

The advocacy agenda of Rhode Island City and Town officials  
in the 2016 General Assembly Session is focused on  
**three essential priorities.**



City and Town

# Priorities

for Legislative Action

2016

# Three Essential Priorities

This year's advocacy agenda focuses on three essential priorities for action in the 2016 General Assembly Session.

## 1. Injured on Duty and Disability

Our state's IOD statute (45-19-1) provides an injured or sick police officer or firefighter 100% of their pay and benefits for the duration of their incapacity or any reoccurrence of any prior injury or sickness. The most recent state effort to provide some resolution on the finality of IOD benefits and to also expedite the appeal rights of injured workers who appealed denials of their disability retirement applications took place in 2011. The change impacted only

There is nothing more frustrating to municipal CEOs than lack of resolution on injured-on-duty (IOD) cases for public safety employees.

those police officers and firefighters who are members of the Municipal Employees Retirement System (MERS) which is administered by the RI State Retirement Board. This law made two important changes: it provided for final jurisdiction of disability appeals to the Worker's Compensation Court (WCC) rather than to the Superior Court; and, it finally made it statutorily

clear that IOD benefits would actually cease to be paid to the injured employee if the WCC either awarded or denied the employee's claim for accidental disability benefits. However, in 2013, an amendment to the 2011 law made it crystal clear that while IOD benefits would cease if the Worker's Compensation Court awarded an accidental disability, the amendment's deletion of two words ("or denied") made it alarmingly unclear if the IOD benefits would cease if the accidental disability appeal was denied by the court! This law needs to be amended again to make it crystal clear that the right to continue to receive IOD payments shall terminate in the event of a final ruling of the worker's compensation court either allowing or denying accidental disability benefits.

## 2. Police Officers Bill of Rights

Municipal officials have reached out to representatives of both the International Brotherhood of Police Officers (IBPO) and the Fraternal Order

The length of time required to reach a final conclusion in disciplinary hearings under the Police Officer's Bill of Rights is unnecessarily long in the minds of municipal officials.

of Police (FOP). It is their hope that modifications to this law to both expedite and rebalance the hearing process can be mutually agreed by all parties affected by this controversial statute. If such an agreement can be reached, the League, IBPO and FOP would seek amendments to this law!

## 3. Municipal Solid Waste Tipping Fees

Cities and Towns pay a per ton charge of \$32/ton to dump their waste at the Central Landfill. Recently, the RI Resource Recovery Corporation (RIRRC) initiated a rate setting process to increase the municipal tip fee effective July 1, 2017. The rate would be based upon cash needs of RIRRC and is initially estimated by RIRRC officials to be \$57 a ton, an increase of 87%! Municipal

The General Assembly must work with their municipal partners in coming up with a financially viable solution that will both extend the life of the landfill and simultaneously pay for the costs of maintaining same.

officials question a number of RIRRC assumptions they intend to use to calculate the increase; their projected costs for future landfill capping, the appropriateness of using cash needs as the driver for municipal tipping fee rates, and whether the current reserve of over \$80 million for post landfill closure is the right number. Municipal officials also question the reasonableness of a 78%

increase in one fell swoop rather than a graduated increase over a period of years, something RIRRC officials have rejected! Local leaders believe that while current law gives the RIRRC the right to establish *reasonable fees* to operate the Central Landfill, the General Assembly must rethink the reasonableness of a 78% hike in tip fees and find a better approach to extend the life of the landfill and pay for the necessary costs of operating the RIRRC!

# Other Issues of Concern

While municipal officials will be focused on the three issues listed on the previous pages, it is important that they continue to articulate their position on the following issues of critical interest

## Financial

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### State Aid:

**School Aid:** The adoption of a fair funding formula six years ago and the commitment to sticking to that formula through three administrations has been a huge positive for most of our cities and towns. A group now seeks to fine tune the calculations. At the least, we support efforts to insure full disclosure to our school committees and all city and town officials on any proposed expansion of Charter schools and how such expansion will affect state resources available to support our traditional public schools.

**Regular state aid:** Since the loss of over \$200 million in general revenue sharing and motor vehicle aid at the trough of the recession, very little has been restored. These losses most adversely affected our distressed and least affluent communities. They have struggled the most to restore their financial position. Payment in Lieu of Taxes, Distressed Aid, and Motor Vehicle Aid are the existing mechanisms to assist them. At the end of FY 2014, general fund and school fund balances statewide were almost \$390,000,000. Fund balances of the seven distressed communities representing 40% of the state's population were just \$48 million or 12% of the total. Our distressed cities and towns need additional resources.

