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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

A N A C T

RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators Ruggerio, Pearson, and Lombardi

Date Introduced: March 18, 2015

Referred To: Senate Finance

(Revenue)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-5-22 and 44-5-69 of the General Laws in Chapter 44-5 entitled
2 "Levy and Assessment of Local Taxes" are hereby amended to read as follows:

3 **44-5-22. Certification of tax roll. --** The tax levy shall be applied to the assessment roll
4 and the resulting tax roll certified by the assessors to the city or town clerk, city or town treasurer,
5 or tax collector, as the case may be, and to the department of revenue division of municipal
6 finance, not later than the next succeeding August 15. In the case of a fire district, the tax levy
7 shall be applied to the assessment roll and the resulting tax roll certified by such fire district's tax
8 assessor, treasurer, or other appropriate fire district official to the town clerk, town treasurer, tax
9 assessor or tax collector, as the case may be, and to the department of revenue, division of
10 municipal finance, not later than ~~thirty (30) business days prior to its annual meeting~~ ten (10)
11 business days after the mailing of the first property tax bill.

12 **44-5-69. Local fire districts -- Requirements of annual budget -- Annual financial**
13 **statements and publication of property tax data. --** Every fire district authorized to assess and
14 collect taxes on real and personal property in the several towns in the state shall be required to
15 have annual financial statements audited by an independent auditing firm approved pursuant to §
16 45-10-4 by the auditor general. The auditor general may waive or modify form and content of
17 financial statements and scope of the audit, based upon the size of the fire districts. The financial
18 statements for fiscal year 2015 and every fiscal year thereafter shall be presented at the district's
19 first annual meeting subsequent to receipt of said financial statements. At least ten (10) days prior

1 to said annual meeting, a copy of such financial statements shall be filed by the fire district with
2 the town clerk for the town in which the district(s) is located. A copy of the financial statements
3 shall be simultaneously sent to the auditor general and the division of municipal finance in the
4 department of revenue. The fire districts shall also provide to the division of municipal finance in
5 the department of revenue the adopted budget ~~thirty (30)~~ forty-five (45) days of final action, and
6 other information on tax rates, budgets, assessed valuations, and other pertinent data upon forms
7 provided by the division of municipal finance. The information shall be published by the
8 department of revenue.

9 SECTION 2. Section 45-12-22.2 of the General Laws in Chapter 45-12 entitled
10 "Indebtedness of Towns and Cities" is hereby amended to read as follows:

11 **45-12-22.2. Monitoring of financial operations -- Corrective action.** -- Subsections (a)
12 through (e) below shall apply to cities and towns.

13 (a) The chief financial officer of each municipality and each school district within the
14 state shall continuously monitor financial operations by tracking actual versus budgeted revenue
15 and expense.

16 (b) The chief financial officer of the municipality shall submit a report on a monthly
17 basis to the municipality's chief executive officer, each member of the city or town council, and
18 school district committee certifying the status of the municipal budget from all fund sources,
19 including the school department budget from all fund sources, or regional school district budget
20 from all fund sources. The chief financial officer of the municipality shall also submit a quarterly
21 report on or before the 25th day of the month succeeding the end of each fiscal quarter to the
22 division of municipal finance, the commissioner of education, and the auditor general certifying
23 the status of the municipal budget, including the school budget that has been certified by the
24 school department. Each quarterly report submitted must be signed by the chief executive officer,
25 chief financial officer, the superintendent of the school district, and chief financial officer for the
26 school district. The report has to be submitted to the city own council president and the school
27 committee chair. It is encouraged, but not required, to have the council president/school
28 committee chair sign the report. The chief financial officer of the school department or school
29 district shall certify the status of the school district's budget and shall assist in the preparation of
30 these reports. The monthly and quarterly reports shall be in a format prescribed by the division of
31 municipal finance, the commissioner of education, and the state auditor general. The reports shall
32 contain a statement as to whether any actual or projected shortfalls in budget line items are
33 expected to result in a year-end deficit; the projected impact on year-end financial results,
34 including all accruals and encumbrances; and how the municipality and school district plans to

1 address any such shortfalls. In the event that the school reporting is not provided, then state
2 education aid may be withheld pursuant to the provisions of § 16-2-9.4(d).

