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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 2018

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A N A C T
RELATING TO TOWNS AND CITIES

Introduced By: Senators Cano, and DiPalma

Date Introduced: June 23, 2018

Referred To: Placed on Senate Calendar

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-32-1 of the General Laws in Chapter 45-32 entitled
2 "Redevelopment Projects" is hereby amended to read as follows:

3 **45-32-1. Compliance prerequisite to further proceedings.**

4 A community must comply with the requirements of §§ 45-32-2 -- ~~45-32-4~~ [45-32-3](#)
5 before proceeding further under chapters 31 -- 33 of this title.

6 SECTION 2. The title of Chapter 45-33.2 of the General Laws entitled "Tax Increment
7 Financing" is hereby amended to read as follows:

8 ~~CHAPTER 45-33.2~~

9 ~~Tax Increment Financing~~

10 [CHAPTER 45-33.2](#)

11 [MUNICIPAL TAX INCREMENT FINANCING ACT](#)

12 SECTION 3. Sections 45-33.2-1, 45-33.2-3, 45-33.2-5, 45-33.2-6, 45-33.2-12 and 45-
13 33.2-21 of the General Laws in Chapter 45-33.2 entitled "Tax Increment Financing" are hereby
14 amended to read as follows:

15 **45-33.2-1. Short title.**

16 This chapter may be referred to and cited as the ~~"Tax Increment Financing Act"~~.
17 ["Municipal Tax Increment Financing Act."](#)

18 **45-33.2-3. Definitions.**

19 As used in [§§ 45-33.2-3 through 45-33.2-21](#) in this chapter, [excepting § 45-33.2-3.1, or](#)

1 [as otherwise specified with respect to other sections](#), unless a different meaning clearly appears
2 from the context, the following words have the following meanings:

3 (1) "Base date" means the last assessment date next preceding the adoption of the project
4 plan.

5 [\(2\) "Capital project" means a project to purchase, upgrade, improve, or extend the useful](#)
6 [life of property infrastructure or equipment with a useful life of more than one year.](#)

7 ~~(2)~~ "Project" means the undertaking of one or more of the following activities in
8 accordance with a project plan:

9 (i) The acquisition of land and improvements on it, if any, within the project area, and the
10 assembly and clearance of the land so acquired,

11 (ii) The development, redevelopment, revitalization, or conservation of the project area
12 through the construction or rehabilitation of buildings or other improvements or through
13 acquisition by gift, purchase, or eminent domain of land and any improvements of the area, and
14 demolition, removal, or rehabilitation of those improvements, whenever these activities are
15 necessary to provide land for and the development of needed municipal and other public facilities
16 or industrial or commercial development or revitalization, or to eliminate unhealthful, unsanitary,
17 or unsafe conditions or lessen density, mitigate or eliminate traffic congestion, reduce traffic
18 hazards, eliminate obsolete or other uses detrimental to the public welfare or otherwise remove or
19 prevent the spread of blight or deterioration,

20 (iii) The provision of grants, loans, security or other assistance from project revenues [or](#)
21 [other revenues](#) and other funds in connection with (A) home and neighborhood improvement
22 programs, (B) programs to acquire, renovate or transfer abandoned or fully or partially vacated
23 houses and (C) programs to acquire land, demolish buildings and other structures and clear and
24 rehabilitate sites for the purpose of reducing building density or promoting new housing
25 construction, or

26 (iv) The provision of grants, loans, security or other assistance from project revenues [or](#)
27 [other revenues](#) and other funds to combat poverty, improve municipal and neighborhood living
28 conditions and enhance educational and employment opportunities, including, without limiting
29 the generality of the foregoing, by means of job training and retraining programs, literacy
30 programs, apprenticeship programs, programs to provide post-secondary school educational
31 grants or other assistance to students meeting eligibility criteria established in the project plan,
32 programs to improve the performance of public schools, pilot projects to provide special or
33 enhanced municipal services and commercial and industrial revitalization and development.

34 (v) A project may involve a combination of the previously mentioned activities. A project

1 may include the provision of financial and other assistance in the relocation of persons and
2 organizations displaced thereby, and the planning and construction, reconstruction, or
3 rehabilitation of public facilities.

4 ~~(34)~~ "Project area" except as set forth in this subdivision, means all or any portion of a
5 "redevelopment area," as that term is defined in § 45-31-8(15), in which the project is to be
6 carried out; provided, that the following projects are not required to be in a "redevelopment area":
7 (i) the acquisition and clearance of land and the construction on it of a municipal or other public
8 facility under the definition of "project," paragraphs ~~(23)~~(i) or ~~(23)~~(ii); or (ii) a project described
9 in paragraphs ~~(23)~~(iii) or ~~(23)~~(iv) of the definition of "project.". The project area may consist of
10 one or more parcels or lots of land, whether or not contiguous, or one or more buildings or
11 structures, whether or not adjacent, on one or more parcels of land. The project area may, but
12 need not, be within the tax increment area. All or any portion of a project area may be amended
13 as provided in § 45-33.2-4. A project for which a designated beneficiary class or classes is
14 established on the basis of income and/or some other generally applicable criteria in the project
15 plan may have, but is not required to have, a project area.