### Tax and Revenue Policy:

**Motor Vehicle Taxes:** There are two critical components of the property tax where Rhode Island communities are not competitive within the state and are not competitive with our neighboring states. The first is the motor vehicle

excise tax. This has been a problem for many years. The first solution was to increase the exempt value of each vehicle. This worked until the recession. It could still be part of the solution. The bottom line is that reform in this area most adversely affects cities with high tax rates and sometimes precarious financial condition. Any solution needs state dollars along with a multi-year phase in. Connecticut has gone down this path. Massachusetts did it 25 years ago. We need leadership from the top on state assistance and a phase-in to achieve a full solution.

**Tangible Personal Property Taxes:** Similarly, the tax rate on tangible personal property varies significantly from one community to another and in many places is not competitive with similar cities or towns in Massachusetts or Connecticut. A balanced solution has to be carefully crafted. Municipal officials have supported the creation of a high profile study commission composed of municipal leaders and others to craft an answer to this problem.

**Special Property Tax Exemptions:** Builders, farmers, affordable housing advocates, renewable energy interests and others have sought special tax exemptions to encourage their special enterprise or issue. Municipal officials must continue to oppose special these special treatments as they do nothing more than transfer the burden to other property taxpayers. Local officials and the legislature need to monitor the implications of a recent RI Supreme Court decision which held that wind turbines were exempt from property taxation.

**Building Permit Fees:** In the waning days of the 2015 legislative session, a bill was enacted to standardize building permit fees. The actions to execute the new fee structure are still underway. Local officials believe there was insufficient preparation and foundation for the bill enacted and insufficient time or notice was provided for them to give their input. While they understand that part of the objective was to create a balanced fee structure, they still have objections on the details.

## Borrowing Money:

**Sovereign Debt :** We have seen a gradual erosion of municipal authority to issue debt in the name of the individual city or town. School debt, water and wastewater debt (with a Federal subsidy), and now municipal infrastructure debt are being consolidated in state agencies. We are not persuaded that this is in the best interest of our cities and towns. We will listen but resist the argument that this is best for cities and towns. We are suspicious about who benefits – is it the underwriters and banks – or is it cities and towns? Our municipal CEOs and finance leaders have the best judgment on the direction to take.

## Financial Successes

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**Moderating Property Taxes:** The Rhode Island Public Expenditures Council's recently released "How Rhode Island Revenues Compare" included a table which showed that in the five year interval from 2009 to 2013 property taxes in Rhode Island increased 4.1% (from \$1.39 Billion to \$1.45 Billion). This compares with a 21.3 % increase in the income tax, 8.9% in the sales tax, and 13.4% in all other taxes. Cities and towns have lead the way in restraint despite only modest increases in state aid (almost all of it in school aid). Those successes have continued. In FY 2014, statewide property taxes increased 1.87%, in FY 2015 1.60%, and 2.10% in FY 2016.

**Improved Financial Position:** Despite modest increases in the property tax, cities and towns have progressively improved their financial position. Since 2010, fund balances of our cities and towns have increased by more than \$125,000,000!

## Management

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**Scope of Bargaining:** State statutory language on the scope of bargaining essentially says that all issues are subject to bargaining. This goes beyond what is authorized in most states. Local officials believe that management rights as provided for in city and town charters should and do take precedence over state guidance. Municipal officials have always respected their employees, but they need the authority to manage their city or town to meet the needs of their citizens. State law should confirm the Constitutional and judicial guidance on local management rights. Our citizens appreciate municipal government because they believe they have control. We need to preserve that preference by improving, not eroding the balance in management rights.

## Post Employment

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**Pensions:** Cities and Towns have made great strides in addressing their pension liabilities. For those cities and towns participating in the state program, the liabilities are now a sum certain. For local plans, virtually all cities and towns have adopted a strategy for increasing contributions and/or modifying benefits over a period of years until the Annual Required Contribution (ARC) is paid. Our mayors, managers, and councils need help in assuring that modest cost of living (COLA) amendments mimicking state plan COLA adjustments are affirmed. Only in this way can we balance our costs for current services with legitimate costs for our retirees.

**Health Insurance:** As the League suggested in last year's "Seeking Assurances" publication, cities and towns need assistance in modifying health plan design for retirees such that the benefit is no greater than that received by active employees. The current situation of preserving legacy health benefits is out of balance. Our municipal leaders continue to initiate trust accounts to prefund post employment retiree health costs. Our cities and towns need support in executing reasonable plan design modifications.

## Environmental

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**Other state oversight:** DEM was successful last session in shepherding through bills which modified wetlands regulations, required the removal of cesspools, and established a framework for requiring municipal sewer systems to offer service to neighboring communities. Some municipal officials worked with DEM on the first two acts. The wetlands bill included some provisions helpful to cities and towns. We welcome future participation with DEM on future reform efforts but believe our CEO's and Councils have the best judgment on the right balance of oversight.

# Working Together

Local Government Officials are ready and willing to work with the Governor, state officials and the General Assembly on finding the right balance in responsibilities on many issues whether they are financial, managerial, or environmental.



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