

May 19, 2026

The Honorable Senator Louis P. DiPalma, Chair
Senate Finance Committee
Rhode Island State Senate
82 Smith Street
Providence, RI 02903

RE: SENATE BILL 2827 - AN ACT RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

Chair DiPalma and Honorable Committee Members,

On behalf of the Rhode Island League of Cities and Towns, thank you for the opportunity to provide testimony in support of Senate Bill 2827, which would establish targeted exemptions from sales taxes, real and tangible personal property taxes, and income taxes for urban farmers and small farmers, while also clearly defining urban farmers, small farmers, and urban farmland.

These improvements reflect productive collaboration with key stakeholders, including the Rhode Island Farm Bureau, and have resulted in a strengthened proposal over prior versions.

The League supports this legislation because it reflects a thoughtful and structured approach to encouraging agricultural activity across Rhode Island, particularly in urban and small-scale settings, while maintaining important safeguards that protect municipal fiscal stability and ensure that benefits are directed toward legitimate, active farming operations.

We appreciate the following components of the legislation:


- **Clear and Comprehensive Definitions:** The bill establishes detailed definitions for “urban farmer,” “small farmer,” “urban farmland,” and “agricultural operations,” helping ensure consistent application across municipalities and providing clarity for both taxpayers and local assessors.
- **Schedule F Requirement for Accountability:** The definitions of both “urban farmer” and “small farmer” appropriately require filing an IRS Schedule F or equivalent for income tax purposes. This serves as an important safeguard linking eligibility for tax benefits to documented, active agricultural operations, helping ensure exemptions are directed to bona fide farmers.
- **Strong Focus on Active Agricultural Use:** The bill clearly defines “actively devoted to agricultural or horticultural use” and “under normally acceptable practices,” ensuring that qualifying land is genuinely engaged in productive agricultural activity consistent with recognized standards and best practices.

- **Reasonable Size and Use Limitations:** For urban farmland, the bill includes sensible parameters such as a 2,500 square foot limitation for eligible buildings and restrictions on their use to agricultural purposes such as seed starting, storage, and processing. These provisions help ensure the exemption is appropriately targeted while supporting functional urban agriculture infrastructure.
- **Defined Land Use and Fiscal Protections:** The inclusion of a land use change tax structure provides an important safeguard for municipalities in cases where land is converted out of agricultural use, ensuring that tax benefits are balanced with long-term fiscal responsibility.
- **Role of City and Town Assessors in Implementation:** The League notes that local assessors will play a central role in administering this program, including determining eligibility, verifying compliance with statutory definitions, and applying exemption criteria in coordination with guidance from the Department of Environmental Management. Given the fact-intensive nature of terms such as “actively devoted to agricultural use” and “normally acceptable practices,” assessor review and judgment will be essential to ensure consistent and accurate application across municipalities.
- **Role of State Technical Assistance:** The bill appropriately includes the Department of Environmental Management in providing assistance to local assessors, which will help ensure consistent interpretation and application of the statutory definitions across municipalities.

By combining clear eligibility standards, documentation requirements, and municipal safeguards, Senate Bill 2827 provides a balanced framework that supports Rhode Island’s growing agricultural sector while respecting the fiscal realities of cities and towns.

Thank you for your consideration and for your continued commitment to policies that support both local agriculture and strong municipal governance across Rhode Island.

Sincerely,



Randy R. Rossi
Executive Director

Cc: Honorable Members of Senate Finance Committee