16 ~~(45)~~ (i) "Project plan" means a plan, which, except as set forth in this subdivision, is part
17 of a "redevelopment plan," as that term is defined in § 45-31-8(16), adopted by a city or town in
18 the manner provided in § 45-33.2-4, for a project, provided, that a project plan for the following
19 projects is not required to be a part of a "redevelopment plan": (A) the acquisition and clearance
20 of land and the construction on it of a municipal or other public facility under paragraphs ~~(23)~~(i)
21 or ~~(23)~~(ii) of the definition of "project"; or (B) a project under subdivision (2). The project plan
22 shall present an estimate of project costs and the amounts and sources of funds to be used to
23 defray those costs and shall include provisions for tax increment funding and/or financing of
24 project costs in whole or in part. The tax increment financing provisions of the project plan shall
25 state the estimated amount of indebtedness to be incurred pursuant to this chapter, an estimate of
26 the tax increment to be generated as a result of the project, the method of calculating the tax
27 increment, together with any provisions for adjustment of the method of calculation, and shall
28 designate the board or officer of the city or town responsible for calculating the tax increment.
29 Funds may be provided to carry out the plan from any lawful source, including the direct use of
30 all or any portion of the tax increment therefore or the issuance of bonds under this chapter, but
31 may not be provided by the issuance of general obligation bonds for any purpose for which
32 general obligation bonds could not be issued in the absence of this chapter. The plan may include
33 any other provisions that may be deemed necessary in order to carry out the tax increment
34 funding and/or financing of the project. The project plan shall not be inconsistent with the

1 comprehensive plan for the city or town as is then applicable, shall be sufficiently complete to
2 indicate the nature of any designated beneficiary class, as described in this subdivision, the
3 location and boundaries of any project area and of the tax increment area, and land acquisition,
4 demolition, removal and rehabilitation of structures and development, redevelopment, and
5 general public improvements that are proposed to be carried out within the project area, and to the
6 extent applicable the plan shall indicate the proposed method for relocation of persons or
7 organizations that may be displaced as a result of carrying out the project.

8 (ii) Once adopted by the legislative body of a city or town, a project plan may be
9 amended to add additional projects, to increase the estimated amount of indebtedness to be
10 incurred pursuant to this chapter or to amend all or any portion of a project area or the designation
11 of a beneficiary class relating to any project contained in the project plan, in the manner provided
12 in § 45-33.2-4. Each project contained in a project plan shall either have a project area designated
13 in the project plan or there shall be established in the project plan a designated beneficiary class
14 or classes (from whose members the actual beneficiaries shall be chosen) on the basis of income
15 (with provision for revision of income limits due to inflation and other external economic factors)
16 or some other generally applicable criteria; provided, that a project may have both a project area
17 and a designated beneficiary class or classes.

18 ~~(56)~~ "Project revenues" means any receipts of a city or town with respect to a project or
19 the tax increment area or tax increment district, as defined in § 45-33.2-3.1(11), relating to it
20 including, without limiting the generality of the foregoing, tax increments, repayments of loans,
21 including loans made under § 45-33.2-5(13), investment earnings, proceeds of insurance, or
22 disposition of property, and proceeds of borrowing under this chapter.

23 ~~(67)~~ "Tax increment" , for the purposes of §§ 45-33.2-3 through 45-33.2-21, means the
24 tax levied on the real and personal property situated in or otherwise assignable for the purposes of
25 property taxation to a tax increment area, to the extent that the tax is attributable to an excess of
26 the aggregate taxable valuation of the property over its aggregate taxable valuation as of the base
27 date. The portion of the tax levy attributable to the increased valuation after the base date shall be
28 calculated using the same classification factors as were used as of the base date, or without
29 classification factors if property was not classified for tax purposes as of the base date. In
30 calculating the tax increment there shall be excluded from the tax the portion levied for the
31 purpose of paying the principal of or interest on bonds, notes, and other evidences of
32 indebtedness which are general obligations of the city or town. Prior to the actual use of any
33 portion of a tax increment to support or secure a project or portion of one, unused tax increment
34 may be deposited upon receipt into the general fund of the city or town, to be used in accordance

1 with generally applicable law. Once the city or town has used any portion of the tax increment to
2 support or secure one or more projects or portions of them, only the excess of tax increment may
3 be deposited into the general fund of the city or town, to be used in accordance with generally
4 applicable law, after satisfaction of: (i) the payment of the principal of or interest on any special
5 obligation bonds issued under the provisions of § 45-33.2-6, as principal and interest shall then be
6 due and owing; (ii) any requirement to fund any reserve or other account or satisfy any other
7 financial requirement which must be satisfied in connection with the issuance of bonds or any
8 other indebtedness or obligation incurred in connection with any project or portion of one; and
9 (iii) any payments made to directly fund any project or portion of one as provided in the project
10 plan therefor.

11 ~~(7)~~ (8) "Tax increment area" means a tax increment area designated in a project plan
12 adopted pursuant to § 45-33.2-4. The tax increment area may consist of one or more parcels or
13 lots of land, whether or not contiguous, on one or more buildings or structures, whether or not
14 adjacent, or on one or more parcels of land; provided, that upon adoption of the project plan the
15 aggregate taxable valuation of the property within all tax increment areas within the city or town
16 does not exceed twenty-five percent (25%) of the taxable valuation of all property subject to
17 taxation within the city or town.

18 **45-33.2-5. Authorization to undertake projects -- Powers.**

19 Cities and towns are authorized to undertake projects pursuant to duly adopted project
20 plans and tax increment district master plans, as defined in § 45-33.2-3.1(13). In addition to
21 powers granted under this section or by any other law, for the purposes of carrying out a project
22 as authorized by this chapter, a city or town has the following powers:

23 (1) To incur indebtedness, and pledge tax increments, ~~and other~~ project revenues and
24 other revenues for repayment of indebtedness;

25 (2) To designate a board or officer of the city or town to be responsible for administering
26 the project plan or tax increment district master plan;

27 (3) To make and enter into all contracts and agreements necessary in order to carry out
28 the project;

29 (4) To receive from the federal government or the state, loans or grants for or in aid of a
30 project, and to receive contributions from any other source to defray project costs;

