



Mayor of Providence

Brett P. Smiley

May 28, 2026

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

Dear Chair DiPalma and Honorable Members of the Committee:

I support Senate Bill 3227, *An Act Relating to Taxation – City of Providence: Transfer of Portion of State Income Taxes of New Employees of Not-For-Profit Health Care Institutions and Educational Institutions*. If enacted, this legislation would allocate a portion of state income taxes withheld from new employees working at not-for-profit healthcare, health service, and educational institutions to the City of Providence.

In addition to the State Payment in Lieu of Taxes (PILOT) program, the City of Providence maintains its own local PILOT agreements with large Providence-based, tax-exempt, not-for-profit organizations. While this Administration has renegotiated these agreements recently, they do not fully address the amount of revenue lost due to these institutions' tax-exempt status. Nor do these agreements take into account the ongoing growth of these institutions and the resulting impact on City services. Providence's health care and educational institutions are drivers of the City's economy, yet the City is unable to fully capture the local fiscal benefit of these institutions.

Senate Bill 3227 addresses this by allocating 25 percent of the state income tax generated by new employees at these institutions to Providence. By applying only to new jobs, this legislation supports ongoing growth while providing an equitable and sustainable way to offset municipal costs related to tax-exempt healthcare and educational institutions. The City would be able to recover a portion of the costs it incurs from the services it currently provides, such as public safety and infrastructure supports, while continuing to support the expansion of these sectors, which are vital to Providence and the State as a whole.

I thank Senator Burke for sponsoring Senate Bill 3227 and respectfully urge the committee to vote in favor of this legislation.

Sincerely,

Brett P. Smiley
Mayor