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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO TOWNS AND CITIES -- TAX INCREMENT FINANCING

Introduced By: Senator John A. Pagliarini

Date Introduced: February 10, 2016

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 45-33.2 of the General Laws entitled "Tax Increment Financing" is  
2 hereby repealed in its entirety.

3 ~~CHAPTER 45-33.2~~

4 ~~Tax Increment Financing~~

5 ~~45-33.2-1. Short title.--- This chapter may be referred to and cited as the "Tax Increment~~  
6 ~~Financing Act".~~

7 ~~45-33.2-2. Legislative findings.--- It is found and declared that for the public health,~~  
8 ~~safety, morals, and welfare of the people of the state generally, the increase of their commerce,~~  
9 ~~welfare, and prosperity and the improvement of their housing, employment and educational~~  
10 ~~opportunities and general living conditions, as well as in order to remedy the conditions found to~~  
11 ~~exist in the state as declared in § 45-31-3, it is essential to provide new employment opportunities~~  
12 ~~to prevent, arrest, and alleviate blighted, decayed, and substandard areas in cities and towns, to~~  
13 ~~increase the supply of housing available to homeowners and to tenants at low rentals, to increase~~  
14 ~~the tax base, to encourage the development of undeveloped land in the town of West Greenwich,~~  
15 ~~and to improve the general economy of the state; and that it is the purpose of this chapter to~~  
16 ~~provide an additional and alternative means to cities and towns to fund and/or finance municipal~~  
17 ~~and other public facilities and residential, commercial and industrial development and~~  
18 ~~revitalization, home ownership; and programs to combat poverty, improve municipal and~~  
19 ~~neighborhood living conditions and provide improved employment and educational opportunities,~~

1 all to the public benefit and good, in the manner provided in this chapter.

2 ~~**45-33.2-3. Definitions.** -- As used in this chapter, unless a different meaning clearly~~  
3 ~~appears from the context, the following words have the following meanings:~~

4 ~~(1) "Base date" means the last assessment date next preceding the adoption of the project~~  
5 ~~plan.~~

6 ~~(2) "Project" means the undertaking of one or more of the following activities in~~  
7 ~~accordance with a project plan:~~

8 ~~(i) The acquisition of land and improvements on it, if any, within the project area, and~~  
9 ~~the assembly and clearance of the land so acquired,~~

10 ~~(ii) The development, redevelopment, revitalization, or conservation of the project area~~  
11 ~~through the construction or rehabilitation of buildings or other improvements or through~~  
12 ~~acquisition by gift, purchase, or eminent domain of land and any improvements of the area, and~~  
13 ~~demolition, removal, or rehabilitation of those improvements, whenever these activities are~~  
14 ~~necessary to provide land for and the development of needed municipal and other public facilities~~  
15 ~~or industrial or commercial development or revitalization, or to eliminate unhealthful, unsanitary,~~  
16 ~~or unsafe conditions or lessen density, mitigate or eliminate traffic congestion, reduce traffic~~  
17 ~~hazards, eliminate obsolete or other uses detrimental to the public welfare or otherwise remove or~~  
18 ~~prevent the spread of blight or deterioration,~~

19 ~~(iii) The provision of grants, loans, security or other assistance from project revenues and~~  
20 ~~other funds in connection with (A) home and neighborhood improvement programs, (B)~~  
21 ~~programs to acquire, renovate or transfer abandoned or fully or partially vacated houses and (C)~~  
22 ~~programs to acquire land, demolish buildings and other structures and clear and rehabilitate sites~~  
23 ~~for the purpose of reducing building density or promoting new housing construction, or~~

24 ~~(iv) The provision of grants, loans, security or other assistance from project revenues and~~  
25 ~~other funds to combat poverty, improve municipal and neighborhood living conditions and~~  
26 ~~enhance educational and employment opportunities, including, without limiting the generality of~~  
27 ~~the foregoing, by means of job training and retraining programs, literacy programs,~~  
28 ~~apprenticeship programs, programs to provide post-secondary school educational grants or other~~  
29 ~~assistance to students meeting eligibility criteria established in the project plan, programs to~~  
30 ~~improve the performance of public schools, pilot projects to provide special or enhanced~~  
31 ~~municipal services and commercial and industrial revitalization and development.~~

32 ~~(v) A project may involve a combination of the previously mentioned activities. A~~  
33 ~~project may include the provision of financial and other assistance in the relocation of persons~~  
34 ~~and organizations displaced thereby, and the planning and construction, reconstruction, or~~

