Workforce Management

Personnel costs are the largest component of local budgets — representing 70% of expenditures across cities and towns and schools. With municipal budgets supported primarily by property taxes, the League believes that municipal officials need greater flexibility in managing the municipal workforce to encourage innovation, improve efficiency and control property tax growth.

Binding Arbitration & Lifetime Contracts: Binding arbitration for public safety employees and the newly enacted lifetime contract law have tied the hands of local officials in balancing their budgets and need to be reformed. The League supports binding arbitration reforms to limit the scope of decisions, require mediation prior to arbitration and provide safeguards so that an arbitration decision cannot endanger a community’s finances. The League continues to oppose the recently enacted lifetime contract law but would support temporary contract extensions when agreed to by all parties.

Injured on Duty Reforms: The League supported last year’s reforms to injured-on-duty (IOD) benefits but believes they should apply to municipal employees — not just state employees. Rhode Island’s IOD law grants an injured or sick municipal police officer or firefighter 100% of pay and benefits while he/she is incapacitated. If an employee applies for a disability pension, cities and towns must continue to pay IOD throughout the entire process, including appeals. As a result, many cities and towns pay full IOD salary and benefits to employees for many years, while also paying overtime to cover the vacant positions. We support including municipal employees in reforms to limit the amount of time that people can receive IOD benefits and to provide greater accountability for the program.

Cancer Presumption: The League is open to legislation creating a rebuttable presumption that certain cancers are work-related for firefighters who have workplace exposure to smoke and harmful chemicals. Cancer presumption legislation should be grounded in medical science and best practices. It should include minimum service requirements and conditions, disallow tobacco use, limit the timeframe to apply after leaving service and also allow for individual case review for extenuating circumstances. Further, if the state imposes new presumption requirements, it should pay for any claims under the law — not cities and towns.

Municipal officials need greater flexibility in managing the municipal workforce to encourage innovation, improve efficiency and control property tax growth.
State Budget & Aid

State aid to cities and towns, including education aid, represents approximately 30% percent of municipal budgets, though state aid may vary substantially by community. The League supports robust state funding to local government to support essential municipal functions and reduce reliance on local property taxes.

**Distressed Communities:** The Distressed Communities Relief program assists communities that have high property tax burdens relative to the wealth of their taxpayers. The Governor’s budget would cut this program by $6.2 million — or 50% of current levels — and hurt the communities that need state aid the most. While the Governor argues that the state’s economy has improved since the recession, that improvement has not reached all of our cities and towns. If Distressed Communities aid is not restored, it would result in tax increases or service reductions to make up the shortfall.

**Car Tax:** The Governor’s budget would narrow the car tax relief scheduled for FY 2021 — the fourth year of the scheduled phase-out — and extend the phase-out for another five years. With the state budget often not completed until June, cities and towns will face uncertainty since they send their car tax bills in May, June and July. The League hopes for a quick resolution to this issue in early spring so that cities and towns can provide important tax relief to residents without delay.

**Agency “Scoops”:** Once again, the Governor’s budget proposes taking funds from various quasi-governmental organizations as a one-time resource for the state general fund. We are especially concerned about the following:

- **$13.9 million** from the RI Infrastructure Bank, which is supported by municipal fees
- **$10.0 million** transfer from the RI Resource Recovery Corporation, which nearly doubled municipal tipping fees for waste disposal in the last three years

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On average, about 30% of municipal budgets is from state aid to cities and towns.

The Governor has proposed allowing cities and towns to tax certain non-mission-related property of hospitals and colleges and universities, but this new authority may not assist all communities in closing their budget gaps. While we generally support that taxing authority, it should not be used to backfill lost state support.
Education

FY 2021 Budget — We support the Governor’s proposed increase of $33.0 million for the tenth year of the education funding formula. This total includes $3.3 million for children from qualifying all-day pre-kindergarten programs. The budget would also increase Multilingual Learners programs by $2.5 million, for a total of $7.5 million.

