

2026 -- S 3160

=====
LC005866
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

—————
A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators Bissailon, and LaMountain

Date Introduced: March 27, 2026

Referred To: Senate Housing & Municipal Government

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.**

4 (a) Any residential [rental](#) property that has been issued an occupancy permit on or after
5 January 1, 1995, ~~after substantial rehabilitation as defined by the U.S. Department of Housing and~~
6 ~~Urban Development~~ and is encumbered by a covenant recorded in the land records in favor of a
7 governmental unit or Rhode Island housing and mortgage finance corporation restricting either or
8 both the rents that may be charged to tenants of the property or the incomes of the occupants of the
9 property, is subject to a tax that equals eight percent (8%) of the property's previous years' gross
10 scheduled rental income or a lesser percentage as determined by each municipality-; [provided:](#)

11 [\(1\) At least forty percent \(40%\) of the rental dwelling units in the property are encumbered](#)
12 [by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing](#)
13 [and mortgage finance corporation resulting in monthly housing costs \(rent and utilities\) that do not](#)
14 [exceed thirty percent \(30%\) of the gross income of a household at or below eighty percent \(80%\)](#)
15 [statewide area median income, adjusted for metropolitan statistical area and family size; or](#)

16 [\(2\) At least thirty percent \(30%\) of the rental dwelling units in the property are encumbered](#)
17 [by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing](#)
18 [and mortgage finance corporation resulting in monthly housing costs \(rent and utilities\) that do not](#)
19 [exceed thirty percent \(30%\) of the gross income of a household at or below sixty percent \(60%\)](#)

1 statewide area median income, adjusted for metropolitan statistical area and family size.

2 (3) Notwithstanding subsections (a)(1) and (2) of this section, any residential rental unit or
3 units that meet the definition of low- and moderate-income housing under chapter 53 of title 45
4 ("low and moderate income housing") are subject to a tax that equals eight percent (8%) of those
5 units' previous year's gross scheduled rental income or a lesser percentage as determined by the
6 municipality, with the remainder of the property taxed pursuant to applicable law.

7 (b) Any residential rental housing that is created by converting an existing building from
8 non-residential use, prior to the expiration or repeal of this section, that building is:

9 (1) Comprised of no less than:

10 (i) Ten thousand square feet (10,000 sq ft); or

11 (ii) Ten (10) residential dwelling units, two (2) of which are at least ten percent (10%) of
12 the rental dwelling units on the property and at levels affordable to households at or below one
13 hundred twenty percent (120%) statewide area median income, and three (3) issued an occupancy
14 permit, shall be subject to a fixed percentage of the prior year's gross scheduled rental income for
15 the following thirty (30) 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>
<u>17</u>	<u>10%</u>
<u>18</u>	<u>10%</u>

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

13 (c) The term “residential property” as used in this section shall include all portions of a
14 building used for residential purposes and shall not include any portion of a mixed-use building
15 that is not used as a residence or in service of a residence. In all instances where a property is taxed
16 pursuant to this section, property owners shall provide the local assessor annually a certified
17 residential rent roll of the property reflecting each dwelling unit and the gross rental income for
18 each unit in the property, and for buildings comprised in part of non-residential uses, evidence
19 deemed necessary by the local assessor to demonstrate the fractional portion of each property that
20 should be taxed at the appropriate non-residential rate. The assessor shall then tax the residential
21 portion at the appropriate rate set in subsections (a) or (b) of this section, and the remainder at the
22 appropriate non-residential rate.

23 (d) Residential property created by converting an existing building from non-residential
24 use shall conform to the following standards and requirements:

25 (1) Responsible contracting compliance. The taxpayer utilizing the tax treatment of this
26 section shall ensure that any contractor and/or subcontractors on this residential property shall:

27 (i) Have all valid and effective registrations and/or licenses required in order to carry out
28 their construction contracts;

29 (ii) Ensure that all craft labor employed on the residential property have completed at least
30 an OSHA ten (10) hour training course for safety established by the U.S. Department of Labor,
31 Occupational Safety & Health Administration;

32 (iii) Comply with all state, federal and local laws including, but not limited to, providing
33 workers’ compensation insurance, prompt payment of wages and benefits, and proper classification
34 of workers and employees as employees as opposed to independent contractors;

