



*Distinctive Communities
Powerful Alliance*

March 5, 2026

The Honorable Stephen M. Casey, Chair
House Municipal Government and Housing
Rhode Island House of Representatives
82 Smith Street
Providence, RI 02903

RE: HOUSE BILL 8006 – AN ACT RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Dear Chair Casey and Honorable Committee Members,

On behalf of the Rhode Island League of Cities and Towns, we are supportive of this proposal, which provides clear and structured tax treatment for residential rental properties that include affordable housing components, including new construction and adaptive reuse projects. We also recommend incorporating feedback from our cities and towns as the bill moves through the legislative process to ensure it reflects local needs and addresses practical considerations on the ground for our members.

This legislation ensures municipalities have the authority to tax qualifying affordable housing properties at a predictable rate, while incentivizing the development of units for households at various income levels. Specifically, House Bill 8006 establishes:

For new construction, a tax equal to 8% of the prior year's gross scheduled rental income for properties where:

- At least 40% of rental units are restricted to households earning $\leq 80\%$ of area median income, or
- At least 30% of rental units are restricted to households earning $\leq 60\%$ of area median income, with rent and utilities capped at 30% of household income.

For adaptive reuse or conversion of existing structures, a phased tax schedule over 30 years, starting at 8% and gradually increasing, with detailed compliance requirements for contracting, apprenticeship programs, and prevailing wage standards to ensure safe, fair, and quality construction practices.

Low- and moderate-income housing units meeting § 42-128-8.1 criteria are taxed at 8% of gross rental income, with municipalities retaining discretion to adjust to a lower rate.

Affordable housing remains a critical priority across Rhode Island, and municipalities play a central role in fostering development while maintaining stable and sustainable tax bases. By providing structured, predictable tax rates, House Bill 8006:

1. Promotes the creation of affordable housing by reducing financial uncertainty for developers.
2. Supports municipal fiscal planning by establishing a clear taxation framework for residential rental properties.

3. Ensures compliance with labor, safety, and apprenticeship standards, safeguarding construction quality and fair labor practices.

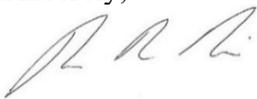
The bill provides structured tax treatment for affordable housing, but municipalities will need to review properties under these provisions and consider the potential impacts on local revenue, administrative workload, and long-term fiscal planning.

As municipalities review the implementation of this legislation, several practical administrative considerations may benefit from further discussion with local officials. For example, establishing a clear statutory deadline for the annual submission of certified rent rolls, along with any required certification from the Department of Labor and Training for qualifying conversion projects, would help ensure consistent administration. Municipal assessors currently rely on timely receipt of this information to properly apply the tax classification, and the absence of a defined deadline has created challenges under existing law. Setting a filing window, such as between March 1 and March 31, similar to other municipal tax filing timelines, may help provide clarity for both property owners and municipal staff. Additionally, it may be beneficial to clarify that the responsibility for obtaining and submitting the required Department of Labor and Training certification rests with the taxpayer or developer, ensuring that municipalities are not tasked with securing documentation from state agencies. Ensuring that all required documentation is submitted by the applicable deadline would allow assessors to administer the classification in a manner consistent with other exemptions and property classifications.

As this legislation is part of the Speaker's broader housing package, we also look forward to reviewing House Bill 8006 in conjunction with the other measures included in that package with our member municipalities. We remain committed to working collaboratively with the General Assembly, stakeholders, and our local officials to ensure that the various components operate in strong synergy and reflect practical, workable standards for cities and towns. We look forward to keeping the dialogue open as the legislation advances and to working together on any refinements that may further improve practical application at the local level.

Thank you for the opportunity to share the perspective of Rhode Island's municipalities and for your thoughtful consideration of this matter.

Sincerely,



Randy R. Rossi
Executive Director

Cc: Honorable Members of House Municipal Government and Housing