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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO TOWNS AND CITIES -- STATE AID

Introduced By: Representatives Cortvriend, McGaw, Cotter, Chippendale, Newberry,
Place, Edwards, Corvese, Noret, and Donovan

Date Introduced: February 13, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-13-1 of the General Laws in Chapter 45-13 entitled "State Aid" is
2 hereby amended to read as follows:

3 **45-13-1. Apportionment of annual appropriation for state aid.**

4 (a) As used in this chapter, the following words and terms have the following meanings:

5 (1) "Income" means the most recent estimate of per-capita income for a city, town or
6 county as reported by the United States Department of Commerce, Bureau of the Census.

7 (2) "Population" means the most recent estimates of population for each city and town as
8 reported by the United States Department of Commerce, Bureau of the Census.

9 (3) "Reference year" means the second fiscal year preceding the beginning of the fiscal
10 year in which the distribution of state aid to cities and towns is made provided however that the
11 reference year for distributions made in fiscal year 2007-2008 shall be the third fiscal year
12 preceding the beginning of the fiscal year 2007-2008 and provided further that the reference year
13 for distributions made in fiscal year 2008-2009 shall be the fourth fiscal year preceding the
14 beginning of the fiscal year 2008-2009.

15 (4) "Tax effort" means the total taxes imposed by a city or town for public purposes or the
16 totals of those taxes for the cities or towns within a county (except employee and employer
17 assessments and contributions to finance retirement and social insurance systems and other special
18 assessments for capital outlay) determined by the United States Secretary of Commerce for general
19 statistical purposes and adjusted to exclude amounts properly allocated to education expenses.

1 (b) Aid to cities and towns shall be apportioned as follows: For each county, city or town,
2 let R be the tax effort divided by the square of per capita income, i.e., $R = (\text{tax effort})/(\text{income} \times$
3 $\text{income})$.

4 The amount to be allocated to the counties shall be apportioned in the ratio of the value of
5 R for each county divided by the sum of the values of R for all five (5) counties.

6 The amount to be allocated for all cities and for all towns within a county shall be the
7 allocation for that county apportioned proportionally to the total tax effort of the towns and cities
8 in that county.

9 The amount to be allocated to any city or town is the amount allocated to all cities or all
10 towns within the county apportioned in the ratio of the value of R for that city (or town) divided by
11 the sum of the values of R for all cities (or all towns) in that county; provided, further, that no city
12 or town shall receive an entitlement in excess of one hundred forty-five percent (145%) of that city
13 or town's population multiplied by the average per capita statewide amount of the annual
14 appropriation for state aid to cities and towns. Any excess entitlement shall be allocated to the
15 remainder of the cities and towns in the respective county in accordance with the provisions of this
16 section.

17 For fiscal year 2004, notwithstanding the provisions of subsection (a), aid calculations shall
18 be based on a blended rate of ninety percent (90%) of the data from the 1990 census and ten percent
19 (10%) of the data from the 2000 census. In each of the succeeding nine (9) fiscal years, the
20 calculations shall be based on a blended rate that increases the percentage of data utilized from the
21 2000 census by ten percent (10%) from the previous year and decreases the percentage of the data
22 utilized from the 1990 census by ten percent (10%) from the previous year.

23 (c) The total amount of aid to be apportioned pursuant to subsection (b) above shall be
24 specified in the annual appropriation act of the state and shall be equal to the following:

25 (1) For fiscal years ending June 30, 1994 through June 30, 1998, the total amount of aid
26 shall be based upon one percent (1%) of total state tax revenues in the reference year.

27 (2) For the fiscal year ending June 30, 1999, the total amount of aid shall be based upon
28 one and three-tenths percent (1.3%) of total state tax revenues in the reference year.

29 (3) For the fiscal year ending June 30, 2000, the total amount of aid shall be based upon
30 one and seven-tenths percent (1.7%) of total state tax revenues in the reference year.

31 (4) For the fiscal year ending June 30, 2001, the total amount of aid shall be based upon
32 two percent (2.0%) of total state tax revenues in the reference year.

33 (5) For the fiscal year ending June 30, 2002, the total amount of aid shall be based upon
34 two and four-tenths percent (2.4%) of total state tax revenues in the reference year.

1 (6) For the fiscal year ending June 30, 2003, the total amount of aid shall be based upon
2 two and four-tenths percent (2.4%) of total state tax revenues in the reference year.

3 (7) For the fiscal year ending June 30, 2004, the total amount of aid shall be based upon
4 two and seven-tenths percent (2.7%) of total state tax revenues in the reference year.

5 (8) For the fiscal year ending June 30, 2005, the total amount of aid shall be fifty-two
6 million four hundred thirty-eight thousand five hundred thirty-two dollars (\$52,438,532).

7 (9) For the fiscal year ending June 30, 2006, the total amount of aid shall be based upon
8 three percent (3%) of total state tax revenues in the reference year.

9 (10) For the fiscal year ending June 30, 2007 the total amount of aid shall be sixty-four
10 million six hundred ninety-nine thousand three dollars (\$64,699,003).

11 (11) For the fiscal year ending June 30, 2008, the total amount of aid shall be sixty-four
12 million six hundred ninety-nine thousand three dollars (\$64,699,003).

13 (12) [Deleted by P.L. 2009, ch. 68, art. 6, section 3.]

14 (13) [Deleted by P.L. 2007, ch. 73, art. 25, section 1.]

15 (14) [Deleted by P.L. 2007, ch. 73, art. 25, section 1.]

16 (d) For the fiscal year ending June 30, 2008 the apportionments of state aid as derived
17 through the calculations as required by subsections (a) through (c) of this section shall be adjusted
18 downward statewide by ten million dollars (\$10,000,000).

19 (e) For the fiscal year ending June 30, 2009, the total amount of aid shall be twenty-five
20 million dollars (\$25,000,000) with such distribution allocated proportionately on the same basis as
21 the original enactment of general revenue sharing of FY 2009.

22 (f) For the fiscal year ending June 30, 2009 and thereafter, funding shall be determined by
23 appropriation.

24 (g) For the fiscal year ending June 30, 2026, the total amount of aid shall be thirty-nine
25 million dollars (\$39,000,000) to be allocated and distributed based on population as determined by
26 the 2020 census.

27 (h) For the fiscal year ending June 30, 2027 and thereafter, aid shall be increased by the
28 total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U).

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TOWNS AND CITIES -- STATE AID

1 This act would reinstate general revenue sharing of state aid among the thirty-nine cities
2 and towns in Rhode Island. The initial amount would be based upon population, and would be
3 increased annually thereafter based on the increase in the Consumer Price Index for all Urban
4 Consumers.

5 This act would take effect upon passage.

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