31 (5) To purchase or otherwise acquire property or interests in property therein within or
32 without a project area or tax increment district as the city or town may deem necessary in order to
33 carry out the project;

34 (6) To make relocation payments to persons, businesses, or organizations that may be

1 displaced as a result of carrying out the project;

2 (7) To clear and improve property acquired by it pursuant to the project plan [or tax](#)
3 [increment district master plan](#), and construct public facilities on it, or contract for the
4 construction, development, redevelopment, rehabilitation, remodeling, alteration, or repair of the
5 property;

6 (8) To cause parks, playgrounds, or schools or water, sewer, or drainage facilities, or any
7 other public improvements which it otherwise is authorized to undertake, to be laid out,
8 constructed, or furnished in connection with the project;

9 (9) To lay out and construct, alter, relocate, change the grade of, make specific repairs
10 upon or discontinue public ways, and construct sidewalks in or adjacent to the project area [or tax](#)
11 [increment district](#);

12 (10) To cause private ways, sidewalks, ways for vehicular travel, playgrounds, or water,
13 sewer, or drainage facilities and similar improvements to be constructed within the project area [or](#)
14 [tax increment district](#) for the particular use of the project area [or tax increment district](#) of those
15 dwelling or working in it;

16 (11) To adopt ordinances, or repeal or modify ordinances, or establish exceptions to
17 existing ordinances regulating the design, construction, and use of buildings;

18 (12) To sell, mortgage, lease as lessor, transfer, or dispose of any property or interest in
19 property acquired by it pursuant to the project plan [or tax increment district master plan](#) for
20 development, redevelopment, or rehabilitation in accordance with the plan;

21 (13) To grant or loan any project revenues [or other revenues](#), including the proceeds of
22 any issue of bonds or notes issued pursuant to this chapter to an individual or any private
23 enterprise, nonprofit organization or governmental or quasi-governmental entity in order to
24 finance the cost of any portion of a project authorized under this chapter, including, without
25 limiting the generality of the preceding, the cost of acquiring land for, and constructing or
26 rehabilitating and equipping ~~industrial or commercial development facilities~~ [industrial,](#)
27 [commercial, residential, retail and mixed use, transit-oriented development, downtown](#)
28 [development or any combination thereof](#), within the project area in accordance with the plan [or](#)
29 [within a tax increment district in accordance with a tax increment district master plan](#), or to loan
30 bond or note proceeds in order to refinance any loans;

31 (14) To invest project revenues [or other revenues](#) as provided in § 45-33.2-12; and

32 (15) To do all things reasonably necessary or convenient to carry out the powers granted
33 in this chapter.

34 **45-33.2-6. Issuance of special obligation bonds.**

1 (a) A city or town may, in compliance with any applicable provisions of the general laws
2 (except as provided in this section) borrow money by the issue of special obligation bonds for the
3 purpose of carrying out a project pursuant to a duly adopted project plan or tax increment district
4 master plan, as defined in §45-33.2-3.1(11). Without limiting the generality of the preceding, the
5 bonds may be issued for project costs which may include interest prior to and during the carrying
6 out of a project and for a reasonable time thereafter, reserves that may be required by any
7 agreement securing the bonds, and all other expenses including reimbursements of expenses
8 previously paid from any other source, incidental to planning, carrying out, and financing the
9 project. Bonds issued under this section shall be payable solely from:

10 (1) Project ~~project~~ revenues;

11 (2) A pledge of and lien upon any or all of the income, proceeds, revenues and property
12 of the project within the tax increment area, project area or tax increment district, including the
13 proceeds of grants, loans, advances or contributions from the federal government, the state or
14 other source; and

15 (3) Any combination of the sources in subsections (a)(1) and (a)(2) of this section, and
16 shall not be deemed to be a pledge of faith and credit of the city or town. Every bond issued under
17 this section shall recite on its face that it is a special obligation bond payable solely from project
18 revenues or other revenues pledged for its repayment.

19 (b) The bonds of each issue shall be dated and may be made redeemable before maturity
20 with or without premium. Subject to the authorizing vote, the officers authorized to sell the bonds
21 shall determine the date or dates of the bonds, their denomination or denominations, the place or
22 places of payment of the principal and interest, which may be at any bank or trust company
23 within or without the state, their interest rate or rates, prices, maturity or maturities not to exceed
24 thirty (30) years, redemption privileges, if any, and the form and other details of the bonds,
25 including interest coupons to be attached to them. The bonds shall be signed by the city or town
26 treasurer, countersigned by the mayor of a city or by the president of the town council of a town,
27 either manually or by facsimile, and shall bear the seal of the city or town or a facsimile of the
28 seal. Any coupons attached thereto shall bear the facsimile signature of the city or town treasurer.

29 (c) In case any officer whose signature or a facsimile of whose signature appears on any
30 bonds, coupons, or notes issued under this chapter ceases to be an officer before their delivery,
31 the signature or the facsimile shall nevertheless be valid and sufficient for all purposes the same
32 as if the officer had remained in office until the delivery.

33 (d) The bonds may be issued in coupon or registered form, or both, and provision may be
34 made for the registration of any coupon bonds as to principal alone and also as to principal and

1 interest, for the reconversion into coupon bonds or bonds registered as to both principal and
2 interest, and for the interchange of registered and coupon bonds. Subject to the authorizing vote,
3 the officers authorized to sell the bonds may sell the bonds in a manner, either at public or private
4 sale, and for a price, as they may determine will best effect the purposes of this chapter.

5 (e) Prior to the preparation of definitive bonds, the city or town may issue interim receipts
6 or temporary bonds, with or without coupons, exchangeable for definitive bonds when those
7 bonds have been executed and are available for delivery. Provision may be made for the
8 replacement of any bonds which have become mutilated or have been destroyed or lost.