1 ~~rehabilitation of public facilities.~~

2 ~~(3) "Project area" except as set forth in this subdivision, means all or any portion of a~~  
3 ~~"redevelopment area," as that term is defined in § 45-31-8(15), in which the project is to be~~  
4 ~~carried out; provided, that the following projects are not required to be in a "redevelopment area":~~  
5 ~~(i) the acquisition and clearance of land and the construction on it of a municipal or other public~~  
6 ~~facility under the definition of "project," paragraphs (2)(i) or (2)(ii); or (ii) a project described in~~  
7 ~~paragraphs (2)(iii) or (2)(iv) of the definition of "project." The project area may consist of one or~~  
8 ~~more parcels or lots of land, whether or not contiguous, or one or more buildings or structures,~~  
9 ~~whether or not adjacent, on one or more parcels of land. The project area may, but need not, be~~  
10 ~~within the tax increment area. All or any portion of a project area may be amended as provided in~~  
11 ~~§ 45-33.2-4. A project for which a designated beneficiary class or classes is established on the~~  
12 ~~basis of income and/or some other generally applicable criteria in the project plan may have, but~~  
13 ~~is not required to have, a project area.~~

14 ~~(4) (i) "Project plan" means a plan, which, except as set forth in this subdivision, is part~~  
15 ~~of a "redevelopment plan," as that term is defined in § 45-31-8(16), adopted by a city or town in~~  
16 ~~the manner provided in § 45-33.2-4, for a project, provided, that a project plan for the following~~  
17 ~~projects is not required to be a part of a "redevelopment plan": (A) the acquisition and clearance~~  
18 ~~of land and the construction on it of a municipal or other public facility under paragraphs (2)(i) or~~  
19 ~~(2)(ii) of the definition of "project"; or (B) a project under subdivision (2). The project plan shall~~  
20 ~~present an estimate of project costs and the amounts and sources of funds to be used to defray~~  
21 ~~those costs and shall include provisions for tax increment funding and/or financing of project~~  
22 ~~costs in whole or in part. The tax increment financing provisions of the project plan shall state the~~  
23 ~~estimated amount of indebtedness to be incurred pursuant to this chapter, an estimate of the tax~~  
24 ~~increment to be generated as a result of the project, the method of calculating the tax increment,~~  
25 ~~together with any provisions for adjustment of the method of calculation, and shall designate the~~  
26 ~~board or officer of the city or town responsible for calculating the tax increment. Funds may be~~  
27 ~~provided to carry out the plan from any lawful source, including the direct use of all or any~~  
28 ~~portion of the tax increment therefore or the issuance of bonds under this chapter, but may not be~~  
29 ~~provided by the issuance of general obligation bonds for any purpose for which general obligation~~  
30 ~~bonds could not be issued in the absence of this chapter. The plan may include any other~~  
31 ~~provisions that may be deemed necessary in order to carry out the tax increment funding and/or~~  
32 ~~financing of the project. The project plan shall not be inconsistent with the comprehensive plan~~  
33 ~~for the city or town as is then applicable, shall be sufficiently complete to indicate the nature of~~  
34 ~~any designated beneficiary class, as described in this subdivision, the location and boundaries of~~

1 ~~any project area and of the tax increment area, and land acquisition, demolition, removal and~~  
2 ~~rehabilitation of structures and development, redevelopment, and general public improvements~~  
3 ~~that are proposed to be carried out within the project area, and to the extent applicable the plan~~  
4 ~~shall indicate the proposed method for relocation of persons or organizations that may be~~  
5 ~~displaced as a result of carrying out the project.~~

6 ~~(ii) Once adopted by the legislative body of a city or town, a project plan may be~~  
7 ~~amended to add additional projects, to increase the estimated amount of indebtedness to be~~  
8 ~~incurred pursuant to this chapter or to amend all or any portion of a project area or the designation~~  
9 ~~of a beneficiary class relating to any project contained in the project plan, in the manner provided~~  
10 ~~in § 45-33.2-4. Each project contained in a project plan shall either have a project area designated~~  
11 ~~in the project plan or there shall be established in the project plan a designated beneficiary class~~  
12 ~~or classes (from whose members the actual beneficiaries shall be chosen) on the basis of income~~  
13 ~~(with provision for revision of income limits due to inflation and other external economic factors)~~  
14 ~~or some other generally applicable criteria; provided, that a project may have both a project area~~  
15 ~~and a designated beneficiary class or classes.~~

16 ~~(5) "Project revenues" means any receipts of a city or town with respect to a project or~~  
17 ~~the tax increment area relating to it including, without limiting the generality of the foregoing, tax~~  
18 ~~increments, repayments of loans including loans made under § 45-33.2-5(13), investment~~  
19 ~~earnings, proceeds of insurance, or disposition of property, and proceeds of borrowing under this~~  
20 ~~chapter.~~

