

May 15, 2025

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

**Re: 2025 H-6255- AN ACT RELATING TO EDUCATION – SCHOOL COMMITTEES
AND SUPERINTENDENTS – CENTRAL FALLS SCHOOL DISTRICT**

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 6255, An Act Relating to Education-School Committees and Superintendents-Central Falls School District. 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 municipal tax administration.

As you know, per the Explanation by the Legislative Council, this bill would “authorize the city of Central Falls, via home rule charter or city ordinance, to create a school board with all powers and duties thereto, to govern the Central Falls school district . . .[and] also amend the provisions for the calculation of the total allocation to the Central Falls stabilization fund and of Central Falls’ share of the stabilization fund to support the Central Falls school district.” Provisions with respect to the creation of the school board are set to take effect on January 1, 2026. Provisions with respect to the calculation of the allocation to the stabilization fund are set to be effective upon passage.

Specifically, the bill adds language to R.I. Gen. Laws § 16-7.2-6 to provide that the City of Central Falls’ appropriation to the stabilization fund “shall be equal to the annual revenue distributed to the city of Central Falls via § 45-13-5.1.” The DMF notes that the City of Central Falls does not currently receive any distribution via § 45-13-5.1 because there are no properties located in the City which qualify for PILOT reimbursement. Therefore, the State will be responsible for 100% of the appropriation to the stabilization fund until any properties do become eligible.

It should also be noted that if any properties in Central Falls were to become eligible for PILOT reimbursement the amounts distributed to the City would fluctuate from year to year. The year over year changes would be due to eligibility determinations, assessed values, tax rates, and the percent funding dictated by the General Assembly for both the City and all other eligible municipalities. These factors may decrease the predictability of the State’s funding requirements for the stabilization fund.

The Honorable Marvin L. Abney
May 15, 2025
2025 H-6255
Page 2

Finally, the DMF would like to note that there could be a mismatch between the fiscal year for PILOT reimbursement versus the fiscal year for which the allocation is to be made. For example, if a PILOT eligible property were to be added for Central Falls for assessment date 12-31-25 then the amount distributed due to this eligibility would occur in the State's Fiscal Year 2028, which may or may not match the intended funding requirements under the proposed legislation.

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 dark ink, appearing to read "Stephen E. Coleman Jr.", with a stylized, cursive script.

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