9 (f) Notwithstanding any provisions of any municipal charter or general or special law to
10 the contrary, bonds issued under this section may provide for annual or more frequent
11 installments of principal in equal, diminishing, or increasing amounts, with the first installment of
12 principal to be due at any time within five (5) years from the date of the issuance of the bonds.

13 (g) While any bonds issued hereunder remain outstanding, the existence of the tax
14 increment district and the powers and duties of a city or town with respect to such tax increment
15 district shall not be diminished or impaired in any way that will affect adversely the interests and
16 rights of the holders of the bonds. Any bonds issued by a city or town pursuant to this section
17 shall contain on their face a statement to the effect that neither the state nor the city or town shall
18 be obliged to pay the principal of or the interest thereon, and that neither the full faith and credit
19 or taxing power of the state or the city or town is pledged to the payment of the bonds. All bonds
20 issued under this section are deemed to be negotiable instruments under the laws of this state.

21 (h) As used in this section, "bonds" means any bonds, including refunding bonds, notes,
22 interim certificates, debentures or other obligations.

23 **45-33.2-12. Investment of funds.**

24 Subject to any agreement securing bonds or notes issued under this chapter, the proceeds
25 of the bonds or notes, pledged tax increments, and other project revenues may be deposited or
26 invested in:

27 (1) Obligations of the state or the United States;

28 (2) Obligations of the principal and interest of which are guaranteed by the state or the
29 United States;

30 (3) Obligations of agencies and instrumentalities of the state or the United States; ~~or~~

31 (4) Certificates of deposits of, and repurchase agreements, so called, issued with respect
32 to obligations of the United States by, banks and trust companies organized under the laws of the
33 state or doing business in the state; ~~or~~

34 (5) As may be provided in any other applicable law of the state or resolution of a city or

1 [town council or pursuant to an investment policy of the city or town.](#)

2 **45-33.2-21. Tax limitations.**

3 (a) Except as provided below, a tax increment shall be included in the calculation of the
4 maximum tax a city or town may levy pursuant to the provisions of § 44-5-2 of the general laws.

5 (b) To the extent that inclusion of a tax increment in a tax levy causes a municipality to
6 exceed the maximum tax a city or town may levy pursuant to the provisions of § 44-5-2 of the
7 general laws, such excess shall be excluded from such calculation for a period not to exceed
8 twenty-five (25) years if:

9 ~~(1) Such~~ [such](#) excess tax increment is allocable to: (i) the payment of the principal of or
10 interest on any special obligation bonds issued under the provisions of § 45-33.2-6, to fund a
11 [capital](#) project ~~as described in subdivisions 45-33.2-3(2)(i), (ii) or (iii);~~ [under this chapter](#); (ii) any
12 requirement to fund any reserve or other account or satisfy any other financial requirement which
13 must be satisfied in connection with the issuance of such bonds or any other indebtedness or
14 obligation incurred in connection with any such [capital](#) project or portion of one; or (iii) any
15 payments made to directly fund any [capital](#) project ~~described in subdivisions 45-33.2-3(2)(i), (ii)~~
16 ~~or (iii); and .~~

17 ~~(2) The project is determined by the division of property valuation in the department of~~
18 ~~revenue to be: (i) within or contiguous to the tax increment area; or (ii) substantially related to the~~
19 ~~improvements giving rise to the tax increment; or (iii) reasonably necessary to assure the private~~
20 ~~investment required to generate the tax increment.~~

21 (c) The tax assessor in each city and town shall include calculations reflecting any tax
22 increment excluded from the tax cap provisions of § 44-5-2 of the general laws when submitting
23 the municipality's adopted tax levy and rate to the division of property valuation in accordance
24 with § 44-5-2 of the general laws.

25 ~~(d) The division of property valuation in the department of revenue may issue such~~
26 ~~regulations as may be required to implement and enforce the provisions of this section.~~

27 SECTION 4. Chapter 45-33.2 of the General Laws entitled "Tax Increment Financing" is
28 hereby amended by adding thereto the following sections:

29 **45-33.2-3.1. Additional definitions.**

30 [As used in §§ 45-33.2-22 through 45-33.2-29, or as otherwise specified, unless the](#)
31 [context otherwise requires:](#)

32 [\(1\) "Betterment assessment" means a special charge that is permitted where real property](#)
33 [within a limited and determinable area receives a special benefit or advantage, other than the](#)
34 [general advantage to the community, from the construction of a public improvement. If](#)

1 properties abutting or nearby the improvement are specially benefited, all or a portion of the cost
2 of making that improvement may be assessed on those properties.

3 (2) "Capital project" means a project to purchase, upgrade, improve, or extend the useful
4 life of property infrastructure or equipment with a useful life of more than one year.

5 (3) "Captured assessed value" means the amount, as a percentage or stated sum, of
6 increased assessed value that is utilized from year to year to finance project costs pursuant to a
7 tax increment district master plan.

8 (4) "Current assessed value" means the assessed value of all taxable real property within
9 a tax increment district as of December 31 of each year that the tax increment district remains in
10 effect.

11 (5) "Downtown" means a central business district or other commercial neighborhood area
12 of a community that serves as a center of socioeconomic interaction in the community,
13 characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with
14 civic, religious and residential buildings and public spaces, that are typically arranged along a
15 main street and intersecting side streets and served by public infrastructure.

16 (6) "Increased assessed value" means the valuation amount by which the current assessed
17 value of a tax increment district exceeds the original assessed value of the tax increment district.
18 If the current assessed value is equal to or less than the original assessed value, there is no
19 increased assessed value.

