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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Representatives Slater, Baginski, Casey, Speakman, and Corvese

Date Introduced: February 27, 2026

Referred To: House Municipal Government & Housing

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-5-13.11 of the General Laws in Chapter 44-5 entitled "Levy and  
2 Assessment of Local Taxes" is hereby amended to read as follows:

3 ~~44-5-13.11. Qualifying low-income housing — Assessment and taxation~~ **Qualifying**  
4 **affordable housing -- Assessment and taxation.**

5 (a) Findings. The general assembly finds that developing affordable housing units and  
6 creating new housing units through adaptive reuse are matters of state-wide concern. For that  
7 reason, no city or town shall have the authority to tax properties qualifying for and utilizing this  
8 section at any rate higher than otherwise provided for in this section.

9 (b) Any This section is applicable to any residential property that has been issued an  
10 occupancy permit on or after January 1, 1995, ~~after substantial rehabilitation as defined by the U.S.~~  
11 ~~Department of Housing and Urban Development and is encumbered by a covenant recorded in the~~  
12 ~~land records in favor of a governmental unit or Rhode Island housing and mortgage finance~~  
13 ~~corporation restricting either or both the rents that may be charged to tenants of the property or the~~  
14 ~~incomes of the occupants of the property, is subject to a tax that equals eight percent (8%) of the~~  
15 ~~property's previous years' gross scheduled rental income or a lesser percentage as determined by~~  
16 ~~each municipality.~~ which meets one of the categories as set forth in this section:

17 (1) New construction is subject to a tax that equals eight percent (8%) of the property's  
18 previous years' gross scheduled rental income or a lesser percentage as determined by each  
19 municipality; provided that, the property meets the following requirements, where:

1 (i) At least forty percent (40%) of the rental dwelling units in the property are encumbered  
2 by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing  
3 and mortgage finance corporation restricting the charges for monthly housing costs (rent and  
4 utilities) to not exceed thirty percent (30%) of the gross income of a household at or below eighty  
5 percent (80%) statewide area median income, adjusted for Metropolitan Statistical Area and family  
6 size; or

7 (ii) At least thirty percent (30%) of the rental dwelling units in the property are encumbered  
8 by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing  
9 and mortgage finance corporation restricting monthly housing costs (rent and utilities) to not exceed  
10 thirty percent (30%) of the gross income of a household at or below sixty percent (60%) statewide  
11 area median income, adjusted for Metropolitan Statistical Area and family size.

12 (2) Conversion of existing structures. Effective until July 1, 2037, at which time the  
13 provisions of this subsection shall sunset and no longer be applicable. Where an existing building  
14 is converted from non-residential use(s), prior to the expiration or repeal of this section; and  
15 provided that, it meets the requirements of this subsection set forth below, it shall be subject to a  
16 fixed percentage of the prior year's gross scheduled rental income for the following thirty (30)  
17 years as outlined below:

<u>Year</u>	<u>Schedule</u>
<u>1</u>	<u>8%</u>
<u>2</u>	<u>8%</u>
<u>3</u>	<u>8%</u>
<u>4</u>	<u>8%</u>
<u>5</u>	<u>8%</u>
<u>6</u>	<u>8%</u>
<u>7</u>	<u>8%</u>
<u>8</u>	<u>8%</u>
<u>9</u>	<u>8%</u>
<u>10</u>	<u>8%</u>
<u>11</u>	<u>8%</u>
<u>12</u>	<u>8%</u>
<u>13</u>	<u>8%</u>
<u>14</u>	<u>8%</u>
<u>15</u>	<u>8%</u>
<u>16</u>	<u>10%</u>

1	<u>17</u>	<u>10%</u>
2	<u>18</u>	<u>10%</u>
3	<u>19</u>	<u>10%</u>
4	<u>20</u>	<u>10%</u>
5	<u>21</u>	<u>12%</u>
6	<u>22</u>	<u>12%</u>
7	<u>23</u>	<u>12%</u>
8	<u>24</u>	<u>12%</u>
9	<u>25</u>	<u>12%</u>
10	<u>26</u>	<u>12%</u>
11	<u>27</u>	<u>12%</u>
12	<u>28</u>	<u>12%</u>
13	<u>29</u>	<u>12%</u>
14	<u>30</u>	<u>12%</u>

15 (i) Qualifying Requirements:

16 (A) The building is comprised of no less than ten thousand square feet (10,000 ft<sup>2</sup>) or ten  
17 (10) residential dwelling units; and

18 (B) At least ten percent (10%) of the rental dwelling units on the property are at levels  
19 affordable to households at or below one hundred twenty percent (120%) statewide area median  
20 income; and

21 (C) The building has been issued an occupancy permit; and

22 (D) The taxpayer utilizing the tax treatment of this section shall ensure that any contractor  
23 and/or subcontractors on this project shall:

24 (I) Have all valid and effective registrations and/or licenses required in order to carry out  
25 their construction contracts.

26 (II) Ensure that all craft labor employed on the project have completed at least an  
27 Occupational Safety & Health Administration (OSHA) ten (10) hour training course for safety  
28 established by the U.S. Department of Labor, Occupational Safety & Health Administration.

