

Legislative Background
To Lobbyist Registration Ordinance Amendments

The Providence Apartment Association (PAA) plays a major role in the City’s legislative and political process. It is registered as a nonprofit corporation with the Secretary of State, with Articles of Incorporation stating its purpose as advocating for “sensible tax policies that will foster a healthy housing market.” (PAA1-3).¹ Its members are landlords who own rental property (known as “non-owner occupied” residential property). Members pay annual dues of between \$50 and \$150. PAA6. PAA recruits them by asking “Would you pay a few hundred dollars a year to save thousands?” PAA6. It holds membership meetings to describe its dealings with the Mayor and City Council, which it reports to its members. PAA4-5. It is registered with the Board of Elections as a political action committee (or “PAC”). PAA7-8. The PAC contributed more than \$15,000 to candidates for City offices since the 2010 election. PAA9-10. (The current PAA Board members have contributed an additional \$19,000 to candidates for City offices during this time.) The PAA also purchases signs it installs in public areas to advocate for policies which will lower property taxes paid by its members. PAA11.

The Providence Apartment Association has influenced the City’s tax policy to reduce the taxes charged to owners of “non-owner occupied residential property”, also known as rental property, from which its membership is drawn. In 2014, the City Council approved an ordinance to reduce the taxes paid by rental property owners at an estimated cost of \$6.6 million in lost revenue. Mayor Taveras vetoed the ordinance, delivering a message in which he indicated that the Providence Apartment Association drafted the ordinance and lobbied for its passage. PAA12-13. The City Council approved a veto override.

¹ Exhibits PAA1 – PAA13 are attached.

In 2015, Mayor Elorza submitted a budget that did not implement the tax rate ordinance passed the previous year. After meeting with the City Council leadership, the Mayor submitted a revised budget that contained a \$1.8 million tax cut for rental property owners, the category that includes the membership of the Providence Apartment Association. After some of that money was redirected for additional bus transportation for high school students, the City Council's final budget included \$1.2 million in tax reductions for the class of property owners who are members of the Providence Apartment Association. The revised budget passed, even though the City Council knew at the time of second passage that the budget likely was \$1.5 million out of balance, due to the General Assembly's award of less State aid than had been assumed in the Mayor's budget.

Despite this activity, the Providence Apartment Association does not register as a lobbying organization in the City of Providence. The definition of lobbying in our Lobbyist Registration Ordinance, Section 2-265. That definition is as follows:

Lobbying means seeking to influence a municipal decision as an appointed and compensated representative of another. Any function to which the entire membership of the city council or of any legally constituted council committee or commission within the city council is invited, which is sponsored by any person, corporation, or association having engaged any person to act as a lobbyist or by any lobbyist, shall be deemed a lobbying activity, and any funds expended or incurred for that function shall be set forth pursuant to section 2-269.

There is no question that the PAA and its Board members seek to influence municipal decisions that involve millions of dollars, and that the Board members speak as representatives of the group. And yet, their representatives do not register as lobbyists.

One possible gap in the current definition is the requirement that a lobbyist be "compensated" as well as "appointed" to advocate for the interests of another. The State

lobbying registration law does not have this gap. Under R.I.G.L. §22-10-2, the definitions of “lobbyist” and “lobbying” are as follows:

§ 22-10-2. Definitions

For the purpose of this chapter the following definitions apply:

- (1) A person is "appointed" by another if he or she receives compensation for lobbying or pursuant to a mutual understanding or agreement engages in lobbying.
- (2) "Compensation" means any remuneration received or to be received for services rendered as a lobbyist, whether in the form of a fee, salary, forbearance, forgiveness, reimbursement for expenses, or any other form of recompense, and any combination of these. Where lobbying is incidental to a person's regular employment, his or her compensation for lobbying shall be reported as such and the lobbyist shall record the dollar amount of that portion of his or her compensation that is attributed to the time spent pursuing lobbying activities. In those instances, it shall not be necessary to disclose one's total salary or the percentage of one's time spent on lobbying. The lobbyist shall be required to disclose only his or her best good faith estimate of the dollar amount which corresponds to the portion of his or her time spent on lobbying activities.
- (3) "Lobbying" means acting directly or soliciting others to act for the purpose of promoting, opposing, amending, or influencing in any manner the passage by the general assembly of any legislation or the action on that legislation by the governor.
- (4) "Lobbyist" means any person who engages in lobbying as the appointed representative of another person.

