

2021 -- S 0376

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO TOWNS AND CITIES -- GENERAL POWERS

Introduced By: Senators Bell, Quezada, Mendes, DiMario, Mack, Goodwin, Seveney,
Anderson, and Calkin

Date Introduced: February 25, 2021

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 45-2 of the General Laws entitled "General Powers" is hereby
2 amended by adding thereto the following section:

3 **45-2-2.2. Power to tax educational tuition, room and board.**

4 (a) Definitions: As used in this section, the following words shall have the following
5 meanings:

6 (1) "Net tuition income" means the income derived by a private educational institution
7 from student tuition, room, and board, plus any fees paid by the student, minus any financial aid
8 awarded to the student in the form of grants. Financial aid in the form of loans shall not affect the
9 calculation of net tuition income.

10 (2) "Private institution of higher education" means a private college, university, or
11 seminary.

12 (3) "Private institution of K-12 education" means a private school containing any grades
13 from kindergarten through grade twelve (K-12); provided, however that, should such a school also
14 contain a pre-kindergarten program, that program shall not be considered part of the private
15 institution of K-12 education, and no pre-kindergarten tuition shall be taxable under this section.

16 (b)(1) Every municipality may impose an annual tax upon net tuition income of a private
17 institution of K-12 education or a private institution of higher education located within the
18 municipality.

19 (2) The municipality may adopt by ordinance the tax rate structure and brackets subject to

1 the following:

2 (i) For every private institution of K-12 education, no tax shall be imposed on the first
3 thirteen thousand dollars (\$13,000) of annual net tuition income from any individual student. The
4 amount exempt from taxation shall be adjusted annually by the total percentage increase in the
5 Nominal Gross Domestic Product of the United States (NGDP) published by the United States
6 Department of Commerce Bureau of Economic Analysis;

7 (ii) For every private institution of higher education, no tax shall be imposed on the first
8 twenty-five thousand dollars (\$25,000) of annual net tuition income from any individual student.
9 The amount exempt from taxation shall be adjusted annually by the total percentage increase in the
10 Nominal Gross Domestic Product of the United States (NGDP) published by the United States
11 Department of Commerce Bureau of Economic Analysis; and

12 (iii) The municipality shall have the authority to create programs for tax credits against this
13 tax.

14 (3) All revenue raised from this tax shall not count towards the maximum levy established
15 in § 44-5-2.

16 SECTION 2. Sections 44-3-3 and 44-3-17 of the General Laws in Chapter 44-3 entitled
17 "Property Subject to Taxation" are hereby amended to read as follows:

18 **44-3-3. Property exempt.**

19 (a) The following property is exempt from taxation:

20 (1) Property belonging to the state, except as provided in § 44-4-4.1;

21 (2) Lands ceded or belonging to the United States;

22 (3) Bonds and other securities issued and exempted from taxation by the government of
23 the United States or of this state;

24 (4) Real estate, used exclusively for military purposes, owned by chartered or incorporated
25 organizations approved by the adjutant general and composed of members of the national guard,
26 the naval militia, or the independent, chartered-military organizations;

27 (5) Buildings for free public schools, buildings for religious worship, and the land upon
28 which they stand and immediately surrounding them, to an extent not exceeding five (5) acres so
29 far as the buildings and land are occupied and used exclusively for religious or educational
30 purposes;

31 (6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or
32 the minimum lot size for zone in which the dwelling house is located, whichever is the greater,
33 owned by, or held in trust for, any religious organization and actually used by its officiating clergy;
34 provided, further, that in the town of Charlestown, where the property previously described in this

1 paragraph is exempt in total, along with dwelling houses and the land on which they stand in
2 Charlestown, not exceeding one acre in size, or the minimum lot size for zone in which the dwelling
3 house is located, whichever is the greater, owned by, or held in trust for, any religious organization
4 and actually used by its officiating clergy, or used as a convent, nunnery, or retreat center by its
5 religious order;

6 (7) Intangible personal property owned by, or held in trust for, any religious or charitable
7 organization, if the principal or income is used or appropriated for religious or charitable purposes;