School Funding Formula: The education funding formula has increased state aid to education, improved student outcomes and slowed property tax growth. However, Rhode Island’s state share of education budgets still lags behind our neighbors. With FY 2021 the tenth and final year of the formula, we encourage lawmakers to revise the formula to address the following concerns:

- Improve budget certainty: School districts can see major increases or decreases in their state education funding from year to year. The state should smooth any decreases while being more responsive to new costs.

- Increase state pension contribution: Rhode Island covers only 40% of the employer portion of teacher pensions, with local government covering the remaining 60%. Four other New England states cover 100% of the costs, and we urge Rhode Island to increase its share.

- Fully support categorical programs: Cities and towns are struggling with the high costs of special education and transportation, which have not been funded at appropriate levels. The state should also encourage efficiency by increasing regional school bonuses.

School Construction: The school construction bond passed in 2018 will support the modernization of school buildings and enhance educational outcomes. However, cities and towns are already struggling with the maintenance spending mandated included in the 2018 law. We oppose any other mandates that would further increase the costs of school construction, including the Governor’s proposal to mandate apprenticeship programs as part of any project.

We support the $33 million increase in the education funding formula proposed by the Governor.
Economic Development

Many cities and towns have areas designated for economic development but may lack resources or expertise to prepare them for commercial or industrial use. The Governor has included the following items in her budget to encourage economic development in cities and towns.

**Industrial Site Development Bond Funding:** As part of an $87.5 million Housing and Infrastructure general obligation bond, the Governor proposes $21.5 million for a competitive grant program for industrial site development and economic revitalization.

**Site Readiness Act:** This proposed Commerce Corporation program would provide an array of services to cities and towns, ranging from technical assistance on process improvement, permitting and zoning, to more complex projects such as pre-permitting, licensing and inspections and pad-ready development. Municipal participation would be voluntary, and Commerce could reimburse a municipality for up to 25.0% of the cost of any tax stabilization agreements.

Housing & Infrastructure

Numerous local leaders have remarked that the lack of available, affordable homes is limiting job growth and economic development. While zoning and land use should remain a local decision, the state can work with cities and towns to encourage housing construction and rehabilitation.

**Municipal Housing Incentives:** The Governor’s FY 2021 budget would create a new incentive program to encourage housing in cities and towns. These efforts would help cities and towns with technical assistance and funding to offset any increased costs from educating new residents, similar to a model in Massachusetts. The League appreciates any incentives the state can provide to cities and towns to encourage housing development.

**State Infrastructure Investments:** The League supported successful legislation in 2018 to create a municipal infrastructure program similar to MassWorks in Massachusetts. The law, supported by GrowSmartRI and the RI Builders Association, created a new competitive grant program to fund infrastructure projects in locally designated growth centers. We have called on the Governor and the General Assembly to fund this program to encourage housing in these areas.
Property Taxes

Property taxes represent two-thirds of municipal revenues. For that reason, cities and towns need to preserve their ability to assess and collect property taxes as efficiently as possible.

**Property Valuation:** Cities and towns must conduct full revaluations of property or updates every three years, with those values used to calculate local property taxes. An adverse R.I. Supreme Court ruling in 2018 could allow taxpayers to appeal valuations more frequently than every three years in spite of that law. The League is working with General Assembly sponsors to affirm the three-year baseline for tax appeals. The League also supports the Lieutenant Governor’s initiative to create a study commission to look comprehensively at the frequency of revaluations of property, which could result in a proposal for more frequent value updates, as is now required in Massachusetts.

**Property Tax Appeals:** Local tax assessors and solicitors are frustrated with the property tax appeal process. Current rules and interest penalties favor the plaintiffs and encourage delaying strategies while undermining the decisions of local tax assessment review panels. The League welcomes the initiative of some Superior Court judges to expedite these appeals calls, and we ask the Judiciary to initiate a full review of the existing process to see if improvements may be made.

**State-Mandated Tax Exemptions:** Over the years, state lawmakers have enacted or proposed various property tax exemptions, which may be well-intentioned, but which also erode the local tax base. The League believes that any property tax exemptions should be fully reimbursed by the state for the annual value of taxes lost. Alternatively, such enactments should be enabling rather than mandatory so that the city or town can choose whether to offer the exemption benefit.

