

2011 -- H 5433

LC01096

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO EDUCATION - FOUNDATION LEVEL SCHOOL SUPPORT

Introduced By: Representatives Keable, and Newberry

Date Introduced: February 16, 2011

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 16-7-44 of the General Laws in Chapter 16-7 entitled "Foundation  
2 Level School Support" is hereby amended to read as follows:

3 **16-7-44. School housing project costs.** -- School housing project costs, the date of  
4 completion of school housing projects, and the applicable amount of school housing project cost  
5 commitments shall be in accordance with the regulations of the commissioner of elementary and  
6 secondary education and the provisions of sections 16-7-35 -- 16-7-47; provided, however, that  
7 school housing project costs shall include the purchase of sites, buildings, and equipment, the  
8 construction of buildings, and additions or renovations of existing buildings and/or facilities.  
9 School housing project costs shall include the cost of interest payment on any bond issued after  
10 July 1, 1988, provided that such bond is approved by the voters on or before June 30, 2003 or  
11 issued by a municipal public building authority or by the appropriate approving authority on or  
12 before June 30, 2003. Except as provided in subsection 16-7-41(d), those projects approved after  
13 June 30, 2003, interest payments may only be included in project costs provided that the bonds  
14 for these projects are issued through either the Rhode Island Health, Education and Building  
15 Corporation, or from communities with a stand alone investment grade rating of at least "A" as  
16 established by Fitch Ratings, Ltd., Moody's Investors Service, Inc., and/or Standard & Poor's  
17 Rating Service. School housing project costs shall exclude: (1) any bond issuance costs incurred  
18 by the municipality or regional school district; (2) demolition costs for buildings, facilities, or  
19 sites deemed surplus by the school committee; and (3) restrictions pursuant to section 16-7-44.1

1 below. A building, facility, or site is declared surplus by a school committee when the committee  
2 no longer has such building, facility, or site under its direct care and control and transfers control  
3 to the municipality, section 16-2-15. The board of regents for elementary and secondary  
4 education will promulgate rules and regulations for the administration of this section. These rules  
5 and regulations may provide for the use of lease revenue bonds, capital leases, or capital reserve  
6 funding, to finance school housing provided that the term of any bond, or capital lease shall not  
7 be longer than the useful life of the project and these instruments are subject to the public review  
8 and voter approval otherwise required by law for the issuance of bonds or capital leases. Cities or  
9 towns issuing bonds, or leases issued by municipal public buildings authority for the benefit of a  
10 local community pursuant to chapter 50 of title 45 shall not require voter approval. Effective  
11 January 1, 2008, and except for interim finance mechanisms, refunding bonds, and bonds issued  
12 by the Rhode Island Health and Educational Building Corporation to finance school housing  
13 projects for towns, cities, or regional school districts borrowing for which has previously been  
14 authorized by an enabling act of the general assembly, all bonds, notes and other forms of  
15 indebtedness issued in support of school housing projects shall require passage of an enabling act  
16 by the general assembly.

17 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 provide that bonds for school housing projects could be issued by or from
- 2 communities with a stand alone investment grade rating of at least "A" as established by Fitch
- 3 Ratings, Ltd., Moody's Investors Service, Inc., and/or Standard & Poor's Rating Service.
- 4           This act would take effect upon passage.

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