

History of Section.

G.L. 1896, ch. 36, § 20; G.L. 1909, ch. 46, § 20; G.L. 1923, ch. 47, § 21; G.L. 1938, ch. 329, § 24; G.L. 1956, § 45-12-1; P.L. 1982, ch. 153, § 1.

Cross References. Housing authority

bonds not obligation of town or city, § 45-27-2.

Comparative Legislation. Municipal indebtedness and obligations:

Conn. Gen. Stat. §§ 7-369 — 7-380a.

Mass. Ann. Laws ch. 44, § 2 et seq.

45-12-2. Maximum aggregate indebtedness. — Except as provided in § 45-12-11, no city or town shall, without special statutory authority, incur any debt for money hired which would increase its aggregate indebtedness not excepted by law from the provisions of this section to an amount greater than three percent (3%) of the taxable property of the city or town, but the amount of any borrowing in anticipation of taxes which is authorized or validated by § 45-12-4, and the amount of any sinking fund, shall be deducted in computing that indebtedness. Any city or town may, without special statutory authority, hire money to an aggregate amount, as with the other indebtedness of the city or town not deductible under the foregoing provisions, which shall not exceed the limitation contained in this section.

History of Section.

G.L. 1896, ch. 36, § 21; G.L. 1909, ch. 46, § 21; G.L. 1923, ch. 47, § 22; P.L. 1930, ch. 1617, § 1; P.L. 1932, ch. 1944, § 1; G.L. 1938, ch. 329, § 25; P.L. 1945, ch. 1663, § 1; G.L. 1956, § 45-12-2.

Cross References. Control of borrowing power reserved to general assembly, R.I. Const., Art. XIII, § 5.

Shore development bonds, exemption, § 46-3-11.

NOTES TO DECISIONS**ANALYSIS**

1. Legislative authority.
2. Computation of debt.
3. Claims against town.

1. Legislative Authority.

This act was not violated by purchase of waterworks by town where the legislature authorized the spending of a specified sum for the purchase. *Peabody v. Westerly Waterworks*, 20 R.I. 176, 37 A. 807 (1897).

2. Computation of Debt.

Town was entitled to deduct bonded indebtedness, sewer expense, and note for current expenses in determining whether legal debt limit had been exceeded. *Regan v. Sherman*, 20 R.I. 388, 39 A. 568 (1898).

3. Claims Against Town.

Plaintiff could not recover against town for materials furnished for repair of highway where town had reached its debt limit. *McAleer v. Angell*, 19 R.I. 688, 36 A. 588 (1897).

Collateral References. Appropriation to meet obligation at time of its creation as affecting its character as an indebtedness within debt limitation. 92 A.L.R. 1299; 134 A.L.R. 1399.

Bond issue in excess of amount permitted by law, validity of, within authorized debt, tax, or voted limit. 175 A.L.R. 823.

Combination or merger of two or more municipalities, limitation of municipal indebtedness as affected by. 103 A.L.R. 154.

Estoppel by recitals in bonds to set up violation of provision limiting indebtedness. 86 A.L.R. 1068; 158 A.L.R. 938.

Existing sinking fund as a factor in determining whether indebtedness or proposed indebtedness of municipality exceeds limit. 125 A.L.R. 1393.

Extras, allowance to contractor for, in accordance with provisions of contract made before debt limit was reached, as creation of indebtedness. 96 A.L.R. 397.

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Funding or refunding obligations as subject to conditions respecting limitation of indebtedness. 97 A.L.R. 442.

Inclusion of tax-exempt property in determining value of taxable property for debt limit purposes. 30 A.L.R.2d 903.

Instalments payable under continuing service contract as present indebtedness within limitation of municipal indebtedness. 103 A.L.R. 1160.

Interest on indebtedness as part of debt within debt limitation. 100 A.L.R. 610.

Lease of property with option to purchase as evasion of debt limitation. 71 A.L.R. 1318; 145 A.L.R. 1362.

Limitation of amount of indebtedness as affected by existence of separate political units within identical or overlapping boundaries. 94 A.L.R. 818.

Limitation of indebtedness as affecting validity of municipality bond issue for purpose of paying employees. 96 A.L.R. 1204.

Limitation of indebtedness, obligation pay-

able from special fund created by imposition of fees, penalties or excise taxes as a "debt" within meaning of. 100 A.L.R. 900.

Municipal debt limit as affected by obligations due municipality. 105 A.L.R. 687.

Obligation for local improvements as within municipal debt limit. 33 A.L.R. 1415.

Pledge or appropriation of revenue from utility or other property in payment therefor, as indebtedness. 72 A.L.R. 687; 96 A.L.R. 1385; 146 A.L.R. 328.

Presumptions and burden of proof as to violation of or compliance with public debt limitation. 16 A.L.R.2d 515.

Rent, aggregate of, for entire period of lease of property to municipality as present indebtedness for purpose of limitation of amount of municipal debts. 112 A.L.R. 278.

Undelivered bonds or other obligations authorized but not delivered prior to adoption or effective date of debt limit provision as affected by such provision. 109 A.L.R. 961.

45-12-3. Statements to accompany bills to general assembly to authorize indebtedness. — Whenever any bill is presented to either house of the general assembly to authorize any city or town to issue bonds or certificates of indebtedness, this bill shall be accompanied by a petition to the general assembly stating the purpose for which the proceeds from the sale of the bonds or certificates of indebtedness are to be used, and this bill shall also be accompanied by a financial statement of the city or town showing its condition as of the close of the last preceding fiscal year. The financial statements shall be in the form prescribed by and upon blanks furnished by the controller and duly attested by the proper officers having the custody of the books of account of the city or town.

History of Section.

G.L. 1938, ch. 329, § 37; 1940, ch. 955, § 1;
G.L. 1956, § 45-12-3.

45-12-4. Borrowing in anticipation of taxes. — Any city or town may hire in each financial year in anticipation of the receipt of the proceeds of the annual tax due or to become due in that financial year upon the ratable property within the city or town, an amount which, together with any money borrowed in anticipation of taxes in any prior year which may remain unpaid, shall not exceed in the aggregate the total tax levy of the then current financial year, or which if no tax levy was made, shall not exceed the tax levy of the next preceding financial year, the money hired to be used and expended for the payment of the current liabilities and expenses of the city or town, and may issue its negotiable notes therefor. Notes issued under authority of this section shall bear upon their face the notation "issued in anticipation of taxes assessed as of December 31,