

2014 -- S 2462

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO AFFORDABLE HOUSING - CAPITAL DEVELOPMENT PROGRAM

Introduced By: Senators Pichardo, Crowley, DiPalma, Miller, and Jabour

Date Introduced: February 27, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Proposition to be submitted to the people. -- At the general election to be  
2 held on the Tuesday next after the first Monday in November 2014, there shall be submitted to  
3 the people for their approval or rejection the following proposition:

4           "Shall the action of the general assembly, by an act passed at the January 2014 session,  
5 authorizing the issuance of bonds, refunding bonds, and temporary notes of the state for the  
6 capital projects and in the amount with respect to each such project listed below be approved, and  
7 the issuance of bonds, refunding bonds, and temporary notes authorized in accordance with the  
8 provisions of said act?"

9           **Project:** (1) Affordable Housing \$50,000,000

10           Approval of this question will allow the State of Rhode Island to issue general obligation  
11 bonds, refunding bonds, and temporary notes in an amount not to exceed fifty million dollars  
12 (\$50,000,000) for affordable housing.

13           SECTION 2. Ballot labels and applicability of general election laws. -- The secretary  
14 of state shall prepare and deliver to the state board of elections ballot labels for each of the  
15 projects provided for in Section 1 hereof with the designations "approve" or "reject" provided  
16 next to the description of each such project to enable voters to approve or reject each such  
17 proposition. The general election laws, so far as consistent herewith, shall apply to this  
18 proposition.

19           SECTION 3. Approval of projects by people. -- If a majority of the people voting on

1 the proposition provided for in Section 1 hereof shall vote to approve the proposition as to any  
2 project provided for in Section 1 hereof, said project shall be deemed to be approved by the  
3 people. The authority to issue bonds, refunding bonds and temporary notes of the state shall be  
4 limited to the aggregate amount for all such projects as set forth in the proposition provided for in  
5 Section 1 hereof which has been approved by the people.

6 SECTION 4. Bonds for capital development program. -- The general treasurer is  
7 hereby authorized and empowered with the approval of the governor and in accordance with the  
8 provisions of this act, to issue from time to time capital development bonds in serial form in the  
9 name and on behalf of the state in amounts as may be specified from time to time by the governor  
10 in an aggregate principal amount not to exceed the total amount for all projects approved by the  
11 people and designated as "capital development loan of 2014 bonds"; provided, however, that the  
12 aggregate principal amount of such capital development bonds and of any temporary notes  
13 outstanding at any one time issued in anticipation thereof pursuant to Section 7 hereof shall not  
14 exceed the total amount for all such projects as have been approved by the people. All provisions  
15 in this act relating to "bonds" shall also be deemed to apply to "refunding bonds".

16 Capital development bonds issued under this act shall be in denominations of one  
17 thousand dollars (\$1,000) each, or multiples thereof, and shall be payable in any coin or currency  
18 of the United States which at the time of payment shall be legal tender for public and private  
19 debts. These capital development bonds shall bear such date or dates, mature at specified time or  
20 times, but not beyond the end of the twentieth state fiscal year following the state fiscal year in  
21 which they are issued, bear interest payable semi-annually at a specified rate or different or  
22 varying rates, be payable at designated time or times at specified place or places, be subject to  
23 expressed terms of redemption or recall, with or without premium, be in a form, with or without  
24 interest coupons attached, carry such registration, conversion, reconversion, transfer, debt  
25 retirement, acceleration and other provisions as may be fixed by the general treasurer, with the  
26 approval of the governor, upon each issue of such capital development bonds at the time of each  
27 issue. Whenever the governor shall approve the issuance of such capital development bonds, he  
28 or she shall certify approval to the secretary of state; the bonds shall be signed by the general  
29 treasurer and countersigned by the manual or facsimile signature of the secretary of state and  
30 shall bear the seal of the state or a facsimile thereof. The approval of the governor shall be  
31 endorsed on each bond so approved with a facsimile of his or her signature.

32 SECTION 5. Refunding bonds for 2014 capital development program. -- The general  
33 treasurer is hereby authorized and empowered, with the approval of the governor and in  
34 accordance with the provisions of this act, to issue from time to time bonds to refund the 2014

1 capital development program bonds in the name and on behalf of the state, in amounts as may be  
2 specified from time to time by the governor in an aggregate principal amount not to exceed the  
3 total amount approved by the people, to be designated as "capital development program loan of  
4 2014 refunding bonds" (hereinafter "refunding bonds").