21 ~~(6) "Tax increment" means the tax levied on the real and personal property situated in or~~  
22 ~~otherwise assignable for the purposes of property taxation to a tax increment area, to the extent~~  
23 ~~that the tax is attributable to an excess of the aggregate taxable valuation of the property over its~~  
24 ~~aggregate taxable valuation as of the base date. The portion of the tax levy attributable to the~~  
25 ~~increased valuation after the base date shall be calculated using the same classification factors as~~  
26 ~~were used as of the base date, or without classification factors if property was not classified for~~  
27 ~~tax purposes as of the base date. In calculating the tax increment there shall be excluded from the~~  
28 ~~tax the portion levied for the purpose of paying the principal of or interest on bonds, notes, and~~  
29 ~~other evidences of indebtedness which are general obligations of the city or town. Prior to the~~  
30 ~~actual use of any portion of a tax increment to support or secure a project or portion of one,~~  
31 ~~unused tax increment may be deposited upon receipt into the general fund of the city or town, to~~  
32 ~~be used in accordance with generally applicable law. Once the city or town has used any portion~~  
33 ~~of the tax increment to support or secure one or more projects or portions of them, only the excess~~  
34 ~~of tax increment may be deposited into the general fund of the city or town, to be used in~~

1 ~~accordance with generally applicable law, after satisfaction of: (i) the payment of the principal of~~  
2 ~~or interest on any special obligation bonds issued under the provisions of § 45-33.2-6, as principal~~  
3 ~~and interest shall then be due and owing; (ii) any requirement to fund any reserve or other~~  
4 ~~account or satisfy any other financial requirement which must be satisfied in connection with the~~  
5 ~~issuance of bonds or any other indebtedness or obligation incurred in connection with any project~~  
6 ~~or portion of one; and (iii) any payments made to directly fund any project or portion of one as~~  
7 ~~provided in the project plan therefor.~~

8 ~~(7) "Tax increment area" means a tax increment area designated in a project plan adopted~~  
9 ~~pursuant to § 45-33.2-4. The tax increment area may consist of one or more parcels or lots of~~  
10 ~~land, whether or not contiguous, on one or more buildings or structures, whether or not adjacent,~~  
11 ~~or on one or more parcels of land; provided, that upon adoption of the project plan the aggregate~~  
12 ~~taxable valuation of the property within all tax increment areas within the city or town does not~~  
13 ~~exceed twenty five percent (25%) of the taxable valuation of all property subject to taxation~~  
14 ~~within the city or town.~~

15 ~~**45-33.2-4. Adoption of project plan.** -- The legislative body of any city or town may~~  
16 ~~adopt a project plan if a finding is made to the effect that:~~

17 ~~(1) With respect to any portion of the project: (i) providing municipal or other public~~  
18 ~~facilities or land therefor, under the definition of "project" under § 45-33.2-3(2)(i) or (ii); or (ii)~~  
19 ~~constituting a project under § 45-33.2-3(2), that the facilities, programs and other assistance are~~  
20 ~~needed and that the financing of that portion of the project in accordance with the plan is in the~~  
21 ~~public interest; or~~

22 ~~(2) With respect to any portion of the project providing land for housing for persons or~~  
23 ~~families of low income, that there is not within the city or town an adequate supply of low rent~~  
24 ~~housing for persons or families of low income generally, or for veterans, or for persons who are~~  
25 ~~elderly or disabled, as the case may be, available for rents they can afford to pay, that the rents~~  
26 ~~which those persons or families can afford to pay would not warrant private enterprise providing~~  
27 ~~housing for them, and that the financing of that portion of the project in accordance with the plan~~  
28 ~~is in the public interest; or~~

29 ~~(3) With respect to any portion of the project providing financing under § 45-33.2-5(13),~~  
30 ~~but only to the extent not described in subdivision (1), that unemployment or the threat of~~  
31 ~~unemployment exists in the city or town or that security against future unemployment is required,~~  
32 ~~that the project is needed, that it will provide employment or security against loss of employment,~~  
33 ~~including the approximate number of new jobs that should be created or preserved, construction~~  
34 ~~and nonconstruction, their approximate wage rates, what types of fringe benefits such as~~

1 ~~healthcare or retirement benefits there will be, and the projected increase in personal income~~  
2 ~~taxes to the state of Rhode Island, all having a reasonable relationship to the probable cost of~~  
3 ~~acquiring, establishing, improving, or rehabilitating the facilities in which the employment is to~~  
4 ~~be provided or maintained, and that the financing of that portion of the project in accordance with~~  
5 ~~the plan is in the public interest; or~~

