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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO TOWNS AND CITIES -- STATE AID

Introduced By: Senators Acosta, Mack, Vargas, Zurier, Quezada, Bell, Bissaillon, and
Kallman

Date Introduced: January 16, 2026

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-13-5.1 of the General Laws in Chapter 45-13 entitled "State Aid"
2 is hereby amended to read as follows:

3 **45-13-5.1. General assembly appropriations in lieu of property tax from certain**
4 **exempt private and state properties.**

5 (a) In lieu of the amount of local real property tax on real property owned by any private
6 nonprofit institution of higher education, the Pokanoket Management Group, a Rhode Island
7 nonprofit corporation, trustee of the Pokanoket Tribe Land Trust, or any nonprofit hospital facility,
8 [or any municipal detention facility corporation created pursuant to § 45-54-1](#), or any state owned
9 and operated hospital, veterans' residential facility, or correctional facility occupied by more than
10 one hundred (100) residents which may have been or will be exempted from taxation by applicable
11 state law, exclusive of any facility operated by the federal government, the state of Rhode Island,
12 or any of its subdivisions, the general assembly shall annually appropriate for payment to the
13 several cities and towns in which the property lies a sum equal to twenty-seven percent (27%) of
14 all tax that would have been collected had the real property been taxable; provided, however, said
15 percentage shall be subject to adjustment pursuant to subsection (e) of this section.

16 (b) In no event shall any city or town record in a fiscal year both: (1) Taxes and/or payments
17 under a stabilization agreement with a for-profit hospital facility; and (2) Distributions of
18 appropriations under this section attributable to the prior nonprofit status of said for-profit hospital
19 facility.

1 (c) As used in this section, “private nonprofit institution of higher education” means any
2 institution engaged primarily in education beyond the high school level, the property of which is
3 exempt from property tax under any of the subdivisions, and “nonprofit hospital facility” means
4 any nonprofit hospital licensed by the state and which is used for the purpose of general medical,
5 surgical, or psychiatric care and treatment.

6 (d) The grant payable to any municipality under the provision of this section shall be equal
7 to twenty-seven percent (27%) of the property taxes that, except for any exemption to any
8 institution of higher education or general hospital facility, would have been paid with respect to
9 that exempt real property on the assessment list in the municipality for the assessment date of
10 December 31, 1986, and with respect to such exempt real property appearing on an assessment list
11 in the municipality on succeeding assessment dates. Provided, however, that the grant paid for the
12 fiscal year ending June 30, 2008, shall be based upon the assessment list in the municipality as of
13 December 31, 2004.

14 (e) The state budget offices shall include the amount of the annual appropriation in the state
15 budget for the fiscal year commencing July 1, 1988, and each fiscal year thereafter. The amount of
16 the annual distribution of appropriation payable to each eligible municipality in any year in
17 accordance with this section shall be reduced proportionately in the event that the total of the annual
18 appropriation in the state budget is insufficient to pay the eligible municipalities the amounts
19 otherwise payable to said communities pursuant to subsection (a) of this section.

20 (f) Distribution of appropriations shall be made by the state on or before July 31 of 1988
21 and each July 31 thereafter or following verified receipt of a municipality’s assessment data for the
22 following fiscal year’s payment, whichever is later, and the payments may be counted as a
23 receivable by any city or town for a fiscal year ending the preceding June 30.

24 (g) Any act or omission by the state with respect to this chapter shall in no way diminish
25 the duty of any town or municipality to provide public safety or other ordinary services to the
26 properties or facilities of the type listed in subsection (a).

27 (h) Provided, that payments authorized pursuant to this section shall be reduced pro rata,
28 for that period of time that the municipality suspends or reduces essential services to eligible
29 facilities. For the purposes of this section “essential services” include, but are not to be limited to,
30 police, fire and rescue.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would include municipal detention facility corporations as exempt from taxation
2 under state law, and require the general assembly to appropriate, annually, for payment to the city
3 or town where the property is located a sum equal to twenty-seven percent (27%) of all tax that
4 would have been collected if the property was taxable.

5 This act would take effect upon passage.

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