

THE CITY OF PROVIDENCE  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

# RESOLUTION OF THE CITY COUNCIL

No. 217

Approved May 13, 2004

STATE REGISTRATION  
FILED TO COLLECTOR  
MAY 24 2004  
CITY OF PROVIDENCE  
CITY CLERK

RESOLVED, That the Members of the Providence City Council hereby Endorse and Urge Passage by the General Assembly of Senate Bill 2004-S 2760 and House Bill 2004-H 8260, Relative to The Indebtedness of Towns and Cities.

IN CITY COUNCIL  
MAY 6 2004  
READ AND PASSED  
PRES.  
Michael B. Clement  
CLERK (Cec)

APPROVED

  
MAYOR 5/13/04

IN CITY COUNCIL  
APR 15 2004  
FIRST READING  
REFERRED TO COMMITTEE ON  
STATE LEGISLATION

Michael J. Amore CLERK

THE COMMITTEE ON  
STATE LEGISLATION  
Recommends Approval

Claire E. Sullivan  
April 21, 2004 CLERK

Councilman Spote, Jackson Luna, Mancini and Councilwoman Thomas (By Bequest)

2004 -- S 2760

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LC01880  
=====**STATE OF RHODE ISLAND****IN GENERAL ASSEMBLY****JANUARY SESSION, A.D. 2004**

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**A N A C T**  
**RELATING TO THE INDEBTEDNESS OF TOWNS AND CITIES****Introduced By:** Senators Goodwin, Ruggerio, and Perry**Date Introduced:** February 11, 2004**Referred To:** Senate Commerce, Housing & Municipal Government

It is enacted by the General Assembly as follows:

- 1-1       SECTION 1. Chapter 45-12 of the General Laws entitled "Indebtedness of Towns and  
1-2       Cities" is hereby amended by adding thereto the following section:
- 1-3       **45-12-5.4. Variable rate obligations and interest rate exchange agreements. – In**  
1-4       connection with the issuance of duly authorized bonds, notes or other obligations of a city or  
1-5       town with a population greater than one hundred twenty-five thousand (125,000) inhabitants,  
1-6       notwithstanding any other authority to the contrary, such bonds, notes or other obligations may be  
1-7       issued in the form of variable rate obligations, so-called. In connection therewith, any such city  
1-8       or town, acting through its finance director or treasurer, may enter into agreements with banks,  
1-9       trust companies or other financial institutions within or without the state, whether in the form of  
1-10       letters or lines of credit, liquidity facilities, insurance or other support arrangements. Any bonds,  
1-11       notes or other obligations issued as variable rate obligations shall bear such terms as may be fixed  
1-12       by the vote or resolution of the city or town authorizing the bonds, notes or other obligations, or  
1-13       in absence of foregoing such terms as the finance director or treasurer shall determine, including  
1-14       provisions for prepayment at any time with or without premium at the option of the city or town,  
1-15       may be sold at a premium or discount, and may bear interest or not and if interest bearing, may  
1-16       bear interest at such rate or rates variable from time to time as determined by such index, banking

1-17 loan rate or other method specified in any such agreement. Any such agreement may also include  
 1-18 such other covenants and provisions for protecting the rights, security and remedy of the lenders  
 1-19 as may, in the discretion of the finance director or treasurer, be reasonable and proper and not in  
 2-1 violation of law. The finance director or treasurer of the city or town may also enter into  
 2-2 agreements with brokers for the placement or marketing of any such bonds, notes or other  
 2-3 obligations issued as variable rate obligations.

2-4 In addition, the finance director or treasurer of a city or town with a population greater  
 2-5 than one hundred twenty-five thousand (125,000) inhabitants, with the approval of the city or  
 2-6 town council, may from time to time, enter into and amend interest rate exchange agreements,  
 2-7 including, but not limited to, interest rate "caps," "floors," "collars," or "swaps" that the finance  
 2-8 director or treasurer determines to be necessary or desirable for the purpose of generating savings,  
 2-9 managing an interest rate, or similar risk that arises in connection with, or subsequent to or is  
 2-10 incidental to the issuance, carrying or securing of variable rate obligations, fixed rate bonds or  
 2-11 fixed rate obligations. Such interest rate exchange agreements shall contain such provisions,  
 2-12 including payment, term, security, default and remedy provisions, and shall be with such parties,  
 2-13 as the finance director or treasurer shall determine to be necessary or desirable after due  
 2-14 consideration to the creditworthiness of those parties. Any municipal public buildings authority  
 2-15 established pursuant to title 45, chapter 50 of the general laws and any redevelopment agency  
 2-16 operating pursuant to title 45, chapter 31 of the general laws, which public buildings authority or  
 2-17 redevelopment agency has been established by a city or town with a population greater than one  
 2-18 hundred twenty-five thousand (125,000) inhabitants, shall also have the authority to enter into  
 2-19 interest rate exchange agreements as set forth in this paragraph.