6 ~~(4) With respect to any portion of the project providing land for industrial or commercial~~  
7 ~~development or revitalization, but only to the extent not described in subdivision (1):~~

8 ~~(i) That the requirements of subdivision (3) are satisfied; or~~

9 ~~(ii) That the requirements of subdivision (5) are satisfied; or~~

10 ~~(5) With respect to any other portion of the project:~~

11 ~~(i) That it is located in a "blighted and substandard area" as that term is defined in § 45-~~  
12 ~~31-8(3), or that the project is needed to arrest blight or decay in the city or town and to prevent~~  
13 ~~the area from becoming a blighted and substandard area;~~

14 ~~(ii) That the project area would not by private enterprise alone, and without either~~  
15 ~~governmental subsidy or the exercise of governmental powers, be developed or revitalized in a~~  
16 ~~manner so as to prevent, arrest, or alleviate the spread of blight or decay;~~

17 ~~(iii) That the plan will afford maximum opportunity to privately financed development~~  
18 ~~or revitalization consistent with the sound needs of the city or town as a whole;~~

19 ~~(iv) That the financing of that portion of the project in accordance with the plan is in the~~  
20 ~~public interest; and~~

21 ~~(v) Approximately how many new jobs, construction and nonconstruction, the plan will~~  
22 ~~create, their approximate wage rates, whether the expected new jobs will provide fringe benefits~~  
23 ~~such as healthcare and retirement benefits, and the projected impact of personal income taxes to~~  
24 ~~the state of Rhode Island.~~

25 ~~(6) No project shall be undertaken pursuant to this chapter until a project plan has been~~  
26 ~~adopted as provided in this section.~~

27 ~~(7) A city or town may amend a project plan by submitting the full project plan, as~~  
28 ~~amended, to its legislative body, which must then make a finding with respect to the amended~~  
29 ~~project plan which is identical to the required finding for the original adoption of the project plan;~~  
30 ~~provided, that no amendment is violative of or inconsistent with any prior security arrangement~~  
31 ~~entered into pursuant to the original project plan.~~

32 ~~**45-33.2-5. Authorization to undertake projects -- Powers.** -- Cities and towns are~~  
33 ~~authorized to undertake projects pursuant to duly adopted project plans. In addition to powers~~  
34 ~~granted under this section or by any other law, for the purposes of carrying out a project as~~

1 authorized by this chapter, a city or town has the following powers:

2 ~~(1) To incur indebtedness, and pledge tax increments and other project revenues for~~  
3 ~~repayment of indebtedness;~~

4 ~~(2) To designate a board or officer of the city or town to be responsible for administering~~  
5 ~~the project plan;~~

6 ~~(3) To make and enter into all contracts and agreements necessary in order to carry out~~  
7 ~~the project;~~

8 ~~(4) To receive from the federal government or the state, loans or grants for or in aid of a~~  
9 ~~project, and to receive contributions from any other source to defray project costs;~~

10 ~~(5) To purchase or otherwise acquire property or interests in property therein within or~~  
11 ~~without a project area as the city or town may deem necessary in order to carry out the project;~~

12 ~~(6) To make relocation payments to persons, businesses, or organizations that may be~~  
13 ~~displaced as a result of carrying out the project;~~

14 ~~(7) To clear and improve property acquired by it pursuant to the project plan, and~~  
15 ~~construct public facilities on it, or contract for the construction, development, redevelopment,~~  
16 ~~rehabilitation, remodeling, alteration, or repair of the property;~~

17 ~~(8) To cause parks, playgrounds, or schools or water, sewer, or drainage facilities, or any~~  
18 ~~other public improvements which it otherwise is authorized to undertake, to be laid out,~~  
19 ~~constructed, or furnished in connection with the project;~~

20 ~~(9) To lay out and construct, alter, relocate, change the grade of, make specific repairs~~  
21 ~~upon or discontinue public ways, and construct sidewalks in or adjacent to the project area;~~

22 ~~(10) To cause private ways, sidewalks, ways for vehicular travel, playgrounds, or water,~~  
23 ~~sewer, or drainage facilities and similar improvements to be constructed within the project area~~  
24 ~~for the particular use of the project area of those dwelling or working in it;~~

25 ~~(11) To adopt ordinances, or repeal or modify ordinances, or establish exceptions to~~  
26 ~~existing ordinances regulating the design, construction, and use of buildings;~~

27 ~~(12) To sell, mortgage, lease as lessor, transfer, or dispose of any property or interest in~~  
28 ~~property acquired by it pursuant to the project plan for development, redevelopment, or~~  
29 ~~rehabilitation in accordance with the plan;~~

