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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: Representatives Casey, Phillips, Morin, DeSimone, and Lima

Date Introduced: March 04, 2014

Referred To: House Finance

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 shall be designees of the director of revenue, one of whom shall be the elected chief
6 executive officer of the city and one of whom shall be the president of the city or town council or
7 his/her designee; provided, that the designee is a current member of the city or town council at the
8 time of appointment and must continue to be a member of the city of town council throughout
9 his/her term on the budget commission. In cities or towns in which the elected chief executive
10 officer for purposes of this chapter is the president of the city or town council, one member shall
11 be the appointed city or town manager or town administrator (or, if none, the city or town chief
12 financial officer) as the fifth (5th) member. The budget commission shall act by a majority vote
13 of all its members. The budget commission shall initiate and assure the implementation of
14 appropriate measures to secure the financial stability of the city or town. The budget commission
15 shall continue in existence until the director of revenue abolishes it.

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

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

1 decrease any fee, rate or charge, for any service, license, permit or other municipal activity,
2 otherwise within the authority of the city or town;

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

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

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

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

1 predecessor;

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

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

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

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

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

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

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

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

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

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

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

20 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

1 This act would provide authority to a city or town council president to appoint, in his or
2 her place, a designee to a budget commission. It would require the designee to be a current
3 member of the city or town council at the time of appointment and remain a member of the city or
4 town council throughout their term on the budget commission.

5 This act would take effect upon passage.

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