8 (8) Buildings and personal estate owned by any corporation used for a school, academy, or
9 seminary of learning, and of any incorporated public charitable institution, and the land upon which
10 the buildings stand and immediately surrounding them to an extent not exceeding one acre, so far
11 as they are used exclusively for educational purposes, but no property or estate whatever is hereafter
12 exempt from taxation in any case where any part of its income or profits, or of the business carried
13 on there, is divided among its owners or stockholders; provided, however, that unless any private
14 nonprofit corporation organized as a college or university located in the town of Smithfield reaches
15 a memorandum of agreement with the town of Smithfield, the town of Smithfield shall bill the
16 actual costs for police, fire, and rescue services supplied, unless otherwise reimbursed, to said
17 corporation commencing March 1, 2014; provided further, that, municipalities may impose an
18 income tax on the net tuition income of private institutions of education located in the state pursuant
19 to the terms set forth in §45-2-2.2;

20 (9) Estates, persons, and families of the president and professors for the time being of
21 Brown University for not more than ten thousand dollars (\$10,000) for each officer, the officer's
22 estate, person, and family included, but only to the extent that any person had claimed and utilized
23 the exemption prior to, and for a period ending, either on or after December 31, 1996;

24 (10) Property especially exempt by charter unless the exemption has been waived in whole
25 or in part;

26 (11) Lots of land exclusively for burial grounds;

27 (12) Property, real and personal, held for, or by, an incorporated library, society, or any
28 free public library, or any free public library society, so far as the property is held exclusively for
29 library purposes, or for the aid or support of the aged poor, or poor friendless children, or the poor
30 generally, or for a nonprofit hospital for the sick or disabled;

31 (13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated
32 organizations of veterans of any war in which the United States has been engaged, the parent body
33 of which has been incorporated by act of Congress, to the extent of four hundred thousand dollars
34 (\$400,000) if actually used and occupied by the association; provided, that the city council of the

1 city of Cranston may by ordinance exempt the real or personal estate as previously described in
2 this subdivision located within the city of Cranston to the extent of five hundred thousand dollars
3 (\$500,000);

4 (14) Property, real and personal, held for, or by, the fraternal corporation, association, or
5 body created to build and maintain a building or buildings for its meetings or the meetings of the
6 general assembly of its members, or subordinate bodies of the fraternity, and for the
7 accommodation of other fraternal bodies or associations, the entire net income of which real and
8 personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or
9 asylums, a home or homes, a school or schools, for the free education or relief of the members of
10 the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity, their
11 wives, widows, or orphans, and any fund given or held for the purpose of public education,
12 almshouses, and the land and buildings used in connection therewith;

13 (15) Real estate and personal property of any incorporated volunteer fire engine company
14 or incorporated volunteer ambulance or rescue corps in active service;

15 (16) The estate of any person who, in the judgment of the assessors, is unable from infirmity
16 or poverty to pay the tax; provided, that in the towns of Burrillville and West Greenwich, the tax
17 shall constitute a lien for five (5) years on the property where the owner is entitled to the exemption.
18 At the expiration of five (5) years, the lien shall be abated in full. Provided, if the property is sold
19 or conveyed, or if debt secured by the property is refinanced during the five-year (5) period, the
20 lien immediately becomes due and payable; any person claiming the exemption aggrieved by an
21 adverse decision of an assessor shall appeal the decision to the local board of tax review and
22 thereafter according to the provisions of § 44-5-26;

23 (17) Household furniture and family stores of a housekeeper in the whole, including
24 clothing, bedding, and other white goods, books, and all other tangible personal property items that
25 are common to the normal household;

26 (18) Improvements made to any real property to provide a shelter and fallout protection
27 from nuclear radiation, to the amount of one thousand five hundred dollars (\$1,500); provided, that
28 the improvements meet applicable standards for shelter construction established, from time to time,
29 by the Rhode Island emergency management agency. The improvements are deemed to comply
30 with the provisions of any building code or ordinance with respect to the materials or the methods
31 of construction used and any shelter or its establishment is deemed to comply with the provisions
32 of any zoning code or ordinance;

33 (19) Aircraft for which the fee required by § 1-4-6 has been paid to the tax administrator;

34 (20) Manufacturer's inventory.

