropriations which do not exceed total estimated
24 receipts, taking into account any general fund surplus or deficit estimated to be carried over from
25 the current fiscal year. The funding of accumulated deficits shall be consistent with the provisions
26 of § 45-12-22.

27 (b) The chief elected official in each city and town shall provide to the division of
28 municipal finance within thirty (30) days of final action, in the form and format required by the
29 division, the adopted budget survey.

30 (c) Within thirty (30) days of final action as referenced in subsection (b) above each city
31 or town shall provide to the division a five (5) year forecast, in the form and format required by
32 the division, for major funds as defined by generally accepted accounting principles as
33 established by the governmental accounting standards board (GASB). ~~The forecast shall include,~~
34 ~~but not be limited to, a scenario reflecting pensions and post-employment Benefits other than~~

1 ~~pensions (OPEB) obligations at one hundred percent (100%) of the annual required contribution~~
2 ~~(ARC), both for the general and unrestricted school funds.~~ The forecast shall also reflect any and
3 all underlying assumptions.

4 (d) The reports required under (b) and (c) above shall be submitted in accordance with
5 the requirements outlined under § 45-12-22.2 (d).

6 ~~(e)~~(e) Within sixty (60) days of executing changes in healthcare benefits, pension
7 benefits and OPEB a municipality shall provide a fiscal impact statement to the division of
8 municipal finance, reflecting the impact on any unfunded liability and ARC, as well as the impact
9 on the five (5) year forecast. The fiscal impact statements shall show underlying actuarial
10 assumptions and provide support for underlying assumptions.

11 ~~(f)~~(f) A municipality shall join electronic reporting/implement municipal uniform chart
12 of accounts (UCOA), within six (6) months of implementation.

13 SECTION 3. Section 42-142-4 of the General laws in Chapter 42-142 entitled
14 "Department of Revenue" is hereby amended to read as follows:

15 **42-142-4. Division of property valuation and municipal finance.** -- (a) There is hereby
16 established within the department of revenue a division of property valuation and municipal
17 finance. The head of the office shall be the chief of property valuation and municipal finance.

18 (b) The division of property valuation and municipal finance shall have the following
19 duties:

20 (i) Provide assistance and guidance to municipalities in complying with state law;

21 (ii) ~~To e~~Encourage cooperation between municipalities and the state in calculating,
22 evaluating and distributing state aid;

23 (iii) ~~To maintain a data center of information of use to municipalities;~~ Encourage the
24 exchange of information between the division and other governmental entities in an effort to
25 increase shared services by making available, through the use of web based applications or other
26 mediums municipal vendor contracts and/or any other data the division deems appropriate.

27 (iv) ~~To m~~Maintain and compute financial and equalized property value information for
28 the benefit of municipalities and public policy decision makers;

29 (v) ~~To e~~Encourage and assure compliance with state laws and policies relating to
30 municipalities especially in the areas of public disclosure, tax levies, financial reporting, and
31 property tax issues;

32 (vi) ~~To e~~Encourage cooperation between municipalities and the state by distributing
33 information and by providing technical assistance to municipalities;

34 (vii) ~~To g~~Give guidance to public decision makers on the equitable distribution of state

1 aid to municipalities; [and](#)

2 (viii) ~~Fe p~~ Provide technical assistance for property tax administration.

3 SECTION 4. Section 45-13-12 of the General Laws in Chapter 45-13 entitled "State Aid"
4 is hereby amended to read as follows:

5 **45-13-12. Distressed communities relief fund.** -- (a) There is established a fund to
6 provide state assistance to those Rhode Island cities and towns which have the highest property
7 tax burdens relative to the wealth of taxpayers.

8 (b) *Establishment of indices.* Four (4) indices of distress shall be established to determine
9 eligibility for the program. Each community shall be ranked by each distress index and any
10 community which falls into the lowest twenty percent (20%) of at least three (3) of the four (4)
11 indices shall be eligible to receive assistance. The four (4) indices are established as follows:

12 (1) *Percent of tax levy to full value of property.* This shall be computed by dividing the
13 tax levy of each municipality by the full value of property for each municipality. For the 1990-91
14 fiscal year, tax levy and full value shall be as of the assessment date December 31, 1986.

15 (2) *Per capita income.* This shall be the most recent estimate reported by the U.S.
16 Department of Commerce, Bureau of the Census.

17 (3) *Percent of personal income to full value of property.* This shall be computed by
18 multiplying the per capita income above by the most recent population estimate as reported by the
19 U.S. Department of Commerce, Bureau of the Census, and dividing the result by the full value of
20 property.

21 (4) *Per capita full value of property.* This shall be the full value of property divided by
22 the most recent estimate of population by the U.S. Department of Commerce, Bureau of the
23 Census.

24 (c) *Distribution of funds.* Funds shall be distributed to each eligible community on the
25 basis of the community's tax levy relative to the total tax levy of all eligible communities. For the
26 fiscal year 1990-91, the reference year for the tax levy shall be the assessment date of December
27 31, 1988. For each fiscal year thereafter, except for fiscal year 2007-2008, the reference year and
28 the fiscal year shall bear the same relationship. For the fiscal year 2007-2008 the reference year
29 shall be the same as for the distributions made in fiscal year 2006-2007.

30 Any newly qualifying community shall be paid fifty percent (50%) of current law
31 requirements the first year it qualifies. The remaining fifty percent (50%) shall be distributed to
32 the other distressed communities proportionately. When any community falls out of the distressed
33 community program, it shall receive a one-time payment of fifty percent (50%) of the prior year
34 requirement exclusive of any reduction for first year qualification; [however, in the event that the](#)

1 total appropriation is increased from the prior year's appropriation, each eligible community shall
2 receive: (1) A distribution based on the community's tax levy relative to the total tax levy of all
3 eligible communities; and (2) A percentage of the amount of said increased appropriation which
4 percentage shall be calculated based on a community's distribution relative to the total increase in
5 the appropriation. The community shall be considered a distressed community in the fall-out
6 year.

7 *(d) Appropriation of funds.* The state of Rhode Island shall appropriate funds in the
8 annual appropriations act to support this program. For each of the fiscal years ending June 30,
9 2011, June 30, 2012, and June 30, 2013 seven hundred eighty-four thousand four hundred fifty-
10 eight dollars (\$784,458) of the total appropriation shall be distributed equally to each qualifying
11 distressed community.

12 *(e) Payments.* Payments shall be made to eligible communities each August.

13 *(f) Mandatory Participation for Collection of Debts.* Any community determined to be a
14 distressed community under this chapter shall, within three (3) months of said determination,
15 contract with the tax administrator, in accordance with § 42-142-7, to allow the tax administrator
16 to collect outstanding liabilities owed to the distressed community. The division of municipal
17 finance shall determine which of said liabilities shall be subject to the collection by the tax
18 administrator.

19 SECTION 5. This article shall take effect upon passage.