

D  **R** Rhode Island Department of Revenue
Division of Municipal Finance

April 8, 2026

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

Re: 2026 H-7461- 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 7461, 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, 2026, which will be used to calculate municipal reimbursement under the PILOT program for Fiscal Year 2029.

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 2029, 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 2027, 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, as you are aware, the Governor has proposed to fully fund the PILOT program at the statutory limit of 27% for Fiscal Year 2027. However, if this funding level were to be reduced and additional properties were to be added to the PILOT program then the funding amounts for each existing property in the program would have to be reduced to maintain the fixed

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appropriation amount. To be clear, this is not currently the situation, however, as described above, if the program funding were to be reduced and additional properties were to be added the impact on other eligible properties should be considered by the Committee.

Finally, the DMF recommends that a provision be added to § 45-13-5.1 requiring a new appraisal to be conducted on any properties which become eligible for municipal reimbursement under the PILOT program, because the categories of eligible properties is expanded, prior to any reimbursement being provided. Whether the expense of the appraisal is borne by the municipality where the property is located or paid from PILOT program funds, the resulting valuation will provide a fair and accurate assessment of such properties in furtherance of the goals of the PILOT program.

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,



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 of the House
Jane E. Cole, Interim Director, Department of Revenue