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Contact: [Lauren Greene](#)

401-965-3972

## **Cities and Towns Challenge Lifetime Contracts Law**

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*To protect their taxpayers and to preserve their right to home rule, 16 municipalities, representing 55% of the State's population, file a constitutional challenge to the financially irresponsible law*

NORTH PROVIDENCE – Local leaders joined together to announce their legal challenge to the financially irresponsible lifetime contracts law today at North Providence Town Hall. The law allows the automatic continuation of municipal contracts for employees, negating the need for negotiations. The cities and towns are challenging the law as an impairment of existing contracts under the state constitution's Contract Clause, as well as a violation of the Home Rule provision of the state constitution, which grants cities and towns the authority to decide local matters.

The communities filing suit today include Barrington, Bristol, Burrillville, Central Falls, Charlestown, Cranston, East Greenwich, Lincoln, Little Compton, North Kingstown, North Providence, North Smithfield, Pawtucket, Providence, Smithfield, Woonsocket. Additional communities may sign on as Plaintiffs.

"The lifetime contracts law ties the hands of local officials when negotiating, especially when trying to get concessions," **said Cranston Mayor Allan Fung**. "As the costs of health care, pensions and retiree benefits keep rising, taxpayers will get crushed if local leaders can't renegotiate those benefits."

The lifetime contracts law further rigged the game by taking power away from local leaders and giving it to unelected special interests, at the detriment of taxpayers. The Governor and General Assembly overstepped their authority by taking power away from municipal leaders in violation of the state constitution.

"The capital city is joined by municipalities from around the state to oppose this legislative overreach that aims to strip municipalities of our authority to negotiate and contract in good faith on behalf of our taxpayers and union members," **said Providence Mayor Jorge O. Elorza**. "This legislation ties our hands and puts further constraints on our already limited resources, setting us up for fruitless and difficult negotiations with our public employees.

Without any specific knowledge of a municipality's finances and without being at the negotiation table, the Governor and the General Assembly unjustly interfered in local contract negotiations by passing the lifetime contracts law.

"A contract's terms cannot go on forever. That defies logic and is financially irresponsible," **said North Providence Mayor Charles Lombardi**. "If mayors and town managers can't negotiate to reduce costs,

the alternatives are going to be cuts to important services or property tax increases. We can't allow that to happen."

"The state imposed a one-size-fits-all solution on cities and towns," **said Barrington Town Manager Jim Cunha**. "There have been only a handful of problematic contract issues in a few communities in the last ten years, and that does not justify changing the rules for the majority of cities and towns that have good relationships with their employees. State lawmakers have to serve the taxpayers and not special interests."

Personnel costs typically account for 70% or more of municipal and school expenses (wages, health care, pension and other benefits), most of which are governed by collective bargaining agreements. Meanwhile, those cities and towns with locally administered pension plans face \$2.5 billion in unfunded liabilities. The Lifetime Contracts Law prevents municipalities from negotiating fair contracts that reflect a community's priorities and ability to pay.

"Small cities and towns, like Burrillville, have to expend the same amount of time and money to negotiate and litigate union contracts as the large communities, but we do not have the same financial resources as the larger communities," **said Burrillville Town Manager Michael Wood**. "Every taxpayer in the state will benefit if this litigation is successful, and I encourage every community to participate."

The law firm Greenberg Traurig, with Attorney Angel Taveras as lead counsel, is representing the Plaintiffs. Greenberg Traurig is an international law firm with extensive experience representing municipalities and governmental bodies in litigation and related matters. Taveras, a former Mayor of Providence, brings a wealth of knowledge on contract negotiations, municipal budgets and the impact of legislation on cities and towns.

Lifetime contract bills have been introduced since 2007. A similar bill was vetoed by Governor Raimondo in 2017, noting that "they tied the hands for our municipal leaders – and ultimately binds our taxpayers – to contracts that would never end" and "hurt the public's position in contract negotiations and place[d] taxpayers at risk of being forever locked into contractual provisions they can no longer afford." The League has proposed reasonable alternatives, such as the temporary continuation of contracts by mutual agreement – an approach that was passed into law for firefighter contracts in 2017.

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