30 ~~(13) To grant or loan any project revenues, including the proceeds of any issue of bonds~~  
31 ~~or notes issued pursuant to this chapter to an individual or any private enterprise, nonprofit~~  
32 ~~organization or governmental or quasi-governmental entity in order to finance the cost of any~~  
33 ~~portion of a project authorized under this chapter, including, without limiting the generality of the~~  
34 ~~preceding, the cost of acquiring land for, and constructing or rehabilitating and equipping~~

1 ~~industrial or commercial development facilities, within the project area in accordance with the~~  
2 ~~plan, or to loan bond or note proceeds in order to refinance any loans;~~

3 ~~(14) To invest project revenues as provided in § 45-33.2-12; and~~

4 ~~(15) To do all things reasonably necessary or convenient to carry out the powers granted~~  
5 ~~in this chapter.~~

6 ~~**45-33.2-6. Issuance of special obligation bonds.** (a) A city or town may, in~~  
7 ~~compliance with any applicable provisions of the general laws (except as provided in this section)~~  
8 ~~borrow money by the issue of special obligation bonds for the purpose of carrying out a project~~  
9 ~~pursuant to a duly adopted project plan. Without limiting the generality of the preceding, the~~  
10 ~~bonds may be issued for project costs which may include interest prior to and during the carrying~~  
11 ~~out of a project and for a reasonable time thereafter, reserves that may be required by any~~  
12 ~~agreement securing the bonds, and all other expenses including reimbursements of expenses~~  
13 ~~previously paid from any other source, incidental to planning, carrying out, and financing the~~  
14 ~~project. Bonds issued under this section shall be payable solely from project revenues and shall~~  
15 ~~not be deemed to be a pledge of faith and credit of the city or town. Every bond issued under this~~  
16 ~~section shall recite on its face that it is a special obligation bond payable solely from project~~  
17 ~~revenues pledged for its repayment.~~

18 ~~(b) The bonds of each issue shall be dated and may be made redeemable before maturity~~  
19 ~~with or without premium. Subject to the authorizing vote, the officers authorized to sell the bonds~~  
20 ~~shall determine the date or dates of the bonds, their denomination or denominations, the place or~~  
21 ~~places of payment of the principal and interest, which may be at any bank or trust company~~  
22 ~~within or without the state, their interest rate or rates, maturity or maturities, redemption~~  
23 ~~privileges, if any, and the form and other details of the bonds, including interest coupons to be~~  
24 ~~attached to them. The bonds shall be signed by the city or town treasurer, countersigned by the~~  
25 ~~mayor of a city or by the president of the town council of a town, either manually or by facsimile,~~  
26 ~~and shall bear the seal of the city or town or a facsimile of the seal. Any coupons attached thereto~~  
27 ~~shall bear the facsimile signature of the city or town treasurer.~~

28 ~~(c) In case any officer whose signature or a facsimile of whose signature appears on any~~  
29 ~~bonds, coupons, or notes issued under this chapter ceases to be an officer before their delivery,~~  
30 ~~the signature or the facsimile shall nevertheless be valid and sufficient for all purposes the same~~  
31 ~~as if the officer had remained in office until the delivery.~~

32 ~~(d) The bonds may be issued in coupon or registered form, or both, and provision may be~~  
33 ~~made for the registration of any coupon bonds as to principal alone and also as to principal and~~  
34 ~~interest, for the reconversion into coupon bonds or bonds registered as to both principal and~~



1 interest, and for the interchange of registered and coupon bonds. Subject to the authorizing vote,  
2 the officers authorized to sell the bonds may sell the bonds in a manner, either at public or private  
3 sale, and for a price, as they may determine will best effect the purposes of this chapter.

4 (e) Prior to the preparation of definitive bonds, the city or town may issue interim  
5 receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when  
6 those bonds have been executed and are available for delivery. Provision may be made for the  
7 replacement of any bonds which have become mutilated or have been destroyed or lost.

8 (f) Notwithstanding any provisions of any municipal charter or general or special law to  
9 the contrary, bonds issued under this section may provide for annual or more frequent  
10 installments of principal in equal, diminishing, or increasing amounts, with the first installment of  
11 principal to be due at any time within five (5) years from the date of the issuance of the bonds.

