

State of Rhode Island and Providence Plantations

Journal of the Senate

JANUARY SESSION of the General Assembly begun and held at the State House in the City of Providence on Tuesday, the first day of January in the year of Our Lord two thousand and two.

Volume 129, No. 25 Tuesday, March 12, 2002 Twenty-fifth Day

The Senate meets pursuant to adjournment and is called to order by
His Honor, the Lieutenant Governor, Charles J. Fogarty, at 4:12 o'clock P.M.

The roll is called and a quorum is declared present with 45 Senators present and 5 Senators absent as follows:

PRESENT - 45: Senators Algiere, Alves, Badeau, Bates, Blais, Breene, Caprio, Celona, Cicilline, Cote, Damiani, Enos, Felag, Fogarty, Gallo, Garabedian, Gibbs, Goodwin, Graziano, Hunter, Igliozi, Irons, Issa, Izzo, Kells, Lenihan, McBurney, McCaffrey, McDonald, Montalbano, Paiva Weed, Parella, Perry, Polisena, Raptakis, Revens, Roberts, Roney, Ruggerio, Sheehan, Sosnowski, Tassoni, Walaska, Walsh, Walton.

ABSENT - 5: Senators Coderre, Connors, DaPonte, Donelan, Kelly.

INVOCATION

His Honor, the Lieutenant Governor, by unanimous consent, presents Senator McBurney, to deliver the invocation.

(See Appendix for Invocation)

PLEDGE OF ALLEGIANCE TO THE FLAG

His Honor, the Lieutenant Governor, by unanimous consent, presents Senator McBurney, to lead the Senate in the pledge of allegiance to the flag.

APPROVAL OF RECORD

The Senate Journal of Thursday, March 7, 2002 proceedings is read in part.

Upon suggestion of Senator McBurney, and by unanimous consent, further reading of the Journal is dispensed with and the Journal approved as recorded.

GUESTS

Upon suggestion of Senator Gallo, and by unanimous consent,

His Honor, the Lieutenant Governor, welcomes to the Chamber Girl Scout Troop #145 Cranston along with Nancy

Gillheeneey, Troop Leader and parent chaperones, Cindy Matarese and Lori Basile.

COMMUNICATION

His Honor, the Lieutenant Governor, presents the following communication:

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS EXECUTIVE CHAMBER, PROVIDENCE

Lincoln Almond
Governor

March 8, 2002

To the Honorable, the Senate:

I am transmitting to the Secretary of State, with my signature, 2002-S-2082, Substitute A, As Amended, "An Act Authorizing the City of Woonsocket to Finance the Unfunded Pension Liability of the City of Woonsocket, by the Issuance of not More Than \$90,000,000 Bonds Therefor."

This bill authorizes the City of Woonsocket to finance its unfunded police and firefighter pension plan liability by the issuance of not more than \$90,000,000 in local bonds to be paid over no more than 40 years, subject to voter approval at a special election.

Last year, I vetoed a bill that would have allowed Woonsocket and Cranston to issue pension obligation bonds (known as "POBs"). In that veto, I detailed prudent safeguards that I believed should be contained in any municipal POB framework and committed to work with the General Assembly to produce a bill applicable statewide.

This year, my Administration has done considerable work on an omnibus bill that we believe provides a reasonable framework and taxpayer protections for the issuance of municipal POBs should local officials and the voting public believe such debt is in the best interests of a given municipality. The safeguards on the Woonsocket bill, as ultimately amended as recommended by my budget office, are substantially similar to those contained in my omnibus bill.

First, Woonsocket has provided for a referendum on its plan as well as a public hearing to inform the voters of its potential benefits and risks before a referendum. Second, the Woonsocket system is closed, that is, it can add no new members to increase potentially its pension liability. Third, the bill requires that all bond proceeds, after costs and limited capitalized interest, be deposited directly into the city's pension plan. As such, it does not allow an ill-advised scoop of bond proceeds as a quick fix to a short term budget problem, a scoop that the taxpayers would then have to pay back with interest over decades. Fourth, this bill contains strictures concerning investment of the bond proceeds pursuant to an asset allocation plan, and mandates that any new unfunded liability - whether created by underperforming investments, increased benefits or any other cause - must be cured by the city by annual appropriations over not more than five years. Finally, the bill prohibits withdrawal of funds from the plan for any reason other than payment of benefits.

It is vitally important in my view that any POB bill provide municipal taxpayers - who would be responsible for payment of the debt - with the right to approve or reject the issuance of bonds. Under our state Constitution, all general obligation state debt must be approved statewide at a general election. Under section 45-12-19 of the Rhode Island General Laws, municipal charter, and/or past legislative practice, all long term local general obligation debt has to be approved by municipal voters at a general election or special local election. Considering the nature of POB debt and its considerable size, bypassing voter approval would be bad public policy. While I would prefer a general election, Woonsocket will conduct a public hearing and inform the voters of its plan before the special election.

