

2010 -- H 7139

LC00469

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO PUBLIC FINANCE -- THE AMERICAN RECOVERY AND  
REINVESTMENT ACT--BONDS

Introduced By: Representatives Costantino, Carter, Melo, Giannini, and Silva

Date Introduced: January 19, 2010

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 35-8 of the General Laws entitled "Bonded Indebtedness of State"  
2 is hereby amended by adding thereto the following section:

3 **35-8-28. Interest earnings on state bonded indebtedness -- Federal requirements. –**  
4 Notwithstanding any general or public law or rule to the contrary, income from investments in the  
5 capital development fund may be applied to capital purposes and shall not become part of the  
6 general fund of the state to the extent necessary to exempt (in whole or in part) the interest paid  
7 on such bonds or notes from federal taxation, to preserve and maintain any federal tax credits  
8 associated with such bonds or notes, or to preserve or maintain any refundable tax credits paid or  
9 to be paid to the state with regard to such bonds or notes.

10 SECTION 2. Section 42-10.1-3 of the General Laws in Chapter 42-10.1 entitled "Public  
11 Finance Management Board" is hereby amended to read as follows:

12 **42-10.1-3. Allocation of statewide financing limitation. –** (a) The eighty-seven million  
13 four thousand dollars (\$87,004,000) in total recovery zone economic development bond volume  
14 cap allocations granted to the five (5) counties of the State of Rhode Island by the United States  
15 Secretary of the Treasury pursuant to 26 U.S.C. sections 1400U-1 and 1400U-2 of the Internal  
16 Revenue Code are hereby ceded to the State of Rhode Island for use by the state in connection  
17 with the issuance of general obligation bonds of the state.

18 (b) The one hundred thirty million five hundred four thousand dollars (\$130,504,000) in

1 total recovery zone facility bond volume cap allocations granted to the five (5) counties of the  
2 State of Rhode Island by the United States Secretary of the Treasury pursuant to 26 U.S.C.  
3 sections 1400U-1 and 1400U-3 are hereby ceded to the public finance management board for  
4 subsequent allocation by the board in accordance with rules and regulations to be promulgated by  
5 the board in accordance with the Administrative Procedures Act, Chapter 35 of this title.

6 (c) The ten million nine hundred one thousand dollars (\$10,901,000) in total qualified  
7 energy conservation bond volume cap allocation granted to the State of Rhode Island by the  
8 Secretary of the Treasury pursuant to 26 U.S.C. section 54D of the Internal Revenue Code is  
9 hereby allocated to the board for subsequent allocations by the board in accordance with rules and  
10 regulations to be promulgated by the board in accordance with the Administrative Procedures  
11 Act, Chapter 35 of this title, provided, however, that the City of Providence shall be allocated by  
12 the board no less than its portion as provided in 26 U.S.C. section 54D(e)(2)(A) of the Internal  
13 Revenue Code unless the City of Providence determines that the board may further reallocate  
14 such portion to other bond issuers.

15 (d) The general assembly hereby finds, declares and designates the entire State of Rhode  
16 Island as a “recovery zone” meeting the standards referenced in 26 U.S.C. section 1400U-1(b)(1)  
17 of the Internal Revenue Code, given the significant unemployment, rate of foreclosures, or  
18 general distress present throughout the State of Rhode Island, and particularly given the  
19 geographic compactness of the state and the resultant interrelated nature of economic conditions  
20 and activities within the state as a whole.

21 (e) The board is hereby authorized to allocate tax exempt and taxable bond issuance  
22 capacity and/or federal tax credits among all issuers in the state of Rhode Island, pursuant to 26  
23 U.S.C. section 103, 26 U.S.C. section 145, or pursuant to 26 U.S.C. sections 1400U-1, 1400U-2,  
24 1400U-3, 54D and any similar federal legislation heretofore or hereinafter enacted. The  
25 allocations of tax exempt bond issuance capacity and/or federal tax credits shall be pursuant to  
26 rules and regulations to be promulgated by the board in accordance with the Administrative  
27 Procedures Act, chapter 35 of this title.

28 SECTION 3. 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 provide that income from investments in the capital development fund  
2 may be applied to capital purposes and not become part of the general fund to the extent to  
3 exempt the interest paid from federal taxation. This act would also provide funds from various  
4 bonds granted to the five (5) counties of the state be ceded to the state.

5           This act would take effect upon passage.

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