29 (III) Comply with all state, federal and local laws including, but not limited to, providing  
30 workers' compensation insurance, prompt payment of wages and benefits, and proper classification  
31 of workers and employees as employees as opposed to independent contractors.

32 (IV) Any person that does not have a current registration with the Rhode Island contractors'  
33 registration and licensing board and a properly filed notice of designation as an independent  
34 contractor pursuant to § 28-29-17.1 shall be presumed to be an employee.

1           (V) A person shall only be considered an independent contractor if, when the person is  
2 performing work at the site, the person is free from direct control and direction in connection with  
3 completing their scope of work, both under the persons contract (if there is one) and in fact.

4           (VI) Not hire and/or utilize any contractor or subcontractor that has:

5           (aa) Been debarred or suspended by any federal, state or local government agency or  
6 authority in the past three (3) years;

7           (bb) Any type of business, contracting or trade license, registration, or other certification  
8 revoked or suspended in the past three (3) years; and

9           (cc) Been found in violation of any tax laws, prompt payment laws, wage and hour laws,  
10 prevailing wage laws, environmental laws or others, where the result of such violation was the  
11 payment of a fine, back pay damages or any other type of penalty in the amount of one thousand  
12 dollars (\$1,000) or more within the last five (5) years.

13           (VII) Registered apprenticeship program. Where the budget for the hard costs of the  
14 residential conversion is in excess ten million dollars (\$10,000,000), the taxpayer shall ensure that  
15 one hundred percent (100%) of the hours worked on the residential conversion project shall be  
16 performed by all trade construction contractors and subcontractors who have or are affiliated with  
17 an apprenticeship program as defined in 29 C.F.R. § 29 et seq., for the craft employed. Additionally,  
18 the taxpayer shall ensure that all bidding documents for the work to be performed on the residential  
19 conversion project includes express and conspicuous language evidencing the requirement found  
20 in this subsection. As part of its contract with the construction manager and/or general contractor,  
21 the taxpayer shall require that not less than ten percent (10%) of the total hours worked by the  
22 contractors' and subcontractors' employees on the project are completed by apprentices registered  
23 in the aforementioned apprenticeship programs.

24           (VIII) Prevailing wage. Where the budget for the hard costs of the residential conversion  
25 is in excess of twenty-five million dollars (\$25,000,000), all construction workers on that project  
26 providing services in connection with the residential conversion shall be paid in accordance with  
27 the wages and benefits required pursuant to chapter 13 of title 37 ("labor and payment of debts by  
28 contractors") and all contractors and subcontractors shall file certified payrolls on a monthly basis  
29 for all work completed in the preceding month on a uniform form prescribed by the director of  
30 labor and training (the "prevailing wage requirements"). Failure to follow the prevailing wage  
31 requirements shall constitute a material violation and a material breach of this section and the  
32 project shall not remain eligible for tax treatment under this section.

33           (ii) Confirmation of compliance. Tax treatment pursuant to this subsection shall not be  
34 provided by the municipality unless the municipal tax assessor receives confirmation from the

1 department of labor and training that there has been compliance with the contracting standards,  
2 registered apprenticeship and prevailing wage requirements set forth in this section. Failure to  
3 follow contracting standards, registered apprenticeship and the prevailing wage requirements  
4 imposed in this section shall constitute a material violation and a material breach of this section  
5 and the municipality may revoke the pending tax treatment and/or may not award the same.

6 (iii) Applicability. The tax structure allowed for in this subsection shall only apply to those  
7 portions of a building used for residential purposes and shall not include any portion of a mixed-  
8 use building that is not used as a residence or accessory to the residential use.

9 (3) Low- or moderate-income housing. Notwithstanding the provisions of subsections  
10 (b)(1) and (b)(2) of this section, any residential rental unit or units that otherwise meet the definition  
11 of low- and moderate-income housing under § 42-128-8.1 are subject to a tax that equals eight  
12 percent (8%) of those units' previous years' gross scheduled rental or a lesser percentage as  
13 determined by the municipality, with the remainder of the property taxed pursuant to applicable  
14 law.

15 (c) In all instances where a property is taxed pursuant to this section, property owners  
16 annually shall provide the local assessor a certified residential rent roll of the property reflecting  
17 each dwelling unit and the gross rental income for each unit in the property, and for buildings  
18 comprised in part of non-residential uses, evidence deemed necessary by the local assessor to  
19 demonstrate the fractional portion of each property that should be taxed at the appropriate non-  
20 residential rate. The assessor shall then tax the residential portion at the appropriate rate set in  
21 subsections (a) or (b) of this section, and the remainder at the appropriate other applicable rate.

22 (d) For those properties that have been taxed under this section by a municipality as of  
23 December 31, 2024, the manner in which the municipality has applied this statute in the past shall  
24 continue receiving any previously established tax rate or agreement unless the property owner  
25 affirmatively rejects the same or until said agreement expires by its terms. Said prior tax treatment  
26 is transferable to any subsequent property owner if the conditions of the tax treatment are met by  
27 the new owner to the satisfaction of the tax assessor.

28 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

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- 1           This act would provide cities and towns with the authority to tax properties considered
- 2           qualifying affordable housing at a rate higher than otherwise permitted.
- 3           This act would take effect upon passage.

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