How The Gap Between Assets And Loans Continue RisingIn Rhode Island

Rhode Island has more loans than its assets and the tax burden per taxpayer was -$14,200 in the year 2015 and it has a rank of 36th out of a total of 50 states and does not have sufficient assets to cover its debts. The available assets have been tapped and there is a Taxpayer burden on each taxpayer's share of the state bills which uses liabilities, assets and the pension debt to arrive at the taxpayer's burden. There are $3.8 billion of assets available while the bills total $8.9 billion and there is a gap of $5.2 billion and each taxpayer would have to contribute $14,200 to the state to cover the debt burden. [1]

As a result of the new rules, Rhode Island also shows the pension debt in the balance sheet due to which the pension debt increased to $3.2 billion in 2015 from a low of $6.7 million in 2014.The state's has given its report 170 days after the end of the fiscal year within the 180 day goal. A debt affordability study was done to identify the debt and borrowings at all levels, including those by the state government to its subsidiaries and including all cities and also small fire districts for reducing the debt burden and it was presented to the Public Finance Management Board. The report found out that debt and pension liabilities ratio in Providence was 17.8%, and in Woonsocket it was 20.3%, which should be less than 6.3%. In the case of other cities like Pawtucket, Central Falls, West Warwick, Johnston, and Cranston were also found to be above average. [2]

It was therefore decided to reduce the state level debt from 7.5% of revenue to around 7% during the next five years. The Center for Retirement Studies at Boston College would develop a standardized measure of pension liabilities across all 50 states, as some states reported lower shortfalls by projecting better investment returns in the future or tried to reduce the gap over a period of time.

In the State supervision and control of the finances of local government there was a period of municipal extravagance in the two decades after the Civil War for improvements and growing burden of public expenditures. Property taxes were apportioned among localities on valuation and officials undervalued properties to reduce their communities' share of tax payments. Therefore legislation was enacted giving the state agencies powers to adjust differences between taxing units, and the supervision of local tax administration was done with the help of the state tax commissions, making it centralized. The first tax commission was established in Indiana in 1891, and then expanded to 40 other states.

Does your state permit its localities to file for bankruptcy protection? Is there some sort of state receivership or similar program for fiscally distressed municipalities?

The Congress has added Chapter 9 to the bankruptcy code in 1937 allowing municipalities to seek bankruptcy protection allowing local government entities to file for bankruptcy protection under Chapter 9, Title 11, United States Code, which is available only to municipalities.

Are there currently (or were) any local entities in your state in such a program?

Central Falls, Rhode Island, filed for bankruptcy on August 1, 2011 as Moody's Investors Service had reported that the City’s pension plan required additional funding and will run out of assets by October 2011, without funding or concessions from existing workers and retirees. Since the retirees did not accept the reduction in pensions and benefits, the city filed for bankruptcy. [3]