20 (7) "Maintenance and operation" means all activities necessary to maintain facilities after
21 they have been developed and all activities necessary to operate such facilities, including, but not
22 limited to, informational, promotional and educational programs and safety and surveillance
23 activities.

24 (8) "Original assessed value" means the assessed value of all taxable real property within
25 a tax increment district as of December 31 of the tax year preceding the year in which the tax
26 increment district was established by a city or town council.

27 (9) "Project costs" means any expenditures or monetary obligations incurred or expected
28 to be incurred that are authorized by § 45-33.2-28 and included in a tax increment district master
29 plan.

30 (10) "Tax increment" means real property taxes assessed by a city or town upon the
31 increased assessed value of property in the tax increment district.

32 (11) "Tax increment district" means that area wholly within the corporate limits of a
33 municipality that has been established and designated as such pursuant to § 45-33.2-23 and that is
34 to be developed under a tax increment district master plan.

1 (12) "Tax increment district financial plan" means a statement of the project costs and
2 sources of revenue required to accomplish the tax increment district master plan.

3 (13) "Tax increment district master plan" means a statement of means and objectives
4 prepared by a city or town relating to a tax increment district designed to provide new
5 employment opportunities, retain existing employment, provide housing opportunities, improve
6 or broaden the tax base or construct or improve the physical facilities and structures through the
7 development of industrial, commercial, residential, retail and mixed use, transit-oriented
8 development, downtown development or any combination thereof, as described in § 45-33.2-26.

9 (14) "Tax year" means the period of time beginning on July 1 and ending on the
10 succeeding June 30 or such other twelve (12) month period adopted as the tax year of a city or
11 town.

12 (15) "Transit" means transportation systems in which people are conveyed by means
13 other than their own vehicles, including, but not limited to, bus systems, street cars, ferries, light
14 rail and other rail systems.

15 (16) "Transit facility" means a place providing access to transit services, including, but
16 not limited to, bus stops, bus stations, interchanges on a highway used by one or more transit
17 providers, ferry landings, train stations, shuttle terminals and bus rapid transit stops.

18 (17) "Transit-oriented development" means the development of residential, commercial
19 and employment centers within one-half (1/2) mile or walking distance of a transit facility,
20 including rail and bus rapid transit and services that meet transit supportive standards for land
21 uses, built environment densities and walkable environments, in order to facilitate and encourage
22 the use of those services. Transit-oriented development includes, but is not limited to, transit
23 vehicles such as buses, ferries, vans, rail conveyances and related equipment; bus shelters and
24 other transit-related structures; benches, signs and other transit-related infrastructure; bicycle lane
25 construction and other bicycle-related improvements; pedestrian improvements such as
26 crosswalks, crosswalk signals and warning systems and crosswalk curb treatments; and the
27 industrial, commercial, residential, retail and mixed-use portions of transit-oriented development
28 projects.

29 **45-33.2-22. Alternate tax increment provisions.**

30 Section 45-33.2-3.1 and §§ 45-33.2-22 through 45-33.2-29 are intended to modernize the
31 laws of the state governing tax increment financing to facilitate economic development in the
32 state. Section 45-33.2-3.1 and §§ 45-33.2-22 through 45-33.2-29 shall be construed to provide a
33 complete, additional, and alternative method for performing the things authorized by this chapter,
34 and shall be regarded as supplemental and in addition to the powers conferred by other laws,

1 including §§ 45-33.2-2 through 45-33.2-21. Cities and towns which have created tax increments
2 in accordance with §§ 45-33.2-2 through 45-33.2-21 may elect to use the provisions of § 45-33.2-
3 3.1 and §§ 45-33.2-22 through 45-33.2-29 by adopting an ordinance of the city or town council:

4 (1) Declaring the intention to be bound by § 45-33.2-3.1 and §§ 45-33.2-22 through 45-
5 33.2-29; and

6 (2) Approving such amendments to the city or town redevelopment plan and project plan
7 as may be required to proceed in accordance with § 45-33.2-3.1 and §§ 45-33.2-22 through 45-
8 33.2-29. Effective July 1, 2018, a tax increment may be established which is not in a project area,
9 as defined in § 45-33.2-3(4) or adopted pursuant to a project plan, as defined in § 45-33.2-3(5).

10 **45-33.2-23. Establishment of tax increment district -- Powers within tax increment**
11 **district.**

12 (a) A city or town council may establish a tax increment district located wholly within the
13 boundaries of such city or town in accordance with the requirements of § 45-33.2-3.1 and §§ 45-
14 33.2-22 through 45-33.2-29. Establishment of a tax increment district is effective upon approval
15 by a city or town council and upon adoption of a tax increment district master plan pursuant to §
16 45-33.2-26.

17 (b) Within tax increment districts and consistent with the tax increment district master
18 plan, a city or town, in addition to powers granted to it under the Constitution, the general laws,
19 any special act, § 45-33.2-5 and §§ 45-33.2-22 through 45-33.2-29 shall have the following
20 powers with respect to tax increment districts:

21 (1) To acquire, construct, reconstruct, improve, preserve, alter, extend, operate or
22 maintain property or promote development intended to meet the objectives of the tax increment
23 district master plan. A city or town may acquire property, land or easements through negotiation
24 or by other means authorized for municipalities under the general laws. Notwithstanding § 45-2-5
25 of the general laws or any contrary provisions of any charter, other laws or ordinances, general,
26 special or local, or of any rule or regulations of the state or the city or town, any city or town is
27 authorized and empowered to lease, lend, pledge, grant, or convey terms and conditions that the
28 city or town council may deem reasonable and fair, any real property or personal property which
29 may be necessary or convenient to effectuation of a project, including public roads and other real
30 property already devoted to public use;