1 (i) For the purposes of §§ 44-4-10, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to be
2 a manufacturer within a city or town within this state if that person uses any premises, room, or
3 place in it primarily for the purpose of transforming raw materials into a finished product for trade
4 through any or all of the following operations: adapting, altering, finishing, making, and
5 ornamenting; provided, that public utilities; non-regulated power producers commencing
6 commercial operation by selling electricity at retail or taking title to generating facilities on or after
7 July 1, 1997; building and construction contractors; warehousing operations, including distribution
8 bases or outlets of out-of-state manufacturers; and fabricating processes incidental to warehousing
9 or distribution of raw materials, such as alteration of stock for the convenience of a customer; are
10 excluded from this definition;

11 (ii) For the purposes of this section and §§ 44-4-10 and 44-5-38, the term "manufacturer's
12 inventory," or any similar term, means and includes the manufacturer's raw materials, the
13 manufacturer's work in process, and finished products manufactured by the manufacturer in this
14 state, and not sold, leased, or traded by the manufacturer or its title or right to possession divested;
15 provided, that the term does not include any finished products held by the manufacturer in any retail
16 store or other similar selling place operated by the manufacturer whether or not the retail
17 establishment is located in the same building in which the manufacturer operates the manufacturing
18 plant;

19 (iii) For the purpose of § 44-11-2, a "manufacturer" is a person whose principal business
20 in this state consists of transforming raw materials into a finished product for trade through any or
21 all of the operations described in paragraph (i) of this subdivision. A person will be deemed to be
22 principally engaged if the gross receipts that person derived from the manufacturing operations in
23 this state during the calendar year or fiscal year mentioned in § 44-11-1 amounted to more than
24 fifty percent (50%) of the total gross receipts that person derived from all the business activities in
25 which that person engaged in this state during the taxable year. For the purpose of computing the
26 percentage, gross receipts derived by a manufacturer from the sale, lease, or rental of finished
27 products manufactured by the manufacturer in this state, even though the manufacturer's store or
28 other selling place may be at a different location from the location of the manufacturer's
29 manufacturing plant in this state, are deemed to have been derived from manufacturing;

30 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term
31 "manufacturer" also includes persons who are principally engaged in any of the general activities
32 coded and listed as establishments engaged in manufacturing in the Standard Industrial
33 Classification Manual prepared by the Technical Committee on Industrial Classification, Office of
34 Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as

1 revised from time to time, but eliminating as manufacturers those persons, who, because of their
2 limited type of manufacturing activities, are classified in the manual as falling within the trade
3 rather than an industrial classification of manufacturers. Among those thus eliminated, and
4 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons
5 primarily engaged in selling, to the general public, products produced on the premises from which
6 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and
7 custom tailors, except, that a person who manufactures bakery products for sale primarily for home
8 delivery, or through one or more non-baking retail outlets, and whether or not retail outlets are
9 operated by the person, is a manufacturer within the meaning of this paragraph;

10 (v) The term "Person" means and includes, as appropriate, a person, partnership, or
11 corporation; and

12 (vi) The department of revenue shall provide to the local assessors any assistance that is
13 necessary in determining the proper application of the definitions in this subdivision;

14 (21) Real and tangible personal property acquired to provide a treatment facility used
15 primarily to control the pollution or contamination of the waters or the air of the state, as defined
16 in chapter 12 of title 46 and chapter 25 of title 23, respectively, the facility having been constructed,
17 reconstructed, erected, installed, or acquired in furtherance of federal or state requirements or
18 standards for the control of water or air pollution or contamination, and certified as approved in an
19 order entered by the director of environmental management. The property is exempt as long as it is
20 operated properly in compliance with the order of approval of the director of environmental
21 management; provided, that any grant of the exemption by the director of environmental
22 management in excess of ten (10) years is approved by the city or town in which the property is
23 situated. This provision applies only to water and air pollution control properties and facilities
24 installed for the treatment of waste waters and air contaminants resulting from industrial
25 processing; furthermore, it applies only to water or air pollution control properties and facilities
26 placed in operation for the first time after April 13, 1970;