In short, a State lobbyist can be appointed without compensation pursuant to a mutual understanding or agreement, while a City lobbyist need not register unless s/he is compensated. This is a loophole in the City law that may apply to the Providence Apartment Association.

In 2014, a group of City Council members worked with Common Cause of Rhode Island to close this loophole; however, small nonprofits objected to new filing requirements. With that in mind, this revision will exempt grassroots organizations, limiting its scope to a new category

of organizations that are active in political fund raising. Uncompensated representatives will not have to register as lobbyists unless the organization exceeds a \$1,500 threshold in campaign contributions.

The proposed amendments also reduce the burden on grassroots organizations by cutting the registration fee its current level of \$25 to \$5, which is what the State charges. The amendments also create an opportunity for first-time violators to cure the violation without paying a fine or penalty.

Attachments

<u>Pages</u>	<u>Description</u>
PAA 1-2	Articles of Incorporation
PAA 4-6	Screen shots from PAA website
PAA 7-8	PAA Political Action Committee Notice of Filing
PAA 9-10	Campaign Contributions from Providence Apartment Association PAC
PAA 11	PAA Yard Sign
PAA 12-13	Taveras Veto Message

Filing Fee: \$35.00

ID Number: _____



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Office of the Secretary of State
Corporations Division
148 W. River Street
Providence, Rhode Island 02904-2615

NON-PROFIT CORPORATION

2011 APR 14 AM 11:19

STATE OF RHODE ISLAND
CORPORATIONS DIVISION

ARTICLES OF INCORPORATION

The undersigned, acting as incorporator(s) of a corporation under Chapter 7-6 of the General Laws of Rhode Island, 1956, as amended, adopt(s) the following Articles of Incorporation for such corporation:

1. The name of the corporation is Providence Apartment Association
2. The period of its duration is (if perpetual, so state) perpetual
3. The specific purpose or purposes for which the corporation is organized are:
To work on a non-profit basis to enhance the wellbeing of the City of Providence by advocating for sensible tax and fiscal policies that will foster a healthy housing market.
4. Provisions, if any, not inconsistent with the law, which the incorporators elect to set forth in these articles of incorporation for the regulation of the internal affairs of the corporation are:
All provisions relating to the regulation of the affairs of the corporation shall be contained in the bylaws.

FILED

APR 14 2011

142391 11.19

5. The address of the initial registered office of the corporation is 317 Iron Horse Way, Suite 301
(Street Address, not P.O. Box)
Providence, RI 02908, and the name of its initial registered agent at such
(City/Town) (Zip Code)
address is William E. O'Gara
(Name of Agent)

6. The number of directors constituting the initial Board of Directors of the Corporation is 3
(not less than three directors)
and the names and addresses of the persons who are to serve as the initial directors are:

<u>Name</u>	<u>Address</u>
Michael Patch	97 Emeline Street, Providence, RI 02906
John Dooley	85 Gold Mine Road, Chepachet, RI 02814
Thomas Lopardo	7 Strawberry Lane, Johnston, RI 02919

7. The name and address of each incorporator is:

<u>Name</u>	<u>Address</u>
William E. O'Gara	317 Iron Horse Way, Suite 301, Providence, RI 02908

8. Date when corporate existence is to begin _____
(not prior to, nor more than 30 days after, the filing of these Articles of Incorporation)

Under penalty of perjury, I/we declare and affirm that I/we have examined these Articles of Incorporation, including any accompanying attachments, and that all statements contained herein are true and correct.

Date: 4/8/11

Signature of each Incorporator



State of Rhode Island and Providence Plantations

A. Ralph Mollis

Secretary of State

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

I, A. RALPH MOLLIS, Secretary of State of the State of Rhode Island
and Providence Plantations, hereby certify that this document, duly
executed in accordance with the provisions of Title 7 of the General Laws
of Rhode Island, as amended, has been filed in this office on this day:

A. RALPH MOLLIS

Secretary of State



PAA 000003



HELLO

MY NAME IS

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WWW.TENANTTAX.COM**

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- * Re-evaluations and New Tax Rates!**
- * New Zoning** rules might increase the number of units in your building.
- * Yearly inspections** of your properties?

