

2026 -- S 3254

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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: Senator Louis P. DiPalma

Date Introduced: May 05, 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)(1) 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,
11 except as otherwise provided for in subsection (2) of this subsection, the state of Rhode Island, or
12 any of its subdivisions, the general assembly shall annually appropriate for payment to the several
13 cities and towns in which the property lies a sum equal to twenty-seven percent (27%) of all tax
14 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 (2) Provided, any facility operated by the federal Department of Defense including, but not
17 limited to, the Naval Station Newport, shall be eligible for payment in lieu of taxes provided by
18 this section. The reason for this eligibility is the scale of employment, the regional economic
19 benefit, and the specific municipal demands on those municipalities on which federal Department

1 [of Defense facilities are operated. These municipal demands include police, fire and rescue, public](#)
2 [works infrastructure, utilities oversight, parks and beach operations, planning and permitting,](#)
3 [library services, senior center programming, and emergency response services.](#)

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

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

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

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

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

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

34 (h) Provided, that payments authorized pursuant to this section shall be reduced pro rata,

1 for that period of time that the municipality suspends or reduces essential services to eligible
2 facilities. For the purposes of this section “essential services” include, but are not to be limited to,
3 police, fire and rescue.

4 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 TOWNS AND CITIES -- STATE AID

- 1 This act would provide that any facility operated by the federal Department of Defense
- 2 would be eligible for payment in lieu of taxes.
- 3 This act would take effect upon passage.

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