5 The general treasurer with the approval of the governor shall fix the terms and form of  
6 any refunding bonds issued under this act in the same manner as the capital development bonds  
7 issued under this act, except that the refunding bonds may not mature more than twenty (20)  
8 years from the date of original issue of the capital development bonds being refunded.

9 The proceeds of the refunding bonds, exclusive of any premium and accrual interest and  
10 net the underwriters' cost, and cost of bond insurance, shall, upon their receipt, be paid by the  
11 general treasurer immediately to the paying agent for the capital development bonds which are to  
12 be called and prepaid. The paying agent shall hold the refunding bond proceeds in trust until they  
13 are applied to prepay the capital development bonds. While such proceeds are held in trust, they  
14 may be invested for the benefit of the state in obligations of the United States of America or the  
15 State of Rhode Island.

16 If the general treasurer shall deposit with the paying agent for the capital development  
17 bonds the proceeds of the refunding bonds or proceeds from other sources amounts that, when  
18 invested in obligations of the United States or the State of Rhode Island, are sufficient to pay all  
19 principal, interest, and premium, if any, on the capital development bonds until these bonds are  
20 called for prepayment, then such capital development bonds shall not be considered debts of the  
21 State of Rhode Island for any purpose from the date of deposit of such moneys with the paying  
22 agent. The refunding bonds shall continue to be a debt of the state until paid.

23 The term "bond" shall include "note", and the term "refunding bonds" shall include  
24 "refunding notes" when used in this act.

25 SECTION 6. Proceeds of capital development program. -- The general treasurer is  
26 directed to deposit the proceeds from the sale of capital development bonds issued under this act,  
27 exclusive of premiums and accrued interest and net the underwriters' cost, and cost of bond  
28 insurance, in one or more of the depositories in which the funds of the state may be lawfully kept  
29 in special accounts (hereinafter cumulatively referred to as "such capital development bond  
30 fund") appropriately designated for each of the projects set forth in Section 1 hereof which shall  
31 have been approved by the people to be used for the purpose of paying the cost of all such  
32 projects so approved.

33 All monies in the capital development bond fund shall be expended for the purposes  
34 specified in the proposition provided for in Section 1 hereof under the direction and supervision

1 of the director of administration (hereinafter referred to as "director"). The director or his or her  
2 designee shall be vested with all power and authority necessary or incidental to the purposes of  
3 this act, including but not limited to, the following authority: (a) To acquire land or other real  
4 property or any interest, estate or right therein as may be necessary or advantageous to  
5 accomplish the purposes of this act; (b) To direct payment for the preparation of any reports,  
6 plans and specifications, and relocation expenses and other costs such as for furnishings,  
7 equipment designing, inspecting and engineering, required in connection with the implementation  
8 of any projects set forth in Section 1 hereof; (c) To direct payment for the costs of construction,  
9 rehabilitation, enlargement, provision of service utilities, and razing of facilities, and other  
10 improvements to land in connection with the implementation of any projects set forth in section 1  
11 hereof; and (d) To direct payment for the cost of equipment, supplies, devices, materials and labor  
12 for repair, renovation or conversion of systems and structures as necessary for 2014 capital  
13 development program bonds or notes hereunder from the proceeds thereof. No funds shall be  
14 expended in excess of the amount of the capital development bond fund designated for each  
15 project authorized in Section 1 hereof. With respect to the bonds and temporary notes described  
16 in section 1, the proceeds shall be utilized for the following purposes:

17         Question 1 relating to bonds in the amount of fifty million dollars (\$50,000,000) for  
18 Affordable Housing shall be allocated as follows:

19         Provides funding to the Housing Resources Commission to provide state funds to  
20 promote affordable housing through redevelopment of existing structures, or new construction.

21         SECTION 7. Sale of bonds and notes. -- Any bonds or notes issued under the authority  
22 of this act shall be sold from time to time at not less than the principal amount thereof, in such  
23 mode and on such terms and conditions as the general treasurer, with the approval of the  
24 governor, shall deem to be for the best interests of the state.

25         Any premiums and accrued interest, net of the cost of bond insurance and underwriters  
26 discount, that may be received on the sale of the capital development bonds or notes shall become  
27 part of the Rhode Island Capital Fund of the state, unless directed by federal law or regulation to  
28 be used for some other purpose.

29         In the event that the amount received from the sale of the capital development bonds or  
30 notes exceeds the amount necessary for the purposes stated in Section 6 hereof, the surplus may  
31 be used to the extent possible to retire the bonds as the same may become due, to redeem them in  
32 accordance with the terms thereof or otherwise to purchase them as the general treasurer, with the  
33 approval of the governor, shall deem to be for the best interests of the state.

