



*Distinctive Communities
Powerful Alliance*

March 27, 2024

The Honorable Robert E. Craven
Chairman House Judiciary Committee
Rhode Island State House
82 Smith St
Providence RI, 02903

RE: Bill Number: 7950 RELATING TO TOWNS AND CITIES -- SUBDIVISION OF LAND

Dear Chairman Craven and Honorable Members of the House Judiciary Committee:

I am writing to you on behalf of the Rhode Island League of Cities and Towns to express our general support of regarding House Bill 7950, which addresses the types of financial security required by developers for projects involving public improvements. We appreciate the intention behind the bill, however there are some issues that have been brought to our attention by our members that we believe need to be addressed.

The proposed legislation mandates municipalities to allow up to three disclosed options for financial security, including surety bonds, letters of credit, and cash. However, it prohibits municipalities from limiting the bond to one specific type, thereby removing the city and town's ability to choose the most suitable option for their community.

Currently, many municipalities allow only two types of financial surety: cash or letters of credit and according to our member survey; surety bonds have been deliberately excluded due to their impracticality. They are challenging to cash in, require annual renewal, and often result in prolonged efforts to compel applicants for bond renewals. Furthermore, the Town of Burrillville specifically does not accept letters of credit as security for subdivision bonds. Their experience has shown that letters of credit are not easily convertible to cash and frequently lead to litigation to recover funds. The League on behalf of its members respectfully seeks clarification on what alternative forms of security are deemed acceptable other than cash bonds and how those bond amounts are determined.

We firmly believe that decisions regarding financial security instruments should remain within the discretion of local municipalities, as they are the entities that bear the primary risk. It is essential to recognize that each municipality has unique needs and considerations that must be taken into account when determining the appropriate form of financial security.

In conclusion, we respectfully ask you to consider these concerns and address them in the final version of House Bill 7950 to ensure that it effectively balances the needs of developers with the interests and capabilities of local municipalities. Your willingness to consider our perspectives is greatly appreciated as we work together to address the needs and concerns of our communities.

On behalf of the League of Cities and Towns and affiliate members, thank you for your attention to our concerns, and we look forward to continuing our engagement on this important issue.

Sincerely,

David M. Bodah
Associate Director

Cc: House Judiciary Committee
Ernie Almonte, Executive Director, RILCT