

2024 -- S 3046

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO TOWNS AND CITIES -- INDEBTEDNESS OF TOWNS AND CITIES

Introduced By: Senator Walter S. Felag

Date Introduced: May 03, 2024

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-12-4.4 of the General Laws in Chapter 45-12 entitled
2 "Indebtedness of Towns and Cities" is hereby amended to read as follows:

3 **45-12-4.4. Borrowing in payment of certain judgments.**

4 (a) A city or town may authorize the issuance of bonds, notes, or other evidences of
5 indebtedness to pay the uninsured portion of any court judgment or settlement, except any court
6 judgment or settlement arising out of any pension obligation of a city or town; provided, however,
7 that the outstanding principal amount, in aggregate, shall not exceed five percent (5%) of the total
8 amount of the city or town's most recently adopted municipal budget. Notwithstanding the
9 aforementioned, the towns of Coventry ~~and~~, Middletown and Warren are authorized to issue bonds,
10 notes, or other evidences of indebtedness to pay the uninsured portion of any court judgment or
11 settlement, except any court judgment or settlement arising out of any pension obligation of a city
12 or town; provided, however, that the outstanding principal amount, in aggregate, shall not exceed
13 ten percent (10%) of the total amount of the applicable municipality's most recently adopted
14 municipal budget.

15 (b) These bonds, notes, or other evidences of indebtedness are subject to the maximum
16 aggregate indebtedness permitted to be issued by any city or town under § 45-12-2.

17 (c) The bonds, notes, or other evidences of indebtedness may be issued to pay a judgment
18 or settlement or may be issued to pay or refund notes issued under § 45-12-4.1.

19 (d) The denominations, maturities, interest rates, methods of sale, and other terms,

1 conditions, and details of any bonds or notes issued under the provisions of this section may be
2 fixed by the vote or resolution of the city or town council authorizing them, or if no provision is
3 made in the vote or resolution, by the treasurer or other officer authorized to issue the bonds or
4 notes or to hire the money; provided, that the payment of principal of bonds shall be by sufficient
5 annual payments that will extinguish the debt at maturity, the first of these annual payments to be
6 made not later than one year, and the last payment not later than fifteen (15) years after the date of
7 the bonds.

8 (e) The bonds, notes, or other evidences of indebtedness may be issued under this section
9 by any political subdivision without obtaining the approval of its electors, notwithstanding the
10 provisions of §§ 45-12-19 and 45-12-20 and notwithstanding any provision of its charter to the
11 contrary, unless the electors when assembled in a meeting are the local legislative body for the
12 purpose of authorizing indebtedness of the political subdivision.

13 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would add the town of Warren to those towns and cities authorized to issue bonds
- 2 to finance the uninsured portion of a settlement arising out of litigation against the town or city.
- 3 This act would take effect upon passage.

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