Pension obligation bonds can be viewed as a means of replacing one liability with another. The estimated unfunded liability of the pension system at the time of issuance is replaced or reduced by the debt service payable on the bonds. This method of financing has been viewed as a way of reducing overall cost to the taxpayers by taking advantage of the difference between the rates at which the issuer sells the taxable debt and the long term investment return on the proceeds received. The success of POBs lies in both the execution of the debt transaction and continued diligence on the investment of the assets. Therefore, it is critical that any community issuing POBs acts prudently in executing such a long term financing plan.

It will be up to Woonsocket - should its voters approve the POBs - to invest prudently the bond proceeds within the safeguards provided in this bill.

While I still urge approval of the Administration's omnibus bill, because this bill is substantially similar in most all important respects - and recognizes the right of local voters to approve or reject pension obligation bonding - I sign this bill into law with my signature.

Sincerely,

LINCOLN ALMOND
Governor

Received and ordered to be placed on file.

**EFFECTIVE WITHOUT
THE SIGNATURE OF THE GOVERNOR**

His Honor, the Lieutenant Governor, presents an announcement of the receipt by the Secretary of State of the following measures which became effective without the signature of His Excellency, the Governor on March 7, 2002:

- (02-S 2132) An Act reinstating and restoring forfeited or revoked corporate charters.
- (02-S 2183) An Act to vacate the forfeiture or revocation of the charter of Kent House, Inc.
- (02-S 2159) An Act to vacate the forfeiture or revocation of the charter of St. Kel, Ltd.
- (02-S 2054) An Act authorizing the town of Smithfield to issue not exceeding \$8,600,000 general obligation bonds or notes for various capital projects.
- (02-S 2006) An Act relating to taxation - property subject to taxation.
- (02-S 2180) An Act to vacate the forfeiture or revocation of the charter of Rhode Island Directors Association for Senior Citizens Programs, Inc.

EDWARD S. INMAN, III
Secretary of State

Received and ordered to be placed on file.

APPROVED BY THE GOVERNOR

His Honor, the Lieutenant Governor, presents an announcement of the receipt by the Secretary of State of the following measures, signed and approved by His Excellency, the Governor:

(02-S 2082) (Substitute "A" as amended) An Act authorizing the city of Woonsocket to finance the unfunded pension liability of the city of Woonsocket, by the issuance of not more than \$90,000,00 bonds therefor. (Approved March 8)

(02-S 2197) An Act relating to solemnization of marriages. (Approved March 11)

EDWARD S. INMAN, III
Secretary of State

Received and ordered to be placed on file.

FROM THE HOUSE OF REPRESENTATIVES

A message from the House of Representatives transmits with announcement of passage:

(02-H 7860) An Act relating to solemnization of marriages.

Read and referred to the Committee on Judiciary.

REPORTS OF COMMITTEES TRANSFER OF BILLS

Senator Caprio, from the Committee on Finance, in accordance with Senate Rule 6.14, moves to transfer the following bill from the Committee on Finance to the Committee on Corporations:

(02-S 2606) An Act relating to indebtedness of towns and cities.

Read and referred to the Committee on Corporations.

Senator Celona, from the Committee on Corporations, in accordance with Senate Rule 6.14, moves to transfer the following bill from the Committee on Corporations to the Committee on Special Legislation:

(02-S 2772) An Act relating to alcoholic beverages - objection by adjoining property owners in the city of Newport.

Read and referred to the Committee on Special Legislation.

COMMITTEE ON CORPORATIONS

Senator Celona, from the Committee on Corporations, reports back, with recommendation of passage of the following measure:

(02-S 2490) An Act relating to insurance.

Read and ordered to be placed on the Calendar.

NEW BUSINESS

The following item s are received and referred to committee pending any objection of the body on the next legislative day.

Senators McCaffrey, Revens, McBurney, Irons and Walaska present (02-S 2873) Senate Resolution expressing its deepest sympathies on the passing of the Honorable J. William Inglesby.

Senator McCaffrey requests unanimous consent for immediate consideration.

Unanimous consent for immediate consideration is granted.

Upon motion of Senator McCaffrey, seconded by the entire Senate, and by unanimous consent, read and passed, under suspension of the rules, upon a rising vote.

Senators Cote and Badeau present (02-S 2874) An Act relating to animals and animal husbandry - dogs.

Read and referred to the Committee on Corporations.

Senators Gallo, Cicilline, Paiva Weed, Walsh, Perry and others present (02-S 2875) Senate Resolution proclaiming March as "Women's History Month" in Rhode Island.

Senator Gallo requests unanimous consent for immediate consideration.

Unanimous consent for immediate consideration is granted.