12 ~~45-33.2-7. Security for bonds --- Trust agreements.~~ (a) In the discretion of the  
13 officers authorized to sell the bonds, but subject to the provisions of the vote authorizing the  
14 bonds, bonds issued under this chapter may be secured by one or more trust agreements between  
15 the city or town and a corporate trustee or trustees, which may be any trust company or bank  
16 having the powers of a trust company within or without the state. A trust agreement under this  
17 section shall be in a form and executed in a manner that may be determined by the officers. A  
18 trust agreement may pledge or assign project revenues, in whole or in part. It may contain  
19 provisions for protecting and enforcing the rights, security, and remedies of the bondholders as  
20 may be reasonable and proper and not in violation of law, including without limiting the  
21 generality of the preceding, provisions defining defaults and providing for remedies in the event  
22 of defaults, which may include the acceleration of maturities, and covenants stating duties of, and  
23 limitations on, the city or town in relation to carrying out and otherwise administering the project  
24 or projects, the custody, safeguarding, investment and application of project revenues, the issue of  
25 additional bonds under this chapter, the determination of tax increments, the fixing of fees and  
26 charges, if any, in relation to the project or projects, the collection of project revenues, the use of  
27 any surplus bond proceeds, the establishment of reserves, and the replacement of bonds or  
28 coupons which become mutilated or are destroyed or lost. Subject to the provisions of this  
29 chapter, moneys subject to the trust agreement shall be held, invested, and applied as provided in  
30 the trust agreement; provided, that moneys not deposited in trust with a corporate trustee shall be  
31 in the custody of the city or town treasurer.

32 (b) It is lawful for any bank or trust company to act as a depository or trustee of the  
33 proceeds of bonds or of other moneys under any trust agreement and to furnish indemnifying  
34 bonds or to pledge securities that may be required by the trust agreement. The trust agreement or

1 ~~resolution may establish the rights and remedies of the bondholders and the trustee, and may~~  
2 ~~restrict the individual right of action by bondholders. All expenses incurred in carrying out the~~  
3 ~~provisions of the trust agreement or resolution may be treated as current operating expenses.~~

4 ~~**45-33.2-8. Pledge of project revenues validated.**~~ (a) ~~Notwithstanding any provision~~  
5 ~~of any other law, including the Uniform Commercial Code, §§ 6A-1-101—6A-9-507:~~

6 ~~(1) Any pledge under this chapter is valid and binding, and deemed continuously~~  
7 ~~perfected from the time it is made;~~

8 ~~(2) No filing need be made under the Uniform Commercial Code or otherwise;~~

9 ~~(3) Unless otherwise provided in the financing instruments, a pledge of project revenues~~  
10 ~~is deemed to include a pledge of any accounts or general intangibles from which revenues are~~  
11 ~~derived, whether existing at the time of the pledge or thereafter coming into existence, and~~  
12 ~~whether held at the time of the pledge or thereafter acquired by the city or town, and the proceeds~~  
13 ~~of the accounts or general intangibles; and~~

14 ~~(4) The pledge of project revenues, accounts, and general intangibles is subject to the~~  
15 ~~lien of the pledge without delivery or segregation, and the lien of the pledge is valid and binding~~  
16 ~~against all parties having claims of contract or tort or otherwise against the city or town.~~

17 ~~(b) A pledge of project revenues under this chapter constitutes a sufficient appropriation~~  
18 ~~for the purposes of any provision for appropriation, and the revenues may be applied as required~~  
19 ~~by the pledge without further appropriation.~~

20 ~~(c) For the purposes of this section the word "pledge" is construed to include the grant of~~  
21 ~~a security interest under the Uniform Commercial Code.~~

22 ~~**45-33.2-9. Temporary anticipation notes.**~~ ~~In anticipation of the issue of bonds under~~  
23 ~~this chapter, and subject to any provisions of the vote authorizing the bonds, the officers~~  
24 ~~authorized to sell the bonds may, without further authorization, issue temporary notes. The notes~~  
25 ~~may be secured as in the case of bonds and, except as otherwise provided in this section, the~~  
26 ~~provisions of other sections of this chapter referring to bonds are also deemed to refer to the~~  
27 ~~notes. The notes need not bear the seal of the city or town or a facsimile of the seal. The notes are~~  
28 ~~payable within three (3) years from their respective dates, but the principal of and interest on~~  
29 ~~notes issued for a shorter period may be refunded from time to time by the issue of other notes~~  
30 ~~maturing within three (3) years from the original date of issue of the indebtedness being refunded.~~

31 ~~**45-33.2-10. Refunding bonds.**~~ ~~A city or town may, subject to any applicable~~  
32 ~~provisions of § 45-12-5.2, issue refunding bonds for the purpose of paying any of its bonds issued~~  
33 ~~under this chapter at maturity or upon acceleration or redemption. The refunding bonds may be~~  
34 ~~issued at a time prior to the maturity or redemption of the refunded bonds as the city or town~~

