

2026 -- S 2552

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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 TOWNS AND CITIES -- STATE AID

Introduced By: Senators Famiglietti, Ciccone, Bell, Bissailon, Mack, Zurier, Kallman,  
and DiPalma

Date Introduced: February 13, 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 state owned and operated hospital, veterans' residential facility, or correctional facility  
9 occupied by more than one hundred (100) residents which may have been or will be exempted from  
10 taxation by applicable state law, exclusive of any facility operated by the federal government, the  
11 state of Rhode Island, or any of its subdivisions, the general assembly shall annually appropriate  
12 for payment to the several cities and towns in which the property lies a sum equal to ~~twenty seven~~  
13 ~~percent (27%)~~ thirty percent (30%) of all tax that would have been collected had the real property  
14 been taxable; ~~provided, however, said percentage shall be subject to adjustment pursuant to~~  
15 ~~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%)~~ thirty percent (30%) of the property taxes that, except for any  
8 exemption to any institution of higher education or general hospital facility, would have been paid  
9 with respect to that exempt real property on the assessment list in the municipality for the  
10 assessment date of December 31, 1986, and with respect to such exempt real property appearing  
11 on an assessment list in the municipality on succeeding assessment dates. Provided, however, that  
12 the grant paid for the fiscal year ending June 30, 2008, shall be based upon the assessment list in  
13 the municipality as of 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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RELATING TO TOWNS AND CITIES -- STATE AID

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1           This act would increase the amount of state aid distributed to the towns and cities through  
2 appropriation in lieu of property tax provisions applicable to certain private and state properties  
3 that are exempt from property tax.

4           This act would take effect upon passage.

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