

DR Rhode Island Department of Revenue
Division of Municipal Finance

April 16, 2026

The Honorable Marvin L. Abney
Chair, House Committee on Finance
State House
Providence, RI 02903

**Re: 2026 H-7806- AN ACT RELATING TO PUBLIC OFFICERS AND EMPLOYEES -
- RETIREMENT SYSTEM -- CONTRIBUTIONS AND BENEFITS**

Dear Chair Abney:

The Division of Municipal Finance (“DMF”) writes to provide information that may be of assistance to the Committee as it considers House Bill 7806, An Act Relating to Public Officers and Employees-Retirement System-Contributions and Benefits. This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid municipal tax administration.

As you know, this bill would amend R.I. Gen. Laws § 36-10-36, entitled “Post-retirement employment.” Per the Explanation by the Legislative Council, the bill would “allow retired state employees to be reemployed by a municipality with no restrictions and with no loss of their existing retirement benefits.”

As a threshold matter, the bill seeks to achieve its intended goal by deleting language contained in § 36-10-36(d)(7). However, a comparison of the bill’s language and the existing language of § 36-10-36(d)(7) reveals that the bill also includes additional verbiage. Specifically, on page 4, line 1 of the bill the phrase “, with no exceptions” is added to this subsection. It is unclear if this is a scrivener’s error or if this language is intended to be added to the statute, in which case the addition should be so indicated.

With respect to the bill’s intended goal, § 36-10-36(b) generally prohibits “[a]ny member who has retired under the provisions of title 16, 36, or 45” from continuing to receive retirement benefits if the member is employed for more than seventy-five (75) working days by a municipality that has accepted the provisions of Chapter 45-21 of the General Laws and participates in the municipal employees’ retirement system (“MERS”). Subsection 36-10-36(d)(7) removes the seventy-five (75) working days cutoff for retired members who are employed in a MERS-participating city or town which is experiencing fiscal challenges and is subject to oversight under Chapter 45-9 of the General Laws, whether through a fiscal overseer, budget commission, receiver, or financial advisor. Removing the requirement that the MERS-participating city or town must be under fiscal oversight to negate the seventy-five (75) working days cutoff may create statutory conflicts both internally, between proposed § 36-10-36(d)(7) and § 36-10-36(b), and externally, between proposed § 36-10-36(d)(7) and R.I. Gen. Laws § 45-21-54, which also imposes a seventy-five (75) working days cutoff for retired MERS members who reenter the service of MERS. The

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DMF respectfully suggests that the bill be redrafted to provide clarity and avoid any potential statutory conflict and/or ambiguity.

Further, § 36-10-36(d)(7)'s limited exemption from the seventy-five (75) working days cutoff was enacted in 2014 to assist several municipalities that were then under fiscal oversight due to varying degrees of financial hardship. This provision was intended to ensure that these municipalities could continue to provide municipal services with skilled and knowledgeable personnel during the most trying of times. It was meant to serve as a stop gap only until fiscal distress was averted, not to be a permanent solution. The thought process at that time was that if the exclusion was broadened to all municipalities that those same municipalities may engage in practices that may lead to additional pension liabilities. For example, employees may have retired early to gain pension benefits and then sought reemployment with their current municipality, effectively granting such employees a pay increase for performing the same job functions. This may in turn have led to increased pension liabilities and ADC expenditures for those same municipalities who would be receiving less contributions from rehired "retired" employees. It is unclear if such consequences are intended as a result of this bill.

The DMF takes no position with respect to the remainder of the proposed legislation. Rather, the DMF is concerned solely with the issues of clarity and municipal tax administration.

Thank you for your consideration.

Sincerely,



Stephen E. Coleman Jr.
Chief

Cc: The Honorable Members of the House Committee on Finance
The Honorable Alex S. Finkelman
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House
Jane E. Cole, Interim Director, Department of Revenue