31 (2) To execute and deliver contracts, agreements and other documents relating to the
32 development, operation and maintenance of the tax increment district, including but not limited to
33 contracts providing for liquidity facilities such as letters of credit, or providing for credit
34 enhancement, which contracts, agreements and other documents may have a term not to exceed

1 twenty-five (25) years;

2 (3) To issue bonds and other obligations of the city or town in accordance with the
3 provisions set forth in § 45-33.2-6;

4 (4) To enter into written agreements with a taxpayer stabilizing or otherwise fixing the
5 assessment of real estate within a tax increment district, provided:

6 (i) The term of such agreement shall not exceed twenty-five (25) years from the date of
7 the agreement; and

8 (ii) The assessment agreed on for the real estate plus future improvements shall not be
9 less than the assessment of the real estate as of the last regular assessment date without such
10 future improvements. Any such agreement shall be recorded in the land records in the city or
11 town. Recording of the agreement constitutes notice of the agreement to a subsequent purchaser
12 or encumbrancer of the property or any part of it, whether voluntary or involuntary, and is
13 binding upon a subsequent purchaser or encumbrancer. If a city or town claims that the taxpayer
14 is not complying with the terms of such agreement, the city or town may bring an action in the
15 superior court for the county in which the city or town is located to force compliance with such
16 agreement;

17 (5) Accept grants, advances, loans or other financial assistance from the federal
18 government, the state, private entities or any other source, and do any and all things necessary or
19 desirable to secure such financial aid;

20 (6) Upon such terms as a city or town determines, furnish service or facilities, provide
21 property, lend, grant or contribute funds, including tax increment, and take any other action of a
22 character that it is authorized to perform for other purposes; and

23 (7) Fix, revise, charge, collect, and abate fees, rates, rents, betterment assessments,
24 delinquency charges, and other charges for services, and other services, facilities, and
25 commodities furnished or supplied by the city or town, including penalties for violations of such
26 regulations as the city or town council may from time to time promulgate. Fees, rates, rents,
27 betterment assessments, delinquency charges, and other charges of general application shall be
28 adopted and revised by the city or town council in accordance with procedures that assure
29 interested persons are afforded notice and an opportunity to present data, views, and arguments.
30 The city or town council shall hold at least one public hearing on its schedule of fees, rates, and
31 charges or any revision thereof prior to adoption, notice of which shall be published in a
32 newspaper of substantial circulation in the district at least fifteen (15) days in advance of the
33 hearing. No later than the date of such publication, the city or town council shall make available
34 to the public the proposed schedule of fees, rates, rents, betterment assessments and charges.

1 Fees, rates, rents, betterment assessments, abatements, and other charges established by the city
2 or town council shall not be subject to supervision or regulation by any department, division,
3 district, board, bureau, or agency of the State or any of its political subdivisions. Fees, rates,
4 rents, betterment assessments, delinquency charges and other charges, made under this section
5 shall be collected in the same manner as municipal taxes. Municipalities are granted all the
6 powers and privileges with respect thereto as provided to municipalities in the general laws for
7 the enforcement and collection of betterment assessments and tax liens, or as otherwise provided
8 in §§ 45-33.2-22 through 45-33.2-29 of this chapter. Betterment assessments, fees, rates, rents
9 and charges shall be due and payable at such times as are fixed by the city or town, provided the
10 city or town shall give notice of such due date not less than thirty (30) days prior to such due date
11 by publication in a newspaper of general circulation in the city or town and by mailing such
12 notice to the owners of the real property assessed at their last-known address. All revenues from
13 fees, rates, rents, betterment assessments and other charges under this section shall be paid into
14 the appropriate tax increment district master plan fund account established under § 45-33.2-27(c).

15 Fees, rates, rents, betterment assessments, and other charges if not paid when due, shall
16 constitute a lien upon the real property served and a charge against the owners thereof, which lien
17 and charge shall bear interest at the same rate as delinquent property taxes. Each such lien may be
18 continued, recorded and released in the manner provided for property tax liens and shall take
19 precedence over all other liens or encumbrances except a lien for property taxes of the city or
20 town.

21 (c) The tax increment district may be dissolved at any time, and the boundaries of such
22 district may be changed at any time, by a vote of a city or town council, except that the tax
23 increment district may not be dissolved nor may the boundaries of the tax increment district be
24 changed so long as any bonds or other indebtedness authorized and issued under §§ 45-33.2-22
25 through 45-33.2-29, inclusive, or any other obligations authorized and incurred under §§ 45-33.2-
26 22 through 45-33.2-29, inclusive, remain outstanding. The tax increment district shall terminate
27 without further action of a city or town council forty (40) years after the date it is established, if
28 no such bonds or other indebtedness remain outstanding.

29 **45-33.2-24. Reserved.**

30 **45-33.2-25. Planning commission advisory opinion -- Conditions for tax increment**
31 **district.**

32 Prior to the establishment of a tax increment district and approval of a tax increment
33 district master plan for such tax increment district, a city or town council shall:

34 (1) Find that the proposed tax increment district and tax increment district master plan

1 will contribute to the economic growth or well-being of the city or town or to the betterment of
2 the health, welfare or safety of the inhabitants of the city or town;

3 (2) Transmit the tax increment district master plan to the planning commission of the city
4 or town, if any, requesting a study of the tax increment district master plan and a written advisory
5 opinion. The planning commission shall, within ninety (90) days, or such additional period
6 approved by the city or town council, provide a written advisory opinion to the city or town
7 council. Such written advisory opinion shall include a determination on whether the plan is
8 consistent with the comprehensive plan of the city or town adopted under § 45-22.2-8;

9 (3) Hold at least one public hearing on the proposal to establish a tax increment district.
10 Notice of the hearing shall be published at least ten (10) days prior to the hearing in a newspaper
11 having general circulation within the city or town and shall include:

