

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO PUBLIC FINANCE - PRIVATE ACTIVITY BOND ACT

Introduced By: Senator Walter S. Felag

Date Introduced: April 14, 2011

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 35 of the General Laws entitled "PUBLIC FINANCE" is hereby  
2 amended by adding thereto the following chapter:

3 CHAPTER 22

4 PRIVATE ACTIVITY BOND APPROVAL ACT

5 **35-22-1. Short title.** -- This act may be cited as the "Private Activity Bond Approval  
6 Act."

7 **35-22-2. Public policy.** -- It is the policy of the State of Rhode Island and Providence  
8 Plantations (the "State") that in order to maintain an effective system of monitoring the use of  
9 federal subsidies within the state, facilities within the state proposed to be financed with bonds  
10 issued by an issuer that does not have jurisdiction over the location of those facilities including,  
11 but not limited to, issuers located outside of the state, must receive prior host approval from the  
12 governor of the state in accordance with this act.

13 **35-22-3. Definitions.** -- "Host approval" means an approval by an applicable elected  
14 representative of a governmental unit, for purposes of section 147(f)(2)(A)(ii) of the Internal  
15 Revenue Code of the United States of America, having jurisdiction over the area in which a  
16 facility is located that is to be financed with bonds issued by an issuer that does not have  
17 jurisdiction over the location of the facility.

18 **35-22-4. Qualification for facility requiring host approval.** -- (a) Host approval shall  
19 not be granted unless and until the governor has received the items and information listed in

1 subsection (b) of this section and has issued an approval as set forth in subsection (c) of this  
2 section.

3 (b) The following items and information must be received by the governor:

4 (1) A copy of the notice of public hearing pertaining to the facilities;

5 (2) Minutes or another official record of the public hearing;

6 (3) The maximum stated principal amount of the bonds;

7 (4) A description of the facility, including its location;

8 (5) A description of the plan of finance;

9 (6) The name of the issuer of the bonds; and

10 (7) The name of the initial owner or principal user of the facility.

11 (c) If, and only if, the governor determines that the facility, its financing in accordance  
12 with the plan, and the items and information submitted under subsection (b) of this section are  
13 consistent with the laws and public policy of the state and are in the best interest of the state, then  
14 the governor shall issue a written approval under this section authorizing the governmental unit to  
15 grant its host approval in its discretion.

16 SECTION 2. This act shall take effect upon passage.

=====  
LC02338  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO PUBLIC FINANCE - PRIVATE ACTIVITY BOND ACT

\*\*\*

1           This act would require that the governor grant host approval under section  
2 147(f)(2)(A)(ii) of the Internal revenue Code in order to provide for an effective system of  
3 monitoring the use of federal subsidies with respect to bonds issued by issuers not having  
4 jurisdiction over the location within the state of the facilities being financed.

5           This act would take effect upon passage.

=====  
LC02338  
=====