

April 29, 2025

The Honorable Marvin L. Abney
Chair, House Committee on Finance
State House
Providence, RI 02903

Re: 2025 H-5782- AN ACT RELATING TO TOWNS AND CITIES -- STATE AID

Dear Chair Abney:

The Division of Municipal Finance (“DMF”) writes to provide information that may be of assistance to the Committee as it considers House Bill 5782, An Act Relating to Towns and Cities- State Aid. This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid administration of the payment in lieu of taxes (“PILOT”) program.

As you know, this bill would amend R.I. Gen. Laws § 45-13-5.1, entitled “General assembly appropriations in lieu of property tax from certain exempt private and state properties,” to add to the categories of properties eligible for municipal reimbursement under the PILOT program real property owned by “any municipal detention facility corporation created pursuant to § 45-54-1[.]”

As currently drafted, the bill is set to be effective upon passage. In many circumstances a bill that is enacted which takes effect upon passage results in immediate changes to the relevant subject matter of the bill. However, municipal reimbursement under the PILOT program in a given fiscal year necessarily relies upon property assessments generated prior to that fiscal year. Therefore, the proposed change would first apply to the assessment date of December 31, 2025, which will be used to calculate municipal reimbursement under the PILOT program for Fiscal Year 2028.

If the intent of the bill is to include real properties owned by municipal detention facility corporations created pursuant to § 45-54-1 in municipal reimbursement under the PILOT program starting in a fiscal year prior to Fiscal Year 2028, the DMF respectfully requests that language be added to specify the appropriate starting fiscal year. If language is included to provide funding in Fiscal Year 2026, the Committee should consider also including language to extend the July 31st distribution date set forth in § 45-13-5.1(f). This would allow time for the municipalities impacted and the DMF to review and finalize distribution amounts. Additionally, any eligible properties added to the PILOT program for Fiscal Year 2026, under the Governor’s proposed level of funding, would also reduce the current estimated distribution amounts for each municipality, which would further delay the distribution to eligible municipalities in Fiscal Year 2026.

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The DMF takes no position with respect to the remainder of the proposed legislation. Rather, the DMF is concerned solely with the issues of clarity and municipal tax administration.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen E. Coleman Jr.", with a stylized flourish at the end.

Stephen E. Coleman Jr.
Chief

Cc: The Honorable Members of the House Committee on Finance
The Honorable Joshua J. Giraldo
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker
Thomas A. Verdi, Director, Department of Revenue