27 (22) New manufacturing machinery and equipment acquired or used by a manufacturer and
28 purchased after December 31, 1974. Manufacturing machinery and equipment is defined as:

29 (i) Machinery and equipment used exclusively in the actual manufacture or conversion of
30 raw materials or goods in the process of manufacture by a manufacturer, as defined in subdivision
31 (20), and machinery, fixtures, and equipment used exclusively by a manufacturer for research and
32 development or for quality assurance of its manufactured products;

33 (ii) Machinery and equipment that is partially used in the actual manufacture or conversion
34 of raw materials or goods in process of manufacture by a manufacturer, as defined in subdivision

1 (20), and machinery, fixtures, and equipment used by a manufacturer for research and development
2 or for quality assurance of its manufactured products, to the extent to which the machinery and
3 equipment is used for the manufacturing processes, research and development, or quality assurance.
4 In the instances where machinery and equipment is used in both manufacturing and/or research and
5 development and/or quality assurance activities and non-manufacturing activities, the assessment
6 on machinery and equipment is prorated by applying the percentage of usage of the equipment for
7 the manufacturing, research and development, and quality-assurance activity to the value of the
8 machinery and equipment for purposes of taxation, and the portion of the value used for
9 manufacturing, research and development, and quality assurance is exempt from taxation. The
10 burden of demonstrating this percentage usage of machinery and equipment for manufacturing and
11 for research and development and/or quality assurance of its manufactured products rests with the
12 manufacturer; and

13 (iii) Machinery and equipment described in §§ 44-18-30(7) and 44-18-30(22) that was
14 purchased after July 1, 1997; provided that the city or town council of the city or town in which the
15 machinery and equipment is located adopts an ordinance exempting the machinery and equipment
16 from taxation. For purposes of this subsection, city councils and town councils of any municipality
17 may, by ordinance, wholly or partially exempt from taxation the machinery and equipment
18 discussed in this subsection for the period of time established in the ordinance and may, by
19 ordinance, establish the procedures for taxpayers to avail themselves of the benefit of any
20 exemption permitted under this section; provided, that the ordinance does not apply to any
21 machinery or equipment of a business, subsidiary, or any affiliated business that locates or relocates
22 from a city or town in this state to another city or town in the state;

23 (23) Precious metal bullion, meaning any elementary metal that has been put through a
24 process of melting or refining, and that is in a state or condition that its value depends upon its
25 content and not its form. The term does not include fabricated precious metal that has been
26 processed or manufactured for some one or more specific and customary industrial, professional,
27 or artistic uses;

28 (24) Hydroelectric power-generation equipment, which includes, but is not limited to,
29 turbines, generators, switchgear, controls, monitoring equipment, circuit breakers, transformers,
30 protective relaying, bus bars, cables, connections, trash racks, headgates, and conduits. The
31 hydroelectric power-generation equipment must have been purchased after July 1, 1979, and
32 acquired or used by a person or corporation who or that owns or leases a dam and utilizes the
33 equipment to generate hydroelectric power;

34 (25) Subject to authorization by formal action of the council of any city or town, any real

1 or personal property owned by, held in trust for, or leased to an organization incorporated under
2 chapter 6 of title 7, as amended, or an organization meeting the definition of "charitable trust" set
3 out in § 18-9-4, as amended, or an organization incorporated under the not-for-profits statutes of
4 another state or the District of Columbia, the purpose of which is the conserving of open space, as
5 that term is defined in chapter 36 of title 45, as amended, provided the property is used exclusively
6 for the purposes of the organization;

7 (26) Tangible personal property, the primary function of which is the recycling, reuse, or
8 recovery of materials (other than precious metals, as defined in § 44-18-30(24)(ii) and (iii)), from,
9 or the treatment of "hazardous wastes," as defined in § 23-19.1-4, where the "hazardous wastes"
10 are generated primarily by the same taxpayer and where the personal property is located at, in, or
11 adjacent to a generating facility of the taxpayer. The taxpayer may, but need not, procure an order
12 from the director of the department of environmental management certifying that the tangible
13 personal property has this function, which order effects a conclusive presumption that the tangible
14 personal property qualifies for the exemption under this subdivision. If any information relating to
15 secret processes or methods of manufacture, production, or treatment is disclosed to the department
16 of environmental management only to procure an order, and is a "trade secret" as defined in § 28-
17 21-10(b), it shall not be open to public inspection or publicly disclosed unless disclosure is
18 otherwise required under chapter 21 of title 28 or chapter 24.4 of title 23;

