



*Distinctive Communities
Powerful Alliance*

March 24, 2026

The Honorable Stephen M. Casey, Chair
House Municipal Government and Housing
Rhode Island House of Representatives
82 Smith Street
Providence, RI 02903

RE: HOUSE BILL 7443 – AN ACT RELATING TO TOWNS AND CITIES -- OPTIONAL RETIREMENT FOR MEMBERS OF POLICE FORCE AND FIREFIGHTERS

Dear Chair Casey and Honorable Committee Members,

The Rhode Island League of Cities and Towns appreciates the intent of House Bill 7443, which seeks to provide a two and one-half percent (2.5%) annual compounded escalation for all active and retired police officers and firefighters, including beneficiaries of their retirement allowances. The League recognizes that the bill is intended to help ensure that public safety employees' retirement benefits keep pace with the cost of living, reflecting the important service they have provided to Rhode Island communities.

At the same time, the League has concerns regarding the potential financial implications of this proposal for municipalities across the state. The new language would apply the 2.5% compounded escalation on an annual basis, starting January 1 following retirement, without limitation. While the intent to protect retirees from inflationary erosion is understandable, this provision could significantly increase long-term pension liabilities for cities and towns, particularly given that funding for municipal pensions is already subject to budgetary pressures and actuarial assumptions.

The compounding nature of the escalation raises additional concerns. Over time, even modest annual increases can create a substantial growth in pension obligations, potentially affecting municipalities' ability to fund other critical services. Moreover, the legislation does not address how these increases would be funded or coordinated with existing actuarial projections and municipal budgets, leaving uncertainty regarding fiscal impact. The League believes a formal fiscal note would be beneficial prior to enactment to help fully understand the implications for our municipalities.

We stand ready to work with the sponsor to ensure the intent of the bill can be achieved while addressing the practical, financial, and administrative realities facing municipalities.

Thank you for the opportunity to present our perspective.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Rossi", is written over a light blue background.

Randy R. Rossi
Executive Director

Cc: Honorable Members of House Municipal Government and Housing