2015 Open Meeting

Wednesday Nov 4 6pm

Nara Restaurant

**248 Atwells Avenue
Providence**

401-241-3537



www.TenantTax.com

THIS WEDNESDAY

ALSO ON THE AGENDA

- REPORT ON THE PAA'S DEALING WITH THE MAYOR AND COUNCIL
- STUDENT HOUSING ORDINANCE
- TAX BREAKS FOR APARTMENTS DOWNTOWN- YOU PAY THE BILL
- ARE YOU INCLUDING THE RIGHT CLAUSES IN YOUR LEASES?
- VOTE ON WHICH ISSUES WE NEED TO TAKE UP NEXT
- NARRA BAY AND PROVIDENCE WATER
- THE CITY IS HAVING INVESTORS REHAB PROPERTIES. DO YOU QUALIFY?
- OPEN Q&A FORUM. ASK THE QUESTIONS, GET THE ANSWERS



WE'RE INVESTED

JOIN IN

PAA

FIGHT
BACK

PVD
RHODE ISLAND

PAA 000005



Become a Member

f t + Share

Would you pay a few hundred dollars a year to save thousands?

- **Small investors were abused by the city in recent years because we were not organized and part of the process.**
- **By banding together we have gained real influence in city politics and have managed to save small investor 30%-40% on what their tax bills would have been these last few years.**
- **Things are bad...but they would have been, and will be, a lot worse if we don't continue to band together and stop the city from further damaging the rental real estate market.**

We even have Vendor Members who have been screened by other PAA members and offer discounts on a wide range of services that we all need.

If you are an investor in multi-family real estate in Providence this is quite honestly the best investment that you can make!

Select a payment plan below

Annual

1 Property – \$50/year

2 Properties – \$100/year

3+ Properties – \$200/year

PAA 000006

State of Rhode Island and Providence Plantations

Board of Elections

Campaign Finance Division

50 Branch Avenue, Providence, Rhode Island 02904

Tel. (401)222-2345 Fax (401)222-4424

www.elections.state.ri.us

NOTICE OF ORGANIZATION

Notice of Organization for:

Political Action Committee (PAC)

Purpose:

Initial Notice of Organization

Name of Candidate, Political Party, Political Action Committee, or Corporation

PROPERTY OWNERS FOR A BETTER PROVIDENCE

Street Address

97 EMELINE ST

City/Town State and Zip Code

PROVIDENCE RI 02906

Mailing Address (if different)

City/Town State and Zip Code

Telephone Number

401 487-8274

Daytime Telephone Number

Fax Number

E-mail

MIPATCH9@YAHOO.COM

Party Affiliation, if any:

If Candidate, office being sought:

APPOINTMENT / DESIGNATION OF TREASURER

As a qualified candidate, chairperson of the Political Party or PAC, or President of Corporation named above, I hereby Designate or Remove the person named below, as required by law:

as:

Name:

Street Address

City/Town State and Zip Code

Mailing Address (if different)

City/Town State and Zip Code

Telephone Number

Daytime Telephone Number

Fax Number

E-mail

CUSTODIAN OF RECORDS

Full Name of Custodian of Records

Street Address

City/Town, State and Zip Code

Mailing Address (if different)

City/Town, State and Zip Code

Telephone Number

Daytime Telephone Number

Fax Number

E-mail

Campaign Account Depositories:

Name(s) of Institution(s)

Number of Accounts

Type of Account (Checking, Savings)

AFFIDAVIT

I, _____
(Candidate, Chairperson of Political Party Committee or PAC, or President of Corporation)

hereby authorize the above named individual to perform all acts necessary to remain in compliance with the campaign finance laws of the State of Rhode Island. I further acknowledge that the appointee is authorized by me to file campaign finance reports on my behalf. The appointee's original signature, or use of a unique PIN for electronic filing purposes, indicates specific authorization to file said report.