19 (27) Motorboats as defined in § 46-22-2 for which the annual fee required in § 46-22-4 has
20 been paid;

21 (28) Real and personal property of the Providence Performing Arts Center, a non-business
22 corporation as of December 31, 1986;

23 (29) Tangible personal property owned by, and used exclusively for the purposes of, any
24 religious organization located in the city of Cranston;

25 (30) Real and personal property of the Travelers Aid Society of Rhode Island, a nonprofit
26 corporation, the Union Mall Real Estate Corporation, and any limited partnership or limited liability
27 company that is formed in connection with, or to facilitate the acquisition of, the Providence YMCA
28 Building;

29 (31) Real and personal property of Meeting Street Center or MSC Realty, Inc., both not-
30 for-profit Rhode Island corporations, and any other corporation, limited partnership, or limited
31 liability company that is formed in connection with, or to facilitate the acquisition of, the properties
32 designated as the Meeting Street National Center of Excellence on Eddy Street in Providence,
33 Rhode Island;

34 (32) The buildings, personal property, and land upon which the buildings stand, located on

1 Pomham Island, East Providence, currently identified as Assessor's Map 211, Block 01, Parcel
2 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet and
3 is located approximately eight hundred sixty feet (860'), more or less, from the shore, and limited
4 exclusively to these said buildings, personal estate and land, provided that said property is owned
5 by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is used
6 exclusively for a lighthouse;

7 (33) The Stadium Theatre Performing Arts Centre building located in Monument Square,
8 Woonsocket, Rhode Island, so long as said Stadium Theatre Performing Arts Center is owned by
9 the Stadium Theatre Foundation, a Rhode Island nonprofit corporation;

10 (34) Real and tangible personal property of St. Mary Academy – Bay View, located in East
11 Providence, Rhode Island;

12 (35) Real and personal property of East Bay Community Action Program and its
13 predecessor, Self Help, Inc; provided, that the organization is qualified as a tax-exempt corporation
14 under § 501(c)(3) of the United States Internal Revenue Code;

15 (36) Real and personal property located within the city of East Providence of the Columbus
16 Club of East Providence, a Rhode Island charitable nonprofit corporation;

17 (37) Real and personal property located within the city of East Providence of the Columbus
18 Club of Barrington, a Rhode Island charitable nonprofit corporation;

19 (38) Real and personal property located within the city of East Providence of Lodge 2337
20 BPO Elks, a Rhode Island nonprofit corporation;

21 (39) Real and personal property located within the city of East Providence of the St.
22 Andrews Lodge No. 39, a Rhode Island charitable nonprofit corporation;

23 (40) Real and personal property located within the city of East Providence of the Trustees
24 of Methodist Health and Welfare service a/k/a United Methodist Elder Care, a Rhode Island
25 nonprofit corporation;

26 (41) Real and personal property located on the first floor of 90 Leonard Avenue within the
27 city of East Providence of the Zion Gospel Temple, Inc., a religious nonprofit corporation;

28 (42) Real and personal property located within the city of East Providence of the Cape
29 Verdean Museum Exhibit, a Rhode Island nonprofit corporation;

30 (43) The real and personal property owned by a qualified 501(c)(3) organization that is
31 affiliated and in good standing with a national, congressionally chartered organization and thereby
32 adheres to that organization's standards and provides activities designed for recreational,
33 educational, and character building purposes for children from ages six (6) years to seventeen (17)
34 years;

1 (44) Real and personal property of the Rhode Island Philharmonic Orchestra and Music
2 School; provided, that the organization is qualified as a tax-exempt corporation under § 501(c)(3)
3 of the United States Internal Revenue Code;

