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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 TOWNS AND CITIES - BUDGET COMMISSIONS

Introduced By: Senators Crowley, Doyle, DeVall, Pichardo, and Nesselbush

Date Introduced: March 10, 2011

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-9-7 of the General Laws in Chapter 45-9 entitled "Budget
2 Commissions" is hereby amended to read as follows:

3 **45-9-7. Appointment of receiver.** – (a) If the budget commission established by section
4 45-9-5 concludes that its powers are insufficient to restore fiscal stability to the city or town, it
5 shall so notify the director of revenue, and shall forward to the director of revenue a statement of
6 the reasons why it has been unable to restore fiscal stability to the city or town. Upon receipt of
7 such statement, the director of revenue shall terminate the existence of the budget commission,
8 notwithstanding section 45-9-5, and the director of revenue shall appoint a receiver for the city or
9 town for a period as the director of revenue may determine. The director of revenue may, at any
10 time, and without cause, remove the receiver and appoint a successor, or terminate the
11 receivership.

12 (b) The receiver shall have the following powers:

13 (1) All powers of the fiscal overseer and budget commission under sections 45-9-2 and
14 45-9-6. Such powers shall remain through the period of any receivership;

15 (2) The power to exercise any function or power of any municipal officer or employee,
16 board, authority or commission, whether elected or otherwise relating to or impacting the fiscal
17 stability of the city or town including, without limitation, school and zoning matters; and

18 (3) The power to file a petition in the name of the city or town under Chapter 9 of Title
19 11 of the United States Code, and to act on the city's or town's behalf in any such proceeding.

1 (c) Upon the appointment of a receiver, the receiver shall ~~have the right to exercise the~~
2 ~~powers of the elected officials under the general laws, special laws and the city or town charter~~
3 ~~and ordinances relating to or impacting the fiscal stability of the city or town including, without~~
4 ~~limitation, school and zoning matters; provided, further, that the powers of the receiver shall be~~
5 ~~superior to and supersede the powers of the elected officials of the city or town shall continue to~~
6 ~~be elected in accordance with the city or town charter, and shall serve in an advisory capacity to~~
7 ~~the receiver.~~ have powers related solely to the fiscal stability of the city or town including veto
8 power over the city or town's chief elected official and/or city or town council as relating to fiscal
9 or budgetary matters. Notwithstanding section 45-9-12, the powers of the receiver as related
10 solely to fiscal matters shall be exercised within the parameters of applicable state law and the
11 city or town's charter or code, and in furtherance thereof, the receiver shall be prohibited from
12 locking out or otherwise preventing or prohibiting a city or town's elected officials from
13 conducting their ordinary and customary duties with respect to the daily operation of the city or
14 town.

15 The director of revenue shall determine the salary of the receiver, which salary shall be
16 payable by the ~~city or town~~ state and shall be not greater than the annual salary of the city or
17 town's chief elected official.

18 (d) In the event a conflict arises between the chief elected official or city or town council
19 and the receiver, and after reasonable steps have been taken and a good faith effort is made by all
20 parties to resolve the conflict, then in such event the receiver's decision shall prevail.

21 (e) In furtherance of this section, municipal officials are prohibited from executing,
22 without the prior written consent of the receiver, any contract which bonds (fiscally or otherwise)
23 the municipality.

24 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 limit the powers of a municipal receiver to matters solely related to the
2 fiscal stability of a city or town, with such powers to be exercised within the parameters of
3 applicable state law, charter or code.

4 This act would take effect upon passage.

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