Notwithstanding the above, I acknowledge that I am ultimately responsible for all reporting requirements and for the payment of any and all fines.

It is expressly understood that should the Treasurer resign, that I will be deemed by the Board of Elections to be the Treasurer if an amended Notice of Organization designating a new Treasurer is not received by the Board of Elections within 10 days after the receipt of a letter of resignation.

		Subscribed and Sworn to me this
		_____ Day of _____
Signature of Candidate or Chairperson of Political Party, Political Action Committee, or President of Corporation	Date	
		_____ Notary Public

		Subscribed and Sworn to me this
		_____ Day of _____
Signature of Appointee	Date	
		_____ Notary Public

ADDITIONAL INFORMATION REQUIRED FROM PAC / CORPORATION

PROPERTY OWNERS FOR A BETTER PROVIDENCE

Name of PAC or Corporation Supporting or Opposing Ballot Question

Names and Addresses of Officers or PAC or Corporation:

Action	Address	Title of Officer	Name
			Day Telephone Number

Name or names of any candidates whose election or defeat the Committee intends to advocate and/or reject or the question or questions whose approval or rejection the Committee or Corporation intends to advocate:

☐ Election ☒ Defeat UNKOWN AT THIS TIME

☐ Approve ☐ Reject

The membership and/or contributor base of the Political Action Committee is derived from the employees of oe corporation or business entity or from one business or professional group or assoication or labor union.

☐ Yes ☒ No

If yes, identify the employer group or association or union:

CONTRIBUTIONS BY PAA POLITICAL ACTION COMMITTEE

ExpDate	Amount	FullName	OSAP
11/19/2012	1000	ANGEL TAVERAS	1000
8/8/2014	250	CARLOS DIAZ	250
10/17/2011	200	CARMEN CASTILLO	200
4/17/2013	200	CARMEN CASTILLO	200
8/14/2014	500	CARMEN CASTILLO	500
4/27/2011	250	DAVIAN SANCHEZ	250
11/15/2011	300	DAVIAN SANCHEZ	300
6/8/2012	300	DAVIAN SANCHEZ	300
7/31/2014	500	DAVIAN SANCHEZ	500
4/14/2011	250	DAVID SALVATORE	250
4/30/2012	250	DAVID SALVATORE	250
12/11/2012	750	DAVID SALVATORE	750
8/30/2014	250	HAMLET LOPEZ	250
10/29/2014	250	JOANNE RYAN	250
10/22/2014	250	JOHN IGLIOZZI	250
9/17/2014	500	JORGE ELORZA	500
9/2/2014	500	LUIS APONTE	500
8/7/2014	250	MALCOLM REIS	250
10/29/2014	500	MARY K HARRIS	500
5/7/2011	200	MICHAEL CORREIA	200
7/12/2011	300	MICHAEL CORREIA	300
10/17/2011	200	MICHAEL CORREIA	200
3/21/2012	100	MICHAEL CORREIA	100
2/26/2013	200	MICHAEL CORREIA	200
9/20/2011	1000	MICHAEL SOLOMON	1000
5/14/2013	500	MICHAEL SOLOMON	500
4/30/2012	500	MIKE SOLOMON	500
4/3/2012	200	NICK NARDUCCI	200
7/30/2014	250	NICK NARDUCCI	250
10/11/2011	200	ROCHELLE LEE	200
10/13/2011	500	SABINA MATOS	500
4/24/2012	500	SABINA MATOS	500
5/18/2015	500	SABINA MATOS	500
5/19/2015	250	SABINA MATOS	250
5/3/2011	250	SETH YURDIN	250
11/8/2011	200	SETH YURDIN	200
5/23/2012	300	SETH YURDIN	300
12/12/2012	250	SETH YURDIN	250
8/8/2014	250	TERRANCE HASSETT	250
8/20/2014	250	TERRANCE HASSETT	250
6/6/2011	300	TERRENCE HASSETT	300
6/8/2011	200	TERRENCE HASSETT	200
3/28/2012	200	TERRENCE HASSETT	200
6/30/2011	200	WILBUR JENNINGS	200

7/1/2011	400 WILBUR JENNINGS	400
10/27/2014	250 WILBUR JENNINGS	250
7/1/2015	250 WILBUR JENNINGS	250

Total		15950
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- * **New Zoning** rules might increase the number of units in your building.
- * **Yearly inspections** of your properties?