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5 (45) The real and personal property located within the town of West Warwick at 211
6 Cowesett Avenue, Plat 29-Lot 25, which consists of approximately twenty-eight thousand seven
7 hundred fifty (28,750) square feet and is owned by the Station Fire Memorial Foundation of East
8 Greenwich, a Rhode Island nonprofit corporation;

9 (46) Real and personal property of the Comprehensive Community Action Program, a
10 qualified tax-exempt corporation under § 501(c)(3) of the United States Internal Revenue Code;

11 (47) Real and personal property located at 52 Plain Street, within the city of Pawtucket of
12 the Pawtucket Youth Soccer Association, a Rhode Island nonprofit corporation;

13 (48) Renewable energy resources, as defined in § 39-26-5, used in residential systems and
14 associated equipment used therewith in service after December 31, 2015;

15 (49) Renewable energy resources, as defined in § 39-26-5, if employed by a manufacturer,
16 as defined in subsection (a) of this section, shall be exempt from taxation in accordance with
17 subsection (a) of this section;

18 (50) Real and personal property located at 415 Tower Hill Road within the town of North
19 Kingstown, of South County Community Action, Inc., a qualified tax-exempt corporation under §
20 501(c)(3) of the United States Internal Revenue Code;

21 (51) As an effort to promote business growth, tangible business or personal property, in
22 whole or in part, within the town of Charlestown's community limits, subject to authorization by
23 formal action of the town council of the town of Charlestown;

24 (52) All real and personal property located at 1300 Frenchtown Road, within the town of
25 East Greenwich, identified as assessor's map 027, plat 019, lot 071, and known as the New England
26 Wireless and Steam Museum, Inc., a qualified tax-exempt corporation under § 501(c)(3) of the
27 United States Internal Revenue Code;

28 (53) Real and tangible personal property of Mount Saint Charles Academy located within
29 the city of Woonsocket, specifically identified as the following assessor's plats and lots: Logee
30 Street, plat 23, lot 62, Logee Street, plat 24, lots 304 and 305; Welles Street, plat 23, lot 310;
31 Monroe Street, plat 23, lot 312; and Roberge Avenue, plat 24, lot 47;

32 (54) Real and tangible personal property of Steere House, a Rhode Island nonprofit
33 corporation, located in Providence, Rhode Island;

34 (55) Real and personal property located within the town of West Warwick of Tides Family

1 Services, Inc., a Rhode Island nonprofit corporation;

2 (56) Real and personal property of Tides Family Services, Inc., a Rhode Island nonprofit
3 corporation, located in the city of Pawtucket at 242 Dexter Street, plat 44, lot 444;

4 (57) Real and personal property located within the town of Middletown of Lucy's Hearth,
5 a Rhode Island nonprofit corporation;

6 (58) Real and tangible personal property of Habitat for Humanity of Rhode Island—Greater
7 Providence, Inc., a Rhode Island nonprofit corporation, located in Providence, Rhode Island;

8 (59) Real and personal property of the Artic Playhouse, a Rhode Island nonprofit
9 corporation, located in the town of West Warwick at 1249 Main Street;

10 (60) Real and personal property located at 321 Main Street, within the town of South
11 Kingstown, of the Contemporary Theatre Company, a qualified, tax-exempt corporation under §
12 501(c)(3) of the United States Internal Revenue Code;

13 (61) Real and personal property of The Samaritans, Inc., a Rhode Island nonprofit §
14 501(c)(3) corporation located at 67 Park Place, Pawtucket, Rhode Island, to the extent the city
15 council of Pawtucket may from time to time determine;

16 (62) Real and personal property of North Kingstown, Exeter Animal Protection League,
17 Inc., dba "Pet Refuge," 500 Stony Lane, a Rhode Island nonprofit corporation, located in North
18 Kingstown, Rhode Island;

19 (63) Real and personal property located within the city of East Providence of Foster
20 Forward (formerly the Rhode Island Foster Parents Association), a Rhode Island charitable
21 nonprofit corporation;

22 (64) Real and personal property located at 54 Kelly Avenue within the town of East
23 Providence, of the Associated Radio Amateurs of Southern New England, a Rhode Island nonprofit
24 corporation;

