

2026 -- H 8006 SUBSTITUTE A

LC005578/SUB A/2

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: Representatives Slater, Baginski, Casey, Speakman, and Corvese

Date Introduced: February 27, 2026

Referred To: House Municipal Government & Housing

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~~ **Qualifying**
4 **affordable housing -- Assessment and taxation.**

5 (a) Findings. The general assembly finds that developing affordable housing units and
6 creating new housing units through adaptive reuse are matters of state-wide concern. For that
7 reason, no city or town shall have the authority to tax properties qualifying for and utilizing this
8 section at any rate higher than otherwise provided for in this section.

9 (b) Any This section is applicable to any residential property that has been issued an
10 occupancy permit on or after January 1, 1995, after substantial rehabilitation as defined by the U.S.
11 Department of Housing and Urban Development and is encumbered by a covenant recorded in the
12 land records in favor of a governmental unit or Rhode Island housing and mortgage finance
13 corporation restricting either or both the rents that may be charged to tenants of the property or the
14 incomes of the occupants of the property, is subject to a tax that equals eight percent (8%) of the
15 property's previous years' gross scheduled rental income or a lesser percentage as determined by
16 each municipality. which meets one of the three (3) categories as set forth in subsections (b)(1),
17 (b)(2) and (b)(3) of this section:

18 (1) New construction or projects meeting the requirements of § 45-24-37(h) are subject to
19 a tax that equals eight percent (8%) of the property's previous years' gross scheduled rental income

1 or a lesser percentage as determined by each municipality; provided that, the property meets the
2 following requirements, where:

3 (i) At least forty percent (40%) of the rental dwelling units in the property are encumbered
4 by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing
5 and mortgage finance corporation restricting both the rents that may be charged and the incomes
6 of the household occupying the unit; provided that, the rent, heat, and utilities other than telephone
7 constitute no more than thirty percent (30%) of the gross annual household income for a household
8 whose gross annual income is eighty percent (80%) or less of area median income, adjusted for
9 family size; or

10 (ii) At least thirty percent (30%) of the rental dwelling units in the property are encumbered
11 by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing
12 and mortgage finance corporation restricting both the rents that may be charged and the incomes
13 of the household occupying the unit; provided that, the rent, heat, and utilities other than telephone
14 constitute no more than thirty percent (30%) of the gross annual income for a household whose
15 gross annual household income is sixty percent (60%) or less of area median income, adjusted for
16 family size.

17 (2) Conversion of existing structures. Effective until July 1, 2037, at which time the
18 provisions of this subsection shall sunset and no longer be applicable. Other than those conversions
19 which qualify under subsection (b)(1) of this section, where an existing building is converted from
20 non-residential use(s), prior to the expiration or repeal of this section; and provided that, it meets
21 the requirements of this subsection set forth below, it shall be subject to a fixed percentage of the
22 prior year's gross scheduled rental income for 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>

1	<u>12</u>	<u>8%</u>
2	<u>13</u>	<u>8%</u>
3	<u>14</u>	<u>8%</u>
4	<u>15</u>	<u>8%</u>
5	<u>16</u>	<u>10%</u>
6	<u>17</u>	<u>10%</u>
7	<u>18</u>	<u>10%</u>
8	<u>19</u>	<u>10%</u>
9	<u>20</u>	<u>10%</u>
10	<u>21</u>	<u>12%</u>
11	<u>22</u>	<u>12%</u>
12	<u>23</u>	<u>12%</u>
13	<u>24</u>	<u>12%</u>
14	<u>25</u>	<u>12%</u>
15	<u>26</u>	<u>12%</u>
16	<u>27</u>	<u>12%</u>
17	<u>28</u>	<u>12%</u>
18	<u>29</u>	<u>12%</u>
19	<u>30</u>	<u>12%</u>

(i) Qualifying Requirements:

(A) The building is comprised of no less than ten thousand square feet (10,000 ft²) or ten (10) residential dwelling units; and

(B) For cities and towns that have low- or moderate-income housing in excess of ten percent (10%) of its year-round housing units where at least ten percent (10%) of the rental dwelling units on the property are restricted so that the rent, heat, and utilities other than telephone constitute no more than thirty percent (30%) of the gross annual household income for a household whose gross annual income is one hundred twenty percent (120%) or less of statewide area median income, adjusted for household size; or for cities and towns that do not have low- or moderate-income housing in excess of ten percent (10%) of its year-round housing units, where at least ten percent (10%) of the rental dwelling units on the property restrict both the rents that may be charged and the incomes of the household occupying the unit so that the rent, heat, and utilities other than telephone constitute no more than thirty percent (30%) of the gross annual household income for a household whose gross annual income is eighty percent (80%) or less of area median income, adjusted for family size; and

1 (C) The building has been issued an occupancy permit; and

2 (D) The taxpayer utilizing the tax treatment of this section shall ensure that any contractor
3 and/or subcontractors on this project shall:

4 (I) Have all valid and effective registrations and/or licenses required in order to carry out
5 their construction contracts.