**Tangible Tax Reform:** The Governor’s budget would provide state support to cities and towns that reduce their tangible property tax rates, starting in FY 2022. Municipal leaders support these efforts to promote economic development in their communities and appreciate the Governor’s interest in reducing the tangible tax for small businesses. The League enthusiastically supports these initiatives and encourages the General Assembly to pass them.
Local Control & State Pre-emption

While taxes, workforce management and local aid remain the League’s highest priorities, cities and towns are also deeply concerned about efforts to undermine local control over land use, business licensing and other important policy areas. The League opposes state preemption and one-size-fits-all approaches in the following areas:

Marijuana: Marijuana legalization would have health, public safety and workforce management impacts in our cities and towns, and local officials must determine the right approach for their communities. The League will scrutinize any proposals to expand marijuana distribution and sales to assure that local regulatory rights are maintained and that cities and towns receive an appropriate portion of revenues generated.

Land use and development: Cities and towns — through their elected officials and planning and zoning boards — should decide how best to promote growth and economic development while meeting the needs of their residents. In recent years, the General Assembly has considered legislation to limit local control on permit approval timelines, building heights and density requirements. The League will continue to support reasonable modifications to existing land use standards while rejecting state-imposed criteria that hinder local input. We also endorse calls for a land-use study commission to review and modernize our current laws.

Renewable energy: The League recognizes the importance of state renewable energy targets and supports the development of model ordinances and best practices in collaboration with agency experts and stakeholders. However, we oppose any mandated one-size-fits-all approach that denies appropriate input from the local constituency. We would also oppose any efforts to limit the authority of tax assessors to value the land associated with these projects at fair market value. The League has been part of a stakeholder initiative to encourage responsible solar development that protects sensitive lands and also maintains local control.

Secondary agricultural operations: The League opposes legislation to expand protected uses of farmland to include retail operations, festivals and other special events. While such activities can often support the viability of working farms, unfettered use of farmland for entertainment and retail operations degrades the agricultural purpose of these lands and undermines local decision-making.
Financial Successes

Moderating Property Taxes: Cities and towns have led the way in budget restraint, supported by sound fiscal management and improved state funding for education, which has moderated since FY 2018. In FY 2020, property taxes across all communities increased 2.95%. This continues a trend of restrained property tax growth – 2.10% growth in FY 2019, 1.99% in FY 2018, 2.18% in FY 2017, 2.10% in FY 2016, and 1.64% in FY 2015. Sustained state aid to municipalities is the most important ingredient in allowing municipal leaders to continue careful stewardship of their budgets.

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<th>Recent Trend of Restrained Property Tax Growth</th>
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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 over $230 million and now stand at more than $491 million. This helps municipal bond ratings, reduces the cost of borrowing and allows flexibility to our city and town leaders to address new and emerging challenges.
The Rhode Island League of Cities and Towns is a private, nonpartisan, nonprofit association of cities and towns formed in 1968 to advocate the interests of cities and towns before the state legislature, federal and state agencies, and to improve the effectiveness of local government in the state of Rhode Island.

PUBLIC POLICY ADVOCACY
Lobbying for public policies that benefit and strengthen local government

MEMBERSHIP PROGRAMS
Exploration and implementation of services and programs to benefit cities and towns

INTERGOVERNMENTAL RELATIONS
Promoting stable and productive intergovernmental relationships

PUBLIC AWARENESS
Promotion of increased understanding and support for the benefits and value of strong local government with the media, the general public, and other institutions

MEMBERSHIP EDUCATION
Publications, information, training and networking opportunities for key elected and appointed local officials

UNITY
Fostering a strong sense of unity between all cities and towns resulting in a common agenda to advance local government interests

FEDERAL REPRESENTATION
Advocacy of local government interests before the United States Congress and federal agencies is provided through affiliation with the National League of Cities in Washington, D.C.
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2019 / 2020

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