2015 Open Meeting

Wednesday Nov 4 6pm

Nara Restaurant

248 Atwells Avenue
Providence

401-241-35



www.TenantT



Mayor of Providence

Angel Taveras

July 3, 2014

HAND-DELIVERED

Hon. Michael A. Solomon
President
Providence City Council
Providence City Hall
Providence, RI 02903

RE: Veto of Ordinance 2014-26, an Ordinance in Amendment of Chapter 21, "Revenue and Finance," Section 182, "Apportionment of Taxes," of the Code of Ordinances of the City of Providence.

Dear President Solomon:

Pursuant to Sections 302(f) and 412 of Providence's Home Rule Charter ("Charter"), I hereby veto the enclosed City Council Ordinance 2014-26, an Ordinance in Amendment of Chapter 21, "Revenue and Finance," Section 182, "Apportionment of Taxes," of the Code of Ordinances of the City of Providence.

Make no mistake: This ordinance, which limits the tax rate for rental properties to not more than 60 percent of the rate for owner-occupied properties, would very likely result in a tax increase for the approximately 19,500 homeowners who live in their homes.

The Internal Auditor has cautioned that lowering the non-owner-occupied tax rate as prescribed by this ordinance would create a \$6.6 million hole in the City's budget immediately upon taking effect in Fiscal Year 2016. Neither the Providence Apartment Association, which drafted and lobbied for this ordinance, nor any member of the City Council who voted for its passage has identified a viable way to pay it.

My administration has worked closely with the City Council and with stakeholders across our City to take control of Providence's finances. We worked to eliminate a \$110 million structural deficit, but the fact remains that Providence continues to operate on tight margins. Realistically,

the City will likely be forced to raise taxes on homeowners to pay for this tax break earmarked for landlords.

The non-owner-occupied tax rate was set after the 2009 and 2012 revaluations in order to maintain parity and fairness between taxpayers who live in their homes and landlords who rent out their properties. These revaluations revealed greater reductions in rental property values than those of owner-occupied properties. In 2009, non-owner-occupied property values dropped an average 43 percent, while owner-occupied properties dropped an average 18 percent. In 2012, non-owner-occupied properties decreased another 14 percent on average, while owner-occupied properties decreased an average 13 percent.

Arbitrarily pegging the non-owner-occupied tax rate to the owner-occupied rate, without regard for current property values and with no viable plan to pay for the resulting tax break for landlords other than raising taxes on homeowners, is irresponsible and ill-conceived. Additionally, the periodic revaluation process is designed to address fluctuations in property values.

Providence's homeowners work hard to balance their checkbooks. Their decision to live and pay taxes in Providence and the investments they make in their homes help to increase stability and improve the quality of life in our neighborhoods.

I will not saddle Providence's next Mayor with a \$6.6 million budget item in Fiscal Year 2016 with the hope that money will be available to pay for it. And I cannot in good conscience consent to an ordinance that reduces taxes for landlords who may not live in Providence on the backs of homeowners who live in our City.

Further, the City has yet to be presented with any data to substantiate the Providence Apartment Association's claim that giving landlords a lower tax rate will translate into reduced rents for their tenants. In fact, as Councilman Zurier has pointed out, it is not clear whether tenants received any benefit from rental properties that experienced a tax reduction in 2013.

My administration worked with the City Council this spring to pass a budget that holds the line on *all* taxes in Providence. The next administration must continue to work closely with the City Council to responsibly manage the City's finances, adjust tax rates as needed to ensure that Providence's tax code remains fair and equitable for all property owners, and to grow our economy and expand our tax base so that tax increases are limited in future years.

For all the foregoing reasons, I hereby veto City Council Ordinance 2014-26.

Sincerely,

A handwritten signature in black ink, appearing to read "Angel Taveras", with a stylized flourish at the end.

Angel Taveras
MAYOR