2-20 SECTION 2. This act shall take effect on July 1, 2005.

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 LC01880  
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**EXPLANATION  
 BY THE LEGISLATIVE COUNCIL  
 OF**

**A N A C T  
 RELATING TO THE INDEBTEDNESS OF TOWNS AND CITIES**

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- 3-1 This act would authorize any city or town with a population greater than 125,000
- 3-2 inhabitants to issue variable rate obligations and to enter into interest rate exchange agreements.
- 3-3 This act would also authorize municipal public buildings authorities and redevelopment agencies
- 3-4 established by a city or town with a population greater than 125,000 inhabitants to enter into
- 3-5 interest rate exchange agreements.
- 3-6 This act would take effect on July 1, 2005.

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LC01880  
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2004 -- H 8260

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LC01513  
=====**STATE OF RHODE ISLAND****IN GENERAL ASSEMBLY****JANUARY SESSION, A.D. 2004**

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**A N A C T**  
**RELATING TO THE INDEBTEDNESS OF TOWNS AND CITIES****Introduced By:** Representatives Moura, and Slater**Date Introduced:** March 09, 2004**Referred To:** House Corporations

It is enacted by the General Assembly as follows:

- 1-1       SECTION 1. Chapter 45-12 of the General Laws entitled "Indebtedness of Towns and  
1-2       Cities" is hereby amended by adding thereto the following section:
- 1-3       **45-12-5.4. Variable rate obligations and interest rate exchange agreements. – In**  
1-4       connection with the issuance of duly authorized bonds or notes of a political subdivision with  
1-5       population greater than one hundred twenty-five thousand (125,00) inhabitants, notwithstanding  
1-6       any other authority to the contrary, such bonds or notes may be issued in the form of variable rate  
1-7       obligations, so-called. In connection therewith, a political subdivision with population greater  
1-8       than one hundred twenty-five thousand (125,000) inhabitants, acting through its chief financial  
1-9       officer, may enter into agreements with banks, trust companies or other financial institutions  
1-10      within or without the state, whether in the form of letters or lines of credit, liquidity facilities,  
1-11      insurance or other support arrangements. Any debt issued as variable rate obligations shall bear  
1-12      such terms as the chief financial officer of the political subdivision shall determine, including  
1-13      provisions for prepayment at any time with or without premium at the option of a political  
1-14      subdivision with population greater than one hundred twenty-five thousand (125,000) inhabitants,  
1-15      may be sold at a premium or discount, and may bear interest or not and if interest bearing, may  
1-16      bear interest at such rate or rates variable from time to time as determined by such index, banking

1-17 loan rate or other method specified in any such agreement. Any such agreement may also include  
1-18 such other covenants and provisions for protecting the rights, security and remedy of the lenders  
1-19 as may, in the discretion of the chief financial officer of the political subdivision, be reasonable  
2-1 and proper and not in violation of law. The chief financial officer of the political subdivision may  
2-2 also enter into agreements with brokers for the placement or marketing of any such debt or notes  
2-3 of a political subdivision with population greater than one hundred twenty-five thousand  
2-4 (125,000) inhabitants issued as variable rate obligations.

2-5 In addition, the chief financial officer of the political subdivision, with the approval of the  
2-6 mayor, or city or town manager, as applicable, may from time to time, enter into and amend  
2-7 interest rate exchange agreements including, but not limited to, interest rate "caps," "floors,"  
2-8 "collars," or "swaps" that the chief financial officer of the political subdivision determines to be  
2-9 necessary or desirable for the purpose of generating savings, managing an interest rate, or similar  
2-10 risk that arises in connection with, or subsequent to or is incidental to the issuance, carrying or  
2-11 securing of variable rate obligations, fixed rate bonds or fixed rate obligations. Such interest rate  
2-12 exchange agreements entered into by a political subdivision with population greater than one  
2-13 hundred twenty-five thousand (125,000) inhabitants shall contain such provisions, including  
2-14 payment, term, security, default and remedy provisions, and shall be with such parties, as the  
2-15 chief financial officer of the political subdivision shall determine to be necessary or desirable  
2-16 after due consideration to the creditworthiness of those parties.

2-17 SECTION 2. This act shall take effect on July 1, 2004.

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LC01513  
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**EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF**

**A N A C T  
RELATING TO THE INDEBTEDNESS OF TOWNS AND CITIES**

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3-1 This act would allow political subdivisions with a population greater than one hundred  
3-2 twenty-five thousand (125,000) inhabitants to enter into variable rate obligations and interest rate  
3-3 exchange agreements.

3-4

This act would take effect on July 1, 2004.

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LC01513  
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THE CITY OF PROVIDENCE  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

# RESOLUTION OF THE CITY COUNCIL

No. 218

Approved May 13, 2004

RECEIVED  
CITY CLERK  
MAY 13 2004

RESOLVED, That the Members of the Providence City Council hereby Endorse and Urge Passage by the General Assembly of Senate Bill 2004-S 2793 and House Bill 2004-H 8246, Relative to Taxation—Sales and Use Taxes—Liability and Computation.