6 (II) Ensure that all craft labor employed on the project have completed at least an
7 Occupational Safety & Health Administration (OSHA) ten (10) hour training course for safety
8 established by the U.S. Department of Labor, Occupational Safety & Health Administration.

9 (III) Comply with all state, federal and local laws including, but not limited to, providing
10 workers' compensation insurance, prompt payment of wages and benefits, and proper classification
11 of workers and employees as employees as opposed to independent contractors.

12 (IV) Any person that does not have a current registration with the Rhode Island contractors'
13 registration and licensing board and a properly filed notice of designation as an independent
14 contractor pursuant to § 28-29-17.1 shall be presumed to be an employee.

15 (V) A person shall only be considered an independent contractor if, when the person is
16 performing work at the site, the person is free from direct control and direction in connection with
17 completing their scope of work, both under the persons contract (if there is one) and in fact.

18 (VI) Not hire and/or utilize any contractor or subcontractor that has:

19 (aa) Been debarred or suspended by any federal, state or local government agency or
20 authority in the past three (3) years;

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

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

27 (VII) Registered apprenticeship program. Where the budget for the hard costs of the
28 residential conversion is in excess ten million dollars (\$10,000,000), the taxpayer shall ensure that
29 one hundred percent (100%) of the hours worked on the residential conversion project shall be
30 performed by all trade construction contractors and subcontractors who have or are affiliated with
31 an apprenticeship program as defined in 29 C.F.R. § 29 et seq., for the craft employed. Additionally,
32 the taxpayer shall ensure that all bidding documents for the work to be performed on the residential
33 conversion project includes express and conspicuous language evidencing the requirement found
34 in this subsection. As part of its contract with the construction manager and/or general contractor,

1 the taxpayer shall require that not less than ten percent (10%) of the total hours worked by the
2 contractors' and subcontractors' employees on the project are completed by apprentices registered
3 in the aforementioned apprenticeship programs.

4 (VIII) Prevailing wage. Where the budget for the hard costs of the residential conversion
5 is in excess of twenty-five million dollars (\$25,000,000), all construction workers on that project
6 providing services in connection with the residential conversion shall be paid in accordance with
7 the wages and benefits required pursuant to chapter 13 of title 37 ("labor and payment of debts by
8 contractors") and all contractors and subcontractors shall file certified payrolls on a monthly basis
9 for all work completed in the preceding month on a uniform form prescribed by the director of
10 labor and training (the "prevailing wage requirements"). Failure to follow the prevailing wage
11 requirements shall constitute a material violation and a material breach of this section and the
12 project shall not remain eligible for tax treatment under this section.

13 (ii) Confirmation of compliance. Tax treatment pursuant to this subsection shall not be
14 provided by the municipality unless the municipal tax assessor receives confirmation from the
15 department of labor and training that there has been compliance with the contracting standards,
16 registered apprenticeship and prevailing wage requirements set forth in this section. Failure to
17 follow contracting standards, registered apprenticeship and the prevailing wage requirements
18 imposed in this section shall constitute a material violation and a material breach of this section
19 and the municipality may revoke the pending tax treatment and/or may not award the same.

20 (iii) Applicability. The tax structure allowed for in this subsection shall only apply to those
21 portions of a building used for residential purposes and shall not include any portion of a mixed-
22 use building that is not used as a residence or accessory to the residential use.

23 (3) Low- or moderate-income housing. Notwithstanding the provisions of subsections
24 (b)(1) and (b)(2) of this section, any residential rental unit or units that otherwise meet the definition
25 of low- and moderate-income housing under § 42-128-8.1 are subject to a tax that equals eight
26 percent (8%) of those units' previous years' gross scheduled rental or a lesser percentage as
27 determined by the municipality, with the remainder of the property taxed pursuant to applicable
28 law. Such units shall not have to comply with the requirements of subsection (b)(1) or (b)(2) of this
29 section in order to qualify for the tax treatment set forth herein.

30 (c) In all instances where a property is taxed pursuant to this section, property owners
31 annually shall provide the local assessor all required information to show compliance with the
32 requirements of this section, including a deed restriction and a monitoring agreement, if required,
33 a certified residential rent roll of the property reflecting each dwelling unit and the gross rental
34 income for each unit in the property, and for buildings comprised in part of non-residential uses,

1 evidence deemed necessary by the local assessor to demonstrate the fractional portion of each
2 property that should be taxed at the appropriate non-residential rate. The assessor shall then tax the
3 residential portion at the appropriate rate set in subsection (a) or (b) of this section, and the
4 remainder at the appropriate other applicable rate.

5 (d) Properties that have been taxed under this section by a municipality as of December 31,
6 2025, shall continue receiving any previously established tax rate or agreement unless the property
7 owner affirmatively rejects the same or until said agreement expires by its terms. Said prior tax
8 treatment is transferable to any subsequent property owner if the conditions of the tax treatment are
9 met by the new owner to the satisfaction of the tax assessor.

10 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 TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

- 1 This act would provide cities and towns with the authority to tax properties considered
- 2 qualifying affordable housing at a rate higher than otherwise permitted.
- 3 This act would take effect upon passage.

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