12 (i) The date, time and place of such hearing; and

13 (ii) The boundaries of the proposed tax increment district by legal description; and

14 (4) Determine whether the proposed tax increment district meets the following
15 conditions:

16 (i) A portion of the real property within a tax increment district shall meet at least one of
17 the following criteria:

18 (A) Be a substandard, insanitary, deteriorated, deteriorating or blighted area;

19 (B) Be in need of rehabilitation, redevelopment or conservation work; or

20 (C) Be suitable for industrial, commercial, residential, mixed-use or retail uses,
21 downtown development or transit-oriented development; and

22 (ii) The original assessed value of a proposed tax increment district plus the assessed
23 value of all existing tax increment districts within a city or town may not exceed twenty-five
24 percent (25%) of the total value of taxable property within the city or town as of December 31 of
25 the year immediately preceding the establishment of the tax increment district. Excluded from the
26 calculation in this subdivision is any tax increment district established on or after the effective
27 date of § 45-33.2-3.1 and §§ 45-33.2-22 through 45-33.2-29 that consists entirely of contiguous
28 property owned by a single taxpayer. For the purpose of this subdivision, "contiguous property"
29 includes a parcel or parcels of land divided by a road, power line, railroad line or right-of-way. A
30 city or town may not establish a tax increment district if the conditions in this subdivision are not
31 met.

32 **45-33.2-26. Adoption of tax increment district master plan.**

33 (a) In connection with the establishment of a tax increment district, a city or town council
34 shall adopt a tax increment district master plan for each tax increment district and a statement of

1 the percentage or stated sum of increased assessed value to be designated as captured assessed
2 value in accordance with such plan. The tax increment district master plan shall be adopted at the
3 same time that the tax increment district is established, as part of the tax increment district
4 adoption proceedings set forth in §§ 45-33.2-22 through 45-33.2-29.

5 (b) The tax increment district master plan shall include:

6 (1) The boundaries of the tax increment district by legal description;

7 (2) A list of the tax identification numbers for all lots or parcels within the tax increment
8 district;

9 (3) A description of the present condition and uses of all land and buildings within the tax
10 increment district;

11 (4) A description of the public facilities, improvements or programs within the tax
12 increment district anticipated to be added and financed in whole or in part;

13 (5) A description of the industrial, commercial, residential, mixed-use or retail
14 improvements, downtown development or transit-oriented development within the tax increment
15 district anticipated to be financed in whole or in part;

16 (6) A tax increment district financial plan in accordance with subsection (c) of this
17 section;

18 (7) A plan for the proposed maintenance and operation of the tax increment district after
19 the planned capital improvements are completed; and

20 (8) The maximum duration of the tax increment district, which may not exceed a total of
21 forty (40) tax years beginning with the tax year in which the tax increment district is established.

22 (c) The tax increment district financial plan for a tax increment district master plan shall
23 include:

24 (1) Cost estimates for the public improvements and developments anticipated in the tax
25 increment district master plan;

26 (2) The maximum amount of indebtedness to be incurred to implement the tax increment
27 district master plan;

28 (3) Sources of anticipated revenues;

29 (4) A description of the terms and conditions of any agreements, including any
30 anticipated assessment agreements, contracts or other obligations related to the tax increment
31 district master plan;

32 (5) Estimates of increased assessed values of the tax increment district;

33 (6) The portion of the increased assessed values to be applied to the tax increment district
34 master plan as captured assessed values and resulting tax increments in each year of the plan;

1 (7) A five-year plan for all revenues and expenditures; and
2 (8) A plan for costs, as described in § 45-38.2-28, to be paid from any tax increment
3 master plan fund.

4 (d) The tax increment district master plan may be amended from time to time by a city or
5 town council. The city or town council shall review the tax increment district master plan at least
6 once every five (5) years after the initial approval of the tax increment district and the tax
7 increment district master plan in order for the tax increment district and the tax increment district
8 master plan to remain in effect; provided, however, that so long as any bonds or other
9 indebtedness or obligations authorized and incurred under §§ 45-33.2-22 through 45-33.2-29
10 remain outstanding, the tax increment master plan shall remain in effect. With respect to any tax
11 increment district master plan that includes development that is funded in whole or in part by
12 federal funds, the provisions of this subsection shall not apply to the extent that such provisions
13 are prohibited by federal law.

14 **45-33.2-27. Designation of tax increment revenues.**

15 (a) In the tax increment district master plan, a city or town may designate all or part of
16 the tax increment revenues generated from the increased assessed value of a tax increment district
17 for the purpose of financing all or part of the tax increment district master plan. The amount of
18 tax increment revenues to be designated is determined by designating the captured assessed value,
19 subject to any assessment agreements.

20 (b) On or after the establishment of a tax increment district and the adoption of a tax
21 increment district master plan, the assessor of a city or town in which it is located shall certify the
22 original assessed value of the taxable real property within the boundaries of the tax increment
23 district. Each year after the establishment of a tax increment district, the municipal assessor shall
24 certify the amount of:

25 (1) The current assessed value;
26 (2) The amount by which the current assessed value has increased or decreased from the
27 original assessed value, subject to any assessment agreements; and

28 (3) The amount of the captured assessed value. Taxes shall be assessed in accordance
29 with chapter 45-5 of the general laws. Nothing in this subsection allows for unequal
30 apportionment or assessment of the taxes to be paid on real property in a city or town. Subject to
31 any assessment agreements, an owner of real property within the tax increment district shall pay
32 real property taxes apportioned equally with property taxes paid elsewhere in the city or town.

