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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

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A N A C T

RELATING TO THE TOWN OF NORTH PROVIDENCE

Introduced By: Senators Ciccone, and DaPonte

Date Introduced: March 10, 2011

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1           SECTION 1. Article 5, Chapter 2 of Chapter 237 of the 1973 Public Laws entitled “An  
2 Act to Incorporate the Town of North Providence” is hereby amended by adding thereto the  
3 following:

4           5-2-6. Amendment to Promote Fiscal Responsibility.

5           (a) Purpose.

6           The town of North Providence recognizes that the establishment and maintenance of  
7 fiscal responsibility and the promotion of property tax stabilization are goals which promote the  
8 public health, safety and welfare of the town of North Providence and its residents. Therefore, it  
9 is the purpose of this amendment to establish a mechanism whereby the fiscal integrity of the  
10 town of North Providence is strengthened and maintained, and the long-term stability of the  
11 town’s property tax rate is promoted through the establishment of a systemic and disciplined  
12 process for the prudent and planned utilization of revenues.

13           (b) Establishment of Budget Reserve Account.

14           The town council shall establish a budget reserve account within the general fund.  
15 Funding of the reserve account shall commence no later than the first fiscal year following  
16 repayment of the deficit reduction bond approved by the town council on June 8, 2010. Each year  
17 following the repayment of the deficit reduction bond one percent (1%) of each year’s estimated  
18 general revenue shall be directed into the budget reserve account until a balance equal to eight  
19 percent (8%) of the fiscal year’s estimated general revenue within the general fund is achieved.

1           (c) Minimum Budget Reserve Balance Requirement.

2           Once the budget reserve account balance has reached eight percent (8%) of the fiscal  
3 year's estimated general revenues within the general fund, as required under subsection (b)  
4 above, the budget reserve account, for any fiscal year, shall be maintained at a level of not less  
5 than said eight percent (8%) of the actual general revenue within the general fund.

6           (d) Budget Reserve Account Use.

7           The town council, in an emergency as defined as a situation where immediate action is  
8 required to preserve and protect the property, public welfare, peace, health or safety of the people  
9 in the town and adequate prior action could not have been taken thereto or in the case of an  
10 unexpected shortfall in general revenue, may upon an affirmative vote of five-sevenths (5/7) of its  
11 full membership withdraw funds from the budget reserve account.

12           (e) Restoration of Funds to Budget Reserve Account.

13           In every fiscal year following the withdrawal of funds from the budget reserve account,  
14 as permitted in subsection (d) herein, the town of North Providence shall allocate at least two  
15 percent (2%) of that year's estimated general revenue to the budget reserve account until the  
16 budget reserve account's balance equals eight percent (8%) of the fiscal year's estimated general  
17 revenue within the general fund.

18           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 THE TOWN OF NORTH PROVIDENCE

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1           This act would amend the town charter of the town of North Providence. The amendment  
2 would direct the town council of the town of North Providence to establish a budget reserve  
3 account and would specify a minimum budget reserve balance requirement.

4           This act would take effect upon passage.

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