3 (c) If any of the quarterly reports required under subsection (b) project a year-end deficit,
4 the chief financial officer of the municipality shall submit to the state division of municipal
5 finance, the commissioner of education, and the auditor general a corrective action plan signed by
6 the chief executive officer and chief financial officer on or before the last day of the month
7 succeeding the close of the fiscal quarter, which provides for the avoidance of a year-end deficit
8 or structural deficit that could impact future years, and the school superintendent shall also
9 comply with the provisions of § 16-2-11(c) to assist in this effort. The plan may include
10 recommendations as to whether an increase in property taxes and/or spending cuts should be
11 adopted to eliminate the deficit. The plan shall include a legal opinion by municipal counsel that
12 the proposed actions under the plan are permissible under federal, state, and local law. The state
13 division of municipal affairs may rely on the written representations made by the municipality in
14 the plan and will not be required to perform an audit.

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

18 (e) The reports required shall include the financial operations of any departments or
19 funds of municipal government, including the school department or the regional school district,
20 notwithstanding the status of the entity as a separate legal body. This provision does not eliminate
21 the additional requirements placed on local and regional school districts by §§ 16-2-9(f) and 16-3-
22 11(e)(3).

23 Subsections (f) through ~~(j)~~ (k) below shall apply to fire districts.

24 (f) The treasurer/chief financial officer or other fiduciary, as applicable, of the fire
25 district within the state shall continuously monitor the fire district's financial operations by
26 tracking actual versus budgeted revenue and expense.

27 (g) The treasurer/chief financial officer or other fiduciary, as applicable, of the fire
28 district shall submit a quarterly report on or before the 25th day of the month succeeding the end
29 of each fiscal quarter to the division of municipal finance and the state auditor general certifying
30 the status of the fire district's budget. Each quarterly report submitted must be signed by the chair
31 of the governing body and the treasurer/chief financial officer. The report shall be submitted to
32 the [fire district clerk who shall send said report to the](#) members of the governing body and the
33 members of the town council. The quarterly reports shall be in a format prescribed by the division
34 of municipal finance and the state auditor general. The reports shall contain a statement as to

1 whether any actual or projected shortfalls in budget line items are expected to result in a year-end
2 deficit; the projected impact on year-end financial results including all accruals and
3 encumbrances; and how the fire district plans to address any such shortfalls.

4 (h) The auditor general may determine that certain fire districts, based on their size, may
5 submit semi-annual budgets for actual comparison instead of quarterly reports.

6 ~~(h)~~(i) If any of the quarterly reports or semi-annual budgets required under subsection (g)
7 or (h) above project a year-end deficit, the treasurer/chief financial officer or other fiduciary, as
8 applicable, of the fire district shall submit to the division of municipal finance and the state
9 auditor general a corrective action plan signed by the chair of the governing body and
10 treasurer/chief financial office, or other fiduciary as applicable, of the fire district on or before the
11 last day of the month succeeding the close of the fiscal quarter, which provides for the avoidance
12 of a year-end deficit or structural deficit that could impact future years. The plan may include
13 recommendations as to whether an increase in property taxes and/or spending cuts should be
14 adopted to eliminate the deficit. The plan shall include a legal opinion by legal counsel that the
15 proposed actions under the plan are permissible under federal, state, and local law. Said plan shall
16 be sent to the members of the fire district's governing body and the members of the town council.
17 The division of municipal finance may rely on the written representations made by the governing
18 body of the fire district in the plan and is not be required to perform an audit.

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

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

25 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES

1 This act would amend the time period in which fire districts must certify tax rolls from
2 not later than thirty (30) business days prior to a fire district's annual meeting to not later than ten
3 (10) business days after mailing of the first property tax bill, and would amend the time period in
4 which fire districts must provide adopted budgets from thirty (30) to forty-five (45) days of final
5 action. This act would also require that quarterly reports and semi-annual budgets be submitted to
6 the fire district clerk.

7 This act would take effect upon passage.

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