Upon motion of Senator Gallo, seconded by the entire Senate, and by unanimous consent, read and passed, under suspension of the rules, upon a voice vote.

Senators Paiva Weed, Cicilline, Irons, Algiere and Gibbs present (02-S 2876) Senate Resolution congratulating the city of Newport Department of Parks, Recreation and Tourism on becoming the 1st recipient of the "Distinguished Department of the Year Award".

Senator Paiva Weed requests unanimous consent for immediate consideration.

Unanimous consent for immediate consideration is granted.

Upon motion of Senator Paiva Weed, seconded by the entire Senate, and by unanimous consent, read and passed, under suspension of the rules, upon a voice vote.

Senators Blais, Graziano, Polisena, Montalbano, Perry and others present (02-S 2877) Senate Resolution urging the Department of Administration to commence the competitive bidding process for state employees and retirees dental insurance coverage.

Senator Blais requests unanimous consent for immediate consideration.

Unanimous consent for immediate consideration is granted.

Upon motion of Senator Blais, seconded by the entire Senate, and by unanimous consent, read and passed, under suspension of the rules, upon a voice vote.

CONSENT CALENDAR

In order for the day is taken up as follows:

Upon motion ofSenate Majority Leader Irons, seconded by Senator Algieri, the following measures on today's Consent Calendar, by unanimous consent, are read and passed, in concurrence, upon a voice vote:

- 1. (02-H7283) An Act to vacate the forfeiture or revocation of the charter of Cornerstone Communications Group, Inc.
- 2. (02-H7284) An Act to vacate the forfeiture or revocation of the charter of Rosa Associates Fine Foods, Inc.
- 3. (02-H7330) An Act to vacate the forfeiture or revocation of the charter of Asselin Realty, Inc.
- 4. (02-H7333) An Act to vacate the forfeiture or revocation of the charter of the West Bay Village Condominium Association, Inc.

CALENDAR

In order for the day is taken up as follows:

- 1. (02-S2343) An Act relating to cities and towns.

Committee on Corporations recommends passage.

Senator Algieri moves passage, seconded by Senators Celona and Breene.

The act is read and passed, by unanimous consent, upon a roll call vote with 42 Senators voting in the affirmative and 0 Senators voting in the negative as follows:

YEAS - 42: Senators Algieri, Alves, Badeau, Bates, Breene, Caprio, Celona, Cicilline, Cote, Damiani, Enos, Felag, Fogarty, Gallo, Garabedian, Gibbs, Goodwin, Graziano, Hunter, Igliazzi, Irons, Issa, Kells, Lenihan, McBurney, McCaffrey, McDonald, Montalbano, Paiva Weed, Parella, Perry, Polisena, Raptakis, Revens, Roney, Ruggerio, Sheehan, Sosnowski, Tassoni, Walaska, Walsh, Walton.

NAYS - 0.

COMMUNICATION

His Honor, the Lieutenant Governor, presents the following communication:

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
SENATE CHAMBER**

STATEMENT OF POTENTIAL CONFLICT

To the Honorable Senate:

I, Dennis L. Algiere, under oath depose and say:

- 1. I am a duly elected member of the Rhode Island Senate.
- 2. This statement is made in accord with Rhode Island General Law section 36-14-6.
- 3. In my official capacity, I may be expected or required to vote or participate in the deliberations of bill (01-S 2205), now pending before the Senate or a committee thereof.
- 4. I request that I be excused from voting, deliberating or taking action on the matter.
- 5. I do not desire to vote or deliberate because I have a conflict of interest as follows.

I am an employee of The Washington Trust Company.

- 6. This statement is true to the best of my knowledge.

DENNIS L. ALGIERE
Senator, District 26

Subscribed and sworn to before me this 12th day of March, 2002.

JEFFREY A. LANPHEAR
Notary Public

Ordered to be placed on file.

CALENDAR

In order for the day is taken up as follows:

- 2. (02-S2205) An Act relating to financial institutions.

Committee on Corporations recommends passage.

Senator Alves moves passage, seconded by Senator Celona andSenate Majority Leader Irons.

The act is read and passed, upon a roll call vote with 36 Senators voting in the affirmative, 1 Senator voting in the negative and 1 Senator abstaining as follows:

YEAS - 36: Senators Alves, Badeau, Bates, Breene, Caprio, Celona, Cote, Damiani, Enos, Felag, Fogarty, Gallo, Garabedian, Goodwin, Graziano, Hunter, Iglionzi, Irons, Issa, Kells, Lenihan, McBurney, McDonald, Montalbano, Parella, Perry, Polisena, Raptakis, Revens, Ruggerio, Sheehan, Sosnowski, Tassoni, Walaska, Walsh, Walton.

NAYS - 1: Senator Paiva Weed.