34         Any bonds or notes issued under the provisions of this act and coupons on any capital

1 development bonds, if properly executed by the manual or facsimile signatures of officers of the  
2 state in office on the date of execution shall be valid and binding according to their tenor,  
3 notwithstanding that before the delivery thereof and payment therefor, any or all such officers  
4 shall for any reason have ceased to hold office.

5 SECTION 8. Bonds and notes to be tax exempt and general obligations of the  
6 state. -- All bonds and notes issued under the authority of this act shall be exempt from taxation  
7 in the state and shall be general obligations of the state, and the full faith and credit of the state is  
8 hereby pledged for the due payment of the principal and interest on each of such bonds and notes  
9 as the same shall become due.

10 SECTION 9. Investment of monies in fund. -- All moneys in the capital  
11 development fund not immediately required for payment pursuant to the provisions of this act  
12 may be invested by the investment commission, as established by chapter 35-10, pursuant to the  
13 provisions of such chapter; provided, however, that the securities in which the capital  
14 development fund is invested shall remain a part of the capital development fund until exchanged  
15 for other securities; and provided further, that the income from investments of the capital  
16 development fund shall become a part of the general fund of the state and shall be applied to the  
17 payment of debt service charges of the state, unless directed by federal law or regulation to be  
18 used for some other purpose, or to the extent necessary, to rebate to the United States treasury any  
19 income from investments (including gains from the disposition of investments) of proceeds of  
20 bonds or notes to the extent deemed necessary to exempt (in whole or in part) the interest paid on  
21 such bonds or notes from federal income taxation.

22 SECTION 10. Appropriation. -- To the extent the debt service on these bonds is not  
23 otherwise provided, a sum sufficient to pay the interest and principal due each year on bonds and  
24 notes hereunder is hereby annually appropriated out of any money in the treasury not otherwise  
25 appropriated.

26 SECTION 11. Advances from general fund. -- The general treasurer is authorized  
27 from time to time with the approval of the director and the governor, in anticipation of the issue  
28 of notes or bonds under the authority of this act, to advance to the capital development bond fund  
29 for the purposes specified in Section 6 hereof, any funds of the state not specifically held for any  
30 particular purpose; provided, however, that all advances made to the capital development bond  
31 fund shall be returned to the general fund from the capital development bond fund forthwith upon  
32 the receipt by the capital development fund of proceeds resulting from the issue of notes or bonds  
33 to the extent of such advances.

34 SECTION 12. Federal assistance and private funds. -- In carrying out this act, the

1 director, or his or her designee, is authorized on behalf of the state, with the approval of the  
2 governor, to apply for and accept any federal assistance which may become available for the  
3 purpose of this act, whether in the form of loan or grant or otherwise, to accept the provision of  
4 any federal legislation therefor, to enter into, act and carry out contracts in connection therewith,  
5 to act as agent for the federal government in connection therewith, or to designate a subordinate  
6 so to act. Where federal assistance is made available, the project shall be carried out in  
7 accordance with applicable federal law, the rules and regulations thereunder and the contract or  
8 contracts providing for federal assistance, notwithstanding any contrary provisions of state law.  
9 Subject to the foregoing, any federal funds received for the purposes of this act shall be deposited  
10 in the capital development bond fund and expended as a part thereof. The director or his or her  
11 designee may also utilize any private funds that may be made available for the purposes of this  
12 act.

13 SECTION 13. Effective Date. -- Sections 1, 2, 3, and 13 of this act shall take effect  
14 upon passage. The remaining sections of this act shall take effect if and when the state board of  
15 elections shall certify to the secretary of state that a majority of the qualified electors voting on  
16 the propositions contained in Section 1 hereof have indicated their approval of the project  
17 thereunder.

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EXPLANATION

OF

A N A C T

RELATING TO AFFORDABLE HOUSING - CAPITAL DEVELOPMENT PROGRAM

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1           This act would provide for a bond referendum which would authorize the issuance of  
2 bonds for Affordable Housing in the amount of fifty million dollars (\$50,000,000), at the election  
3 to be held in November, 2014.

4           Sections 1, 2, 3, and 13 of this act would take effect upon passage. The remaining  
5 sections of this act would take effect if and when the state board of elections certified to the  
6 secretary of state that a majority of the qualified electors voting on the propositions contained in  
7 Section 1 hereof have indicated their approval of the project thereunder.

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