1 ~~deems to be in the public interest. The refunding bonds may be issued in sufficient amounts to~~  
2 ~~pay or provide the principal of the bonds being refunded, together with any redemption premium,~~  
3 ~~any interest accrued or to accrue to the date of payment of the bonds, the expenses of issue of the~~  
4 ~~refunding bonds, the expenses of redeeming the bonds being refunded, and the reserves for debt~~  
5 ~~service or other purposes from the proceeds of the refunding bonds, as may be required by any~~  
6 ~~agreement securing bonds. The issue of refunding bonds, the maturities and other details thereof,~~  
7 ~~the security therefor, the rights of holders thereof, and the rights, duties, and obligations of the~~  
8 ~~city or town with respect thereto shall be governed by the provisions of this chapter relating to the~~  
9 ~~issue of bonds other than refunding bonds insofar as those provisions may be applicable.~~

10 ~~**45-33.2-11. Credit of municipality not pledged.** --- The bonds and notes issued under~~  
11 ~~this chapter are payable solely from project revenues. These bonds and notes shall not at any time~~  
12 ~~be included in the debt of the city or town for the purpose of ascertaining its legal borrowing~~  
13 ~~capacity.~~

14 ~~**45-33.2-12. Investment of funds.** --- Subject to any agreement securing bonds or notes~~  
15 ~~issued under this chapter, the proceeds of the bonds or notes, pledged tax increments, and other~~  
16 ~~project revenues may be deposited or invested in:~~

- 17 ~~(1) Obligations of the state or the United States,~~  
18 ~~(2) Obligations of the principal and interest of which are guaranteed by the state or the~~  
19 ~~United States,~~  
20 ~~(3) Obligations of agencies and instrumentalities of the state or the United States or~~  
21 ~~(4) Certificates of deposits of, and repurchase agreements, so called, issued with respect~~  
22 ~~to obligations of the United States by, banks and trust companies organized under the laws of the~~  
23 ~~state or doing business in the state.~~

24 ~~**45-33.2-13. Trust funds.** --- All project revenues received pursuant to the provisions of~~  
25 ~~this chapter which have been pledged as security, including, without limiting the generality of the~~  
26 ~~preceding, security for the repayment of bonds issued pursuant to § 45-33.2-6, are deemed to be~~  
27 ~~trust funds to be held and applied solely as provided in this chapter. Project revenues received~~  
28 ~~pursuant to the provisions of this chapter which have not been pledged as security may be used in~~  
29 ~~any manner consistent with the project plan, as well as, with respect to the tax increment portion~~  
30 ~~of the plan, § 45-33.2-3(6).~~

31 ~~**45-33.2-14. Remedies of bondholders and noteholders.** --- Any holder of bonds or notes~~  
32 ~~issued under this chapter, or of any of the coupons appertaining to those bonds and notes, and the~~  
33 ~~trustee under any trust agreement securing the bonds or notes, except to the extent the rights~~  
34 ~~herein given may be restricted by any agreement securing the bonds or notes, may bring suit upon~~

1 ~~the bonds, notes, or coupons and may, either at law or in equity, by suit, action, mandamus, or~~  
2 ~~other proceedings, protect and enforce any and all rights under the laws of the state or granted~~  
3 ~~under this chapter or under any agreement, and may enforce or compel the performance of all~~  
4 ~~duties required by this chapter or by an agreement to be performed by the city or town or by any~~  
5 ~~city or town officer.~~

6 ~~**45-33.2-15. Bonds and notes as legal instruments.** --- Bonds and notes issued under the~~  
7 ~~provisions of this chapter are securities in which all public officers and public bodies of the state~~  
8 ~~and its political subdivisions, all insurance companies, trust companies in their commercial~~  
9 ~~departments, savings banks, cooperative banks, banking associations, investment companies,~~  
10 ~~executors, administrators, trustees, and other fiduciaries may properly and legally invest funds,~~  
11 ~~including capital in their control or belonging to them. These bonds are securities which may~~  
12 ~~properly and legally be deposited with and received by any state or municipal officer or any~~  
13 ~~agency or political subdivision of the state for any purpose for which the deposit of bonds or~~  
14 ~~obligations of the state is now or may be authorized by law.~~

15 ~~**45-33.2-16. Bonds and notes as investment securities.** --- Notwithstanding any of the~~  
16 ~~provisions of this chapter or any recitals in any bond or notes issued under this chapter, all bonds~~  
17 ~~and notes are deemed to be investment securities under the Uniform Commercial Code, §§ 6A-1-~~  
18 ~~101—6A-9-507.~~