1 (iv) Any person that does not have a current registration with the State of Rhode Island
2 contractors' registration and licensing board and a properly filed a notice of designation as an
3 independent contractor pursuant to § 28-29-17.1 shall be presumed to be an employee;

4 (v) A person shall only be considered an independent contractor if, when they are
5 performing work at the site they are free from direct control and direction in connection with
6 completing their scope of work, both under their contract (if there is one) and in fact;

7 (vi) Not hire and/or utilize any contractor or subcontractor that has:

8 (A) Been debarred or suspended by any federal, state or local government agency or
9 authority in the past three (3) years;

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

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

16 (2) Registered apprenticeship program. Where the budget for the hard costs of the
17 residential property is in excess ten million dollars (\$10,000,000), the taxpayer shall ensure that
18 one hundred percent (100%) of the hours worked on the residential property shall be performed by
19 all trade construction contractors and subcontractors who have or are affiliated with an
20 apprenticeship program as defined in 29 C.F.R. § 29.1 through 29.14 for craft labor employed.
21 Additionally, the taxpayer shall ensure that all bidding documents for the work to be performed on
22 the residential property includes express and conspicuous language evidencing the requirement
23 found in this subsection. As part of its contract with the construction manager and/or general
24 contractor, the taxpayer shall require that not less than ten percent (10%) of the total hours worked
25 by the contractors' and subcontractors' employees on the residential property are completed by
26 apprentices registered in the aforementioned apprenticeship programs.

27 (3) Prevailing wage. Where the budget for the hard costs of the residential property is in
28 excess of twenty-five million dollars (\$25,000,000), all construction workers on that project
29 providing services in connection with the residential property shall be paid in accordance with the
30 wages and benefits required pursuant to chapter 13 of title 37 ("labor and payment of debts by
31 contractors") and all contractors and subcontractors shall file certified payrolls on a monthly basis
32 for all work completed in the preceding month on a uniform form prescribed by the director of
33 labor and training (the "prevailing wage requirements"). Failure to follow the prevailing wage
34 requirements shall constitute a material violation and a material breach of this section and the

1 residential property shall not remain eligible for tax treatment under this section.

2 (4) Confirmation of compliance. Tax treatment pursuant to this section shall not be
3 provided by the municipality unless the municipal tax assessor receives confirmation from the
4 department of labor and training that there has been compliance with the responsible contracting
5 standards, registered apprenticeship and prevailing wage requirements set forth in this section.
6 Failure to follow responsible contracting standards, registered apprenticeship and the prevailing
7 wage requirements imposed in this section shall constitute a material violation and a material
8 breach of this section and shall require the pending tax treatment to be revoked and/or not awarded.

9 (e) For those properties that have been taxed under this section by a municipality as of
10 December 31, 2024, the manner in which the municipality has applied this statute in the past shall
11 continue receiving any previously established tax rate unless the property owner affirmatively
12 rejects the same. Said prior tax treatment is transferable to any subsequent property owner if the
13 conditions of the tax treatment are met by the new owner to the satisfaction of the assessor.

14 (f) Creating low-income housing and creating new housing through adaptive reuse are
15 matters of state-wide concern. For that reason, no city or town shall have the authority to tax
16 properties qualifying for and utilizing this section at any rate higher than otherwise provided for in
17 this section.

18 (g) Subsection (b) of this section shall expire and be deemed repealed for residential rental
19 housing not created as of July 1, 2037.

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

=====
LC005866
=====

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

1 This act would provide an eight percent (8%) tax rate for those properties that are
2 encumbered by a deed restriction for low-income housing set at eight percent (80%) or sixty percent
3 (60%) of adjusted median income established by the Department of Housing and Urban
4 Development (HUD), or individual dwelling units otherwise meeting the definition of low- and
5 moderate-income housing pursuant to § 45-53-3, and would provide a tax stabilization schedule for
6 those buildings which are converted to residential properties starting at eight percent (8%) of rent
7 rolls and gradually increasing to twelve percent (12%) over thirty (30) years. The thirty (30) year
8 stabilization provisions of this act would expire and be deemed repealed after ten (10) years.
9 Conversion projects are subject to responsible contracting requirements and apprenticeship
10 requirements, and conversion projects over twenty-five million dollars (\$25,000,000) are subject
11 to the prevailing wage statute.

12 This act would take effect upon passage.

=====
LC005866
=====