



# OFFICE OF MANAGEMENT & BUDGET

## State Budget Office

One Capitol Hill  
Providence, RI 02908-5890

Office: (401) 222-6300  
Fax: (401) 222-6410

*State Fiscal Note for Bill Number:*

**2024-H 7186**

**Date of State Budget Office Approval:** Monday, January 22, 2024

**Date Requested:** Thursday, January 11, 2024

**Date Due:** Sunday, January 21, 2024

<i>Impact on Expenditures</i>	<i>Impact on Revenues</i>
FY 2024 \$0	FY 2024 N/A
FY 2025 \$284,277	FY 2025 N/A
FY 2026 \$284,277	FY 2026 N/A
*	**

*Explanation by State Budget Office:*

This bill would establish a recurring appropriation for a payment in lieu of taxes (PILOT) to cities and towns for municipal detention facility corporations. R.I.G.L. § 45-54-1 establishes a municipal detention facility corporation in each city and town in Rhode Island. Corporations established by this statute do not have authority to exercise any powers or engage in any business without approval and resolution by the city or town council in each given city or town, and most municipalities' corporations are latent. The corporation is a public corporation and acts as an agency of the municipality but is legally distinct from the city or town itself. R.I.G.L. § 45-54-7 addresses the issue of taxation on municipal detention facility corporations. This section exempts the corporations from any "state and local tax of any kind or description" with the exception of estate taxes or taxes on properties located outside the city or town which established the corporation. The PILOT payment would amount to 27 percent of all projected tax on the facility owned by the exempt municipal detention facility corporation, subject to adjustment based on sufficiency of available funds.

*Summary of Facts and Assumptions:*

There is currently only one operational municipally owned detention facility in Rhode Island: Donald W. Wyatt Detention Center in Central Falls. Wyatt Detention Center was established in 1993, the first publicly owned and privately operated correctional facility in the nation. It is a non-profit, quasi-public entity officially owned by the Central Falls Detention Facility Corporation. Wyatt Detention Center was assessed (land and improvement) at approximately \$75.8 million in 2019-2021. At the end of 2021, Central Falls conducted a revaluation for property tax purposes and valued Wyatt Detention Center at \$60.3 million. The CY 2022 estimated tax on the facility was approximately \$1.1 million. Updates to the valuation are planned in CY 2024 and CY 2027 with a full revaluation occurring next in CY 2030.

*Comments on Sources of Funds:*

The State's PILOT program is financed entirely with general revenue.



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Summary of Fiscal Impact:

At this bill's rate of 27 percent for the PILOT, the State can anticipate an outlay of approximately \$284,277 in FY 2025. Outyear impacts may vary according to potential changes in property valuation and municipal tax rates.

This estimate reflects the cost of this bill assuming that appropriations are made to fund this obligation at the full statutory reimbursement rate of 27 percent. The PILOT program is subject to appropriation, so in the event that appropriations are insufficient to cover this full statutory obligation, then each eligible municipality shall receive a prorated payment. In such a situation, the increase in aid resulting from the addition of this new category of eligible property would be offset by reductions in aid related to all other currently eligible property categories.

Budget Office Signature: \_\_\_\_\_

A handwritten signature in blue ink, appearing to read "Joseph Codega Jr.", written over a horizontal line.

Digitally signed by Joseph  
Codega Jr.  
Date: 2024.02.21 08:58:13 -05'00'

Fiscal Advisor Signature: \_\_\_\_\_

A large, stylized handwritten signature in blue ink, written over a horizontal line.