25 (65) Real and tangible personal property of Providence Country Day School, a Rhode
26 Island nonprofit corporation, located in East Providence, Rhode Island and further identified as plat
27 406, block 6, lot 6, and plat 506, block 1, lot 8;

28 (66) As an effort to promote business growth, tangible business or personal property, in
29 whole or in part, within the town of Bristol's community limits, subject to authorization by formal
30 action of the town council of the town of Bristol; and

31 (67) Real and tangible personal property of the Heritage Harbor Foundation, a Rhode
32 Island nonprofit corporation, located at 1445 Wampanoag Trail, Suites 103 and 201, within the city
33 of East Providence.

34 (b) Except as provided below, when a city or town taxes a for-profit hospital facility, the

1 value of its real property shall be the value determined by the most recent full revaluation or
2 statistical property update performed by the city or town; provided, however, in the year a nonprofit
3 hospital facility converts to or otherwise becomes a for-profit hospital facility, or a for-profit
4 hospital facility is initially established, the value of the real property and personal property of the
5 for-profit hospital facility shall be determined by a valuation performed by the assessor for the
6 purpose of determining an initial assessed value of real and personal property, not previously taxed
7 by the city or town, as of the most recent date of assessment pursuant to § 44-5-1, subject to a right
8 of appeal by the for-profit hospital facility which shall be made to the city or town tax assessor with
9 a direct appeal from an adverse decision to the Rhode Island superior court business calendar.

10 A "for-profit hospital facility" includes all real and personal property affiliated with any
11 hospital as identified in an application filed pursuant to chapter 17 or 17.14 of title 23.
12 Notwithstanding the above, a city or town may enter into a stabilization agreement with a for-profit
13 hospital facility under § 44-3-9 or other laws specific to the particular city or town relating to
14 stabilization agreements. In a year in which a nonprofit hospital facility converts to, or otherwise
15 becomes, a for-profit hospital facility, or a for-profit hospital facility is otherwise established, in
16 that year only the amount levied by the city or town and/or the amount payable under the
17 stabilization agreement for that year related to the for-profit hospital facility shall not be counted
18 towards determining the maximum tax levy permitted under § 44-5-2.

19 **44-3-17. Tax exempt property -- Listing and valuation.**

20 (a) The tax assessor of every city and town shall annually list the estimated value of the
21 property, which is exempt from taxation because of the nonprofit status of the owner of the land.

22 (b) The annual list, created pursuant to the provisions of subsection (a) of this section, shall
23 include an explanation of each exemption including a citation to any relevant general laws
24 applicable to the exemption.

25 (c) Any resident of the state or legal entity located in the state may challenge the tax
26 exemption by filing a petition in superior court. The litigation costs, including, but not limited to,
27 attorney fees, for any successful challenge of a tax exemption shall be paid out of the proceeds of
28 taxes collected following the successful challenge.

29 (d) The department of revenue is authorized to audit the owner of any land listed as exempt
30 pursuant to the provisions of subsection (a) of this section for the purpose of determining proper
31 tax exemption status. The department shall institute collection proceedings in circumstances
32 determined by the department as appropriate to challenge any claimed tax exemption. The
33 department shall be reimbursed its collection costs for each successful challenge and collection and
34 shall be paid out of the taxes collected from the owner of the property. All activity of the department

1 [in conducting audits, challenges and collections pursuant to the provisions of this subsection shall](#)
2 [be exempt from the department's full-time employee \(FTE\) cap.](#)

3 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 -- GENERAL POWERS

1 This act would authorize municipalities to tax net tuition income for all private institutions
2 of K-12 or higher education. Financial aid would be exempt. No tax would be imposed on thirteen
3 thousand dollars (\$13,000) annually for tuition for kindergarten through grade twelve (K-12) and
4 for twenty-five thousand dollars (\$25,000) for postsecondary education and training. This act
5 would also require municipalities to include an explanation of the basis for tax exemption status
6 for property located in the municipality. Any person or legal entity in the state would be authorized
7 to challenge the exempt status

8 This act would take effect upon passage.

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