IN CITY COUNCIL,  
MAY 6 2004  
READ AND PASSED  
PRES.  
Michael B. Clement  
CLERK

APPROVED

  
5/13/04  
MAYOR

IN CITY COUNCIL  
APR 15 2004  
FIRST READING  
REFERRED TO COMMITTEE ON  
STATE LEGISLATION  
*Michael J. Conant* CLERK

THE COMMITTEE ON  
STATE LEGISLATION  
Recommends Approval  
*Cecilia Butera*  
April 21 2004 CLERK

*... Councilwoman Romane (By Request)*

2004 -- S 2793

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LC01781  
=====**STATE OF RHODE ISLAND****IN GENERAL ASSEMBLY****JANUARY SESSION, A.D. 2004**

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**A N A C T**  
**RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND**  
**COMPUTATION****Introduced By:** Senators Pichardo, Perry, DaPonte, Ruggerio, and Goodwin**Date Introduced:** February 11, 2004**Referred To:** Senate Finance

It is enacted by the General Assembly as follows:

- 1-1       SECTION 1. Chapter 44-18 of the General Laws entitled "Sales and Use Taxes -  
1-2       Liability and Computation" is hereby amended by adding thereto the following section:  
1-3       **44-18-36.2. Local hotel tax. - (a) There is imposed a hotel tax of one percent (1%) upon**  
1-4       **the total consideration charged for occupancy of any space furnished by any hotel in the state of**  
1-5       **Rhode Island. The hotel tax is in addition to any sales tax imposed and any tax imposed pursuant**  
1-6       **the provisions of section 44-18-36.1. This hotel tax shall be administered and collected by the**  
1-7       **division of taxation, and unless provided to the contrary in this chapter, all of the administration,**  
1-8       **collection, and other provisions of chapters 18 and 19 of this title shall apply.**  
1-9       **(b) All sums received by the division of taxation under this section as taxes, penalties or**  
1-10       **forfeitures, interest, costs of suit and fines, shall be distributed at least quarterly, credited, and**  
1-11       **paid by the state treasurer to the city or town where the hotel is located and the hotel tax was paid.**  
1-12       **(c) The division of taxation shall make available to the city or town the total amount of**  
1-13       **taxes collected pursuant to this section in the preceding fiscal year.**  
1-14       SECTION 2. This act shall take effect upon passage.

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LC01781

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**EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF**

**A N A C T  
RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND  
COMPUTATION**

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- 2-1        This act would impose an additional local one percent (1%) tax on hotel rooms within the
- 2-2        state of Rhode Island. The tax revenue would be distributed to the city or town where the hotel is
- 2-3        located.
- 2-4        This act would take effect upon passage.

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LC01781

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2004 -- H 8246

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LC01522  
=====**STATE OF RHODE ISLAND****IN GENERAL ASSEMBLY****JANUARY SESSION, A.D. 2004**

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**A N A C T**  
**RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND**  
**COMPUTATION****Introduced By:** Representatives Ajello, and Slater**Date Introduced:** March 09, 2004**Referred To:** House Finance

It is enacted by the General Assembly as follows:

- 1-1       SECTION 1. Chapter 44-18 of the General Laws entitled "Sales and Use Taxes -  
1-2       Liability and Computation" is hereby amended by adding thereto the following section:  
1-3       **44-18-36.2. Local hotel tax. – (a) There is imposed a hotel tax of one percent (1%) upon**  
1-4       **the total consideration charged for occupancy of any space furnished by any hotel in the state of**  
1-5       **Rhode Island. The hotel tax is in addition to any sales tax imposed and any tax imposed pursuant**  
1-6       **the provisions of section 44-18-36.1. This hotel tax shall be administered and collected by the**  
1-7       **division of taxation, and unless provided to the contrary in this chapter, all of the administration,**  
1-8       **collection, and other provisions of chapters 18 and 19 of this title shall apply.**  
1-9       **(b) All sums received by the division of taxation under this section as taxes, penalties or**  
1-10       **forfeitures, interest, costs of suit and fines, shall be distributed at least quarterly, credited, and**  
1-11       **paid by the state treasurer to the city or town where the hotel is located and the hotel tax was paid.**  
1-12       **(c) The division of taxation shall make available to the city or town the total amount of**  
1-13       **taxes collected pursuant to this section in the preceding fiscal year.**  
1-14       SECTION 2. This act shall take effect upon passage.

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LC01522  
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**EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF**

**A N A C T  
RELATING TO TAXATION -- SALES AND USE TAXES -- LIABILITY AND  
COMPUTATION**

\*\*\*

- 2-1        This act would impose an additional local one percent (1%) tax on hotel rooms within the  
2-2        state of Rhode Island. The tax revenue would be distributed to the city or town where the hotel is  
2-3        located.  
2-4        This act would take effect upon passage.

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LC01522

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