19 ~~**45-33.2-17. Exemption from taxation.** --- The bonds and notes issued under this chapter,~~  
20 ~~their transfer and their income, including any profit made on their sale, are at all times free from~~  
21 ~~taxation within the state.~~

22 ~~**45-33.2-18. Annual report.** --- No later than September 1 of each year a project plan~~  
23 ~~pursuant to this chapter is in effect in a city or town, the city or town shall make a report to the~~  
24 ~~director of the department of economic development. The annual report shall review for the~~  
25 ~~preceding fiscal year the activities financed by tax increment financing, the taxable valuation of~~  
26 ~~the city or town, and for each tax increment area within the city or town, the taxable valuation of~~  
27 ~~the property within the tax increment area, the amount of the tax increment, and the amount used~~  
28 ~~or set aside for the purposes of the plan. The report shall also include the approximate number of~~  
29 ~~new jobs created or preserved from the activities financed by tax incremental financing,~~  
30 ~~construction and nonconstruction, the approximate amount of the wages for the jobs created, what~~  
31 ~~types of fringe benefits, such as healthcare insurance or retirement benefits were made available~~  
32 ~~to the new jobs created, the amount of new personal income taxes generated for the state of~~  
33 ~~Rhode Island, a description of any plan or process intended to stimulate hiring in the municipality~~  
34 ~~where the project is located, training of employees or potential employees and outreach to~~

1 ~~minority job applicants and minority businesses and any other relevant information requested by~~  
2 ~~the director.~~

3 ~~**45-33.2-19. Provisions supplementary.** --- The preceding provisions of this chapter are~~  
4 ~~deemed to provide an additional and alternative means for the doing of things authorized by it,~~  
5 ~~and are regarded as supplemental and additional to, and not in derogation of, powers conferred~~  
6 ~~upon cities and towns by other laws.~~

7 ~~**45-33.2-20. Severability.** --- The provisions of this chapter are severable, and if any~~  
8 ~~provision thereof shall be held invalid in any circumstances, invalidity shall not affect any other~~  
9 ~~provisions or circumstances. This chapter shall be construed in all respects so as to meet all~~  
10 ~~constitutional requirements. In carrying on the purposes and provisions of this chapter, all steps~~  
11 ~~shall be taken which are necessary to meet constitutional requirements whether or not those steps~~  
12 ~~are required by statute.~~

13 ~~**45-33.2-21. Tax limitations.** --- (a) Except as provided below, a tax increment shall be~~  
14 ~~included in the calculation of the maximum tax a city or town may levy pursuant to the provisions~~  
15 ~~of § 44-5-2 of the general laws.~~

16 ~~(b) To the extent that inclusion of a tax increment in a tax levy causes a municipality to~~  
17 ~~exceed the maximum tax a city or town may levy pursuant to the provisions of § 44-5-2 of the~~  
18 ~~general laws, such excess shall be excluded from such calculation for a period not to exceed~~  
19 ~~twenty five (25) years if:~~

20 ~~(1) Such excess tax increment is allocable to: (i) the payment of the principal of or~~  
21 ~~interest on any special obligation bonds issued under the provisions of § 45-33.2-6, to fund a~~  
22 ~~project as described in subdivisions 45-33.2-3(2)(i), (ii) or (iii); (ii) any requirement to fund any~~  
23 ~~reserve or other account or satisfy any other financial requirement which must be satisfied in~~  
24 ~~connection with the issuance of such bonds or any other indebtedness or obligation incurred in~~  
25 ~~connection with any such project or portion of one; or (iii) any payments made to directly fund~~  
26 ~~any project described in subdivisions 45-33.2-3(2)(i), (ii) or (iii); and~~

27 ~~(2) The project is determined by the division of property valuation in the department of~~  
28 ~~revenue to be: (i) within or contiguous to the tax increment area; or (ii) substantially related to the~~  
29 ~~improvements giving rise to the tax increment; or (iii) reasonably necessary to assure the private~~  
30 ~~investment required to generate the tax increment.~~

31 ~~(c) The tax assessor in each city and town shall include calculations reflecting any tax~~  
32 ~~increment excluded from the tax cap provisions of § 44-5-2 of the general laws when submitting~~  
33 ~~the municipality's adopted tax levy and rate to the division of property valuation in accordance~~  
34 ~~with § 44-5-2 of the general laws.~~

1           ~~(d) The division of property valuation in the department of revenue may issue such~~  
2 ~~regulations as may be required to implement and enforce the provisions of this section.~~

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

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LC004428  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T  
RELATING TO TOWNS AND CITIES -- TAX INCREMENT FINANCING

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- 1 This act would repeal the tax increment financing act.
- 2 This act would take effect upon passage.

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LC004428  
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