ABSTAINED - 1: Senator Algiere.

- 3. (02-S2286) An Act relating to the uniform commercial code.

Committee on Corporations recommends passage.

Senator Roney moves passage, seconded by Senators Celona and McDonald.

The act is read and passed, by unanimous consent, upon a roll call vote with 42 Senators voting in the affirmative and 0 Senators voting in the negative as follows:

YEAS - 42: Senators Algiere, Alves, Badeau, Bates, Blais, Breene, Caprio, Celona, Cicilline, Cote, Damiani, Enos, Felag, Fogarty, Gallo, Garabedian, Gibbs, Goodwin, Graziano, Hunter, Igliazzi, Irons, Issa, Kells, Lenihan, McBurney, McCaffrey, McDonald, Montalbano, Paiva Weed, Parella, Perry, Polisena, Revens, Roney, Ruggerio, Sheehan, Sosnowski, Tassoni, Walaska, Walsh, Walton.

NAYS - 0.

4. (02-S2263) An Act relating to employment.

Committee on Labor recommends passage.

Senator Enos moves passage, seconded by Senators Fogarty and Ruggerio.

The act is read and passed, by unanimous consent, upon a roll call vote with 42 Senators voting in the affirmative and 0 Senators voting in the negative as follows:

YEAS - 42: Senators Algiere, Alves, Badeau, Blais, Breene, Caprio, Celona, Cicilline, Cote, Damiani, Enos, Felag, Fogarty, Gallo, Garabedian, Gibbs, Goodwin, Graziano, Hunter, Igliazzi, Irons, Issa, Kells, Lenihan, McBurney, McCaffrey, McDonald, Montalbano, Paiva Weed, Parella, Perry, Polisena, Raptakis, Revens, Roney, Ruggerio, Sheehan, Sosnowski, Tassoni, Walaska, Walsh, Walton.

NAYS - 0.

5. (02-S2267) An Act relating to employment security - appeals.

Committee on Labor recommends passage.

Senator Blais moves passage, seconded by Senators Ruggerio and Badeau.

The act is read and passed, by unanimous consent, upon a roll call vote with 42 Senators voting in the affirmative and 0 Senators voting in the negative as follows:

YEAS - 42: Senators Algiere, Alves, Badeau, Bates, Blais, Breene, Caprio, Celona, Cicilline, Cote, Damiani, Enos, Felag, Fogarty, Gallo, Garabedian, Gibbs, Graziano, Hunter, Igliazzi, Irons, Issa, Kells, Lenihan, McBurney, McCaffrey, McDonald, Montalbano, Paiva Weed, Parella, Perry, Polisena, Raptakis, Revens, Roney, Ruggerio, Sheehan, Sosnowski, Tassoni, Walaska, Walsh, Walton.

NAYS - 0.

ANNOUNCEMENTS

Senator Damiani announces that the Committee on Corporations will meet on Thursday, March 14, 2002, at 3:00 o'clock P.M. in Room 212 of the State House.

Also:

Senator Montalbano announces that the Committee on Judiciary will meet today at the rise of the Senate in Room 313

of the State House.

Also:

Senator Badeau announces that the Committee on Labor will meet on Wednesday, March 13, 2002, at 2:30 o'clock P.M. in Room 212 of the State House.

Also:

Senator Goodwin announces that the Committee on Special Legislation will meet on Wednesday, March 13, 2002, at 3:00 o'clock P.M. in Room 211 of the State House.

TRANSMITTAL

By unanimous consent, all matters on the Clerk's desk are ordered to be transmitted to His Excellency, the Governor or to the Honorable House of Representatives forthwith.

ADJOURNMENT

Upon motion ofSenate Majority Leader Irons, seconded by Senator Algieri, and upon suggestion of Senator Polisena, the Senate adjourns at 4:28 o'clock P.M., on a unanimous rising vote, as a further mark of respect to the memory of Chief Angelo R. Cappelli, Chief of the Johnston Fire Department.

RAYMOND T. HOYAS, JR.
Secretary of the Senate

Appendix

INVOCATION

SENATOR JOHN F. McBURNEY, III

Dear God, in days of tension and contention, help us to keep our direction sure and our purposes pure. Give us the grace to hold fast that which is good. Amen.

Appendix

CALENDAR

In order for Thursday, March 14, 2002:

- 1. (02-S2093 as amended) An Act relating to military affairs and defense.

Committee on Special Legislation recommends passage as amended.

Appendix

CALENDAR

In order for Tuesday, March 19, 2002:

1. (02-S2490) An Act relating to insurance.

Committee on Corporations recommends passage.

RAYMOND T. HOYAS, JR.
Secretary of the Senate
Tuesday, March 12, 2002

As always, your [comments](#) concerning this page are welcomed and appreciated.

Thank you for stopping by!