33 (c) If a city or town has designated captured assessed value under § 45-33.2-26(a):
34 (1) The city or town shall establish a tax increment district master plan fund that consists

1 of:

2 (i) A project cost account that is pledged to and charged with the payment of project costs
3 that are outlined in the tax increment district financial plan, including the reimbursement of
4 project cost expenditures incurred by a public body, including the city or town, a developer, any
5 property owner or any other third-party entity, and are paid in a manner other than as described in
6 subsection (c)(1)(ii) of this section; and

7 (ii) In instances of indebtedness issued by a city or town in accordance with § 44-33.2-6
8 to finance or refinance project costs, a development sinking fund account that is pledged to and
9 charged with the:

10 (A) Payment of the interest and principal as the interest and principal fall due, including
11 any redemption premium;

12 (B) Payment of the costs of providing or reimbursing any provider of any guarantee,
13 letter of credit, policy of bond insurance or other credit enhancement device used to secure
14 payment of debt service on any such indebtedness; and

15 (C) Funding any required reserve fund;

16 (2) The city or town shall annually set aside all tax increment revenues on captured
17 assessed values and deposit all such revenues to the appropriate tax increment district master plan
18 fund account established under subsection (c)(1) of this section in the following order of priority:

19 (i) To the development sinking fund account, an amount sufficient, together with
20 estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all
21 annual debt service on the indebtedness issued in accordance with § 45-33.2-6 and the tax
22 increment district financial plan; and

23 (ii) To the project cost account, all such remaining tax increment revenues on captured
24 assessed values;

25 (3) The city or town shall make transfers between tax increment district master plan fund
26 accounts established under subsection (c)(1) of this section, provided the transfers do not result in
27 a balance in either account that is insufficient to cover the annual obligations of that account;

28 (4) A city or town may, at any time during the term of the tax increment district, by vote
29 of the city or town council, return to the municipal general fund any tax increment revenues
30 remaining in either account established under subsection (c)(1) of this section in excess of those
31 estimated to be required to satisfy the obligations of the account after taking into account any
32 transfer made under subsection (c)(3) of this section; and

33 (5) Any account or fund established pursuant to subsection (c)(1) of this section shall be
34 audited as part of the annual audit required for municipalities by § 45-10-4 of the general laws.

1 **45-33.2-28. Project costs.**

2 Costs authorized for payment from a tax increment district master plan fund established
3 pursuant to § 45-33.2-27 are limited to:

4 (1) Costs of improvements made within the tax increment district, including, but not
5 limited to:

6 (i) Capital costs, including, but not limited to:

7 (A) The acquisition or construction of land, improvements, infrastructure, public ways,
8 parks, buildings, structures, railings, street furniture, signs, landscaping, plantings, benches, trash
9 receptacles, curbs, sidewalks, turnouts, recreational facilities, structured parking, transportation
10 improvements, pedestrian improvements and other related improvements, fixtures and equipment
11 for public use;

12 (B) The acquisition or construction of land, improvements, infrastructure, buildings,
13 structures, including facades and signage, fixtures and equipment for industrial, commercial,
14 residential, mixed-use or retail use or transit-oriented development;

15 (C) The demolition, alteration, remodeling, repair or reconstruction of existing buildings,
16 structures and fixtures;

17 (D) Environmental remediation;

18 (E) Site preparation and finishing work; and

19 (F) All fees and expenses associated with the capital cost of such improvements,
20 including, but not limited to, licensing and permitting expenses and planning, engineering,
21 architectural, testing, legal and accounting expenses;

22 (i) Financing costs, including, but not limited to, closing costs, issuance costs, reserve
23 funds and capitalized interest;

24 (iii) Real property assembly costs;

25 (iv) Costs of technical and marketing assistance programs;

26 (v) Professional service costs, including for municipal staff, which may include but not
27 be limited to, licensing, architectural, planning, engineering, development and legal expenses;

28 (vi) Organizational costs relating to the planning and the establishment of the tax
29 increment district, including, but not limited to, the costs of conducting environmental impact and
30 other studies and the costs of informing the public about the creation of tax increment districts
31 and the implementation of the tax increment district master plan;

32 (2) Costs of improvements that are made outside the tax increment district but are directly
33 related to or are made necessary by the establishment or operation of the tax increment district,
34 including, but not limited to that portion of the costs reasonably related to the construction,

1 alteration or expansion of any facilities not located within the tax increment district that are
2 required due to improvements or activities within the tax increment district, including, but not
3 limited to, roadways, traffic signalization, easements, sewage treatment plants, water treatment
4 plants or other environmental protection devices, storm or sanitary sewer lines, water lines,
5 electrical lines, improvements to fire stations, and street signs.

6 **45-33.2-30. Limitation of powers.**

7 The state pledges to and agrees with any person, firm, or corporation, or federal agency
8 subscribing to or acquiring the bonds to be issued under this chapter, that the state will not limit
9 or alter the rights vested in the authority until all bonds at any time issued, together with their
10 interest, are fully met and discharged. The state does further pledge to and agree with the United
11 States, and any other federal agency, that in the event that any federal agency constructs or
12 contributes any funds for the construction, extension, improvement, equipping, furnishing, or
13 enlargement of any project, or any portion of it, the state will not alter or limit this chapter in any
14 manner which would be inconsistent with the due performance of any agreements with the federal
15 agency; and cities and towns continue to have and may exercise all powers granted by this
16 chapter, so long as the powers are necessary or desirable for the carrying out of the purposes of
17 this chapter.

18 SECTION 5. This act shall take effect on July 1, 2018.

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LC006005
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TOWNS AND CITIES

1 This act would amend provisions of the tax increment financing act in order to encourage
2 municipalities to use tax increment financing to facilitate economic development.

3 This act would take effect on July 1, 2018.

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LC006005
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