

# Testimony –Proposed Rule Making – Public Finance Management Board

September 12, 2016

## RI League of Cities and Towns

You are in receipt of Mayor Grebien’s letter dated August 29.

The essential points made in that letter are that:

- The term “leases” needs to be more clearly defined.
- The sale date reporting requirement may tie the hands of cities and towns from taking advantage of market timing.
- Fines are unnecessary.
- The application of the fee to refunding issues is two bites at the apple and could prevent execution of a refunding by reducing savings below standard thresholds.
- The fees collected go to the General Fund, not the PFMB.
- There is no evidence that city and town debt has been a “problem”.

We received the following communication from the Newport Finance Director, Laura Sitrin

The City of Newport probably issues as much debt as anyone in the State except for NBC. Our debt is primarily water and sewer through RIIB. We are opposed to any changes that would increase our burden of reporting, or add additional cost to our borrowings. We are also opposed to penalties. As has been pointed out, the issuance of debt involves many different people and organizations, and the timing is crucial for rates. The lead up to the issuance can be time consuming and time sensitive. We are not aware of any issues that have caused the need for changes in the process.

Lastly, in 2006, the League was a participant in the passage of what is commonly known as 3050 which instituted significant changes in the tax cap. Dan and the Board were instrumental in having included in the final act, language that expanded the definition and application of state mandates. I refer you to 45-13-7 and 45-13-9.1 of the General Laws. 45-13-9.1 reads in part:

“Any rule, regulation or policy adopted by state departments, agencies or quasi-state departments or agencies which require any new expenditure of money or increased expenditure of money by a city, town, or school district shall take effect on July 1 of the calendar year following the year of adoption.”

We will be discussing with our Board at our September meeting whether we want to contest execution of any new rules by the PFMB based upon reliance of this language contained in the General Laws of the state.