

2019 -- H 5836

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LC002066
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

Introduced By: Representatives McKiernan, Almeida, Williams, Slater, and Diaz

Date Introduced: March 13, 2019

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The general assembly finds as follows:

2 WHEREAS, In the 1900s, the general assembly enacted numerous charters incorporating
3 nonprofit colleges and universities for specific educational purposes set forth in the charters; and

4 WHEREAS, The corporate charters of colleges and universities exempted from taxation
5 property owned by said educational institutions, provided that the real estate "not used for the
6 corporate purposes shall not be so exempt;" and

7 WHEREAS, The state supreme court has further indicated that issues regarding statutory
8 tax exemptions for chartered and nonprofit organizations implicate public policy decisions to be
9 addressed by the general assembly; and

10 WHEREAS, The language of chartered colleges and universities has never been amended
11 to remove the tax exemptions provided by the legislation; and

12 WHEREAS, The real and personal property held by the chartered entities has increased
13 exponentially, far exceeding what the general assembly would have contemplated when the
14 charters were enacted over a century ago; and

15 WHEREAS, Chartered colleges and universities hold property for use by and for
16 commercial, for-profit ventures such as eating establishments, shopping centers, parking garages,
17 and other operations not directly related to the provision of education or for hospital medical care;
18 and

19 WHEREAS, The tax exemptions afforded to all property owned by chartered nonprofit

1 colleges and universities, regardless of their uses, imposes a significant burden on the cities and
2 towns in which they are located, and the taxpaying residents of such cities and towns; and

3 THEREFORE, The general assembly deems it appropriate to place limitations on the tax
4 exempt real and personal property a nonprofit college, or university may hold.

5 SECTION 2. Section 44-3-3 of the General Laws in Chapter 44-3 entitled "Property
6 Subject to Taxation" is hereby amended to read as follows:

7 **44-3-3. Property exempt.**

8 (a) The following property is exempt from taxation:

9 (1) Property belonging to the state, except as provided in § 44-4-4.1;

10 (2) Lands ceded or belonging to the United States;

11 (3) Bonds and other securities issued and exempted from taxation by the government of
12 the United States or of this state;

13 (4) Real estate, used exclusively for military purposes, owned by chartered or
14 incorporated organizations approved by the adjutant general and composed of members of the
15 national guard, the naval militia, or the independent, chartered-military organizations;

16 (5) Buildings for free public schools, buildings for religious worship, and the land upon
17 which they stand and immediately surrounding them, to an extent not exceeding five (5) acres so
18 far as the buildings and land are occupied and used exclusively for religious or educational
19 purposes;

20 (6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or
21 the minimum lot size for zone in which the dwelling house is located, whichever is the greater,
22 owned by, or held in trust for, any religious organization and actually used by its officiating
23 clergy; provided, further, that in the town of Charlestown, where the property previously
24 described in this paragraph is exempt in total, along with dwelling houses and the land on which
25 they stand in Charlestown, not exceeding one acre in size, or the minimum lot size for zone in
26 which the dwelling house is located, whichever is the greater, owned by, or held in trust for, any
27 religious organization and actually used by its officiating clergy, or used as a convent, nunnery, or
28 retreat center by its religious order;

29 (7) Intangible personal property owned by, or held in trust for, any religious or charitable
30 organization, if the principal or income is used or appropriated for religious or charitable
31 purposes;

32 (8) Buildings and personal estate owned by any corporation used for a school, academy,
33 or seminary of learning, [except for a nonprofit institution of higher education](#), and of any
34 incorporated public charitable institution, and the land upon which the buildings stand and

1 immediately surrounding them to an extent not exceeding one acre, so far as they are used
2 exclusively for educational purposes, but no property or estate whatever is hereafter exempt from
3 taxation in any case where any part of its income or profits, or of the business carried on there, is
4 divided among its owners or stockholders; provided, however, that unless any private nonprofit
5 corporation organized as a college or university located in the town of Smithfield reaches a
6 memorandum of agreement with the town of Smithfield, the town of Smithfield shall bill the
7 actual costs for police, fire, and rescue services supplied, unless otherwise reimbursed, to said
8 corporation commencing March 1, 2014;

9 ~~(9) Estates, persons, and families of the president and professors for the time being of~~
10 ~~Brown University for not more than ten thousand dollars (\$10,000) for each officer, the officer's~~
11 ~~estate, person, and family included, but only to the extent that any person had claimed and~~
12 ~~utilized the exemption prior to, and for a period ending, either on or after December 31, 1996;~~

13 (10) Property especially exempt by charter unless the exemption has been waived in
14 whole or in part, [and except as provided in subsection \(c\) of this section](#);

15 (11) Lots of land exclusively for burial grounds;

16 (12) Property, real and personal, held for, or by, an incorporated library, society, or any
17 free public library, or any free public library society, so far as the property is held exclusively for
18 library purposes, or for the aid or support of the aged poor, or poor friendless children, or the poor
19 generally, or for a nonprofit hospital for the sick or disabled;

20 (13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated
21 organizations of veterans of any war in which the United States has been engaged, the parent
22 body of which has been incorporated by act of Congress, to the extent of four hundred thousand
23 dollars (\$400,000) if actually used and occupied by the association; provided, that the city council
24 of the city of Cranston may by ordinance exempt the real or personal estate as previously
25 described in this subdivision located within the city of Cranston to the extent of five hundred
26 thousand dollars (\$500,000);

27 (14) Property, real and personal, held for, or by, the fraternal corporation, association, or
28 body created to build and maintain a building or buildings for its meetings or the meetings of the
29 general assembly of its members, or subordinate bodies of the fraternity, and for the
30 accommodation of other fraternal bodies or associations, the entire net income of which real and
31 personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or
32 asylums, a home or homes, a school or schools, for the free education or relief of the members of
33 the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity,
34 their wives, widows, or orphans, and any fund given or held for the purpose of public education,

1 almshouses, and the land and buildings used in connection therewith;

2 (15) Real estate and personal property of any incorporated volunteer fire engine company
3 or incorporated volunteer ambulance or rescue corps in active service;

4 (16) The estate of any person who, in the judgment of the assessors, is unable from
5 infirmity or poverty to pay the tax; provided, that in the towns of Burrillville and West
6 Greenwich, the tax shall constitute a lien for five (5) years on the property where the owner is
7 entitled to the exemption. At the expiration of five (5) years, the lien shall be abated in full.
8 Provided, if the property is sold or conveyed, or if debt secured by the property is refinanced
9 during the five-year (5) period, the lien immediately becomes due and payable; any person
10 claiming the exemption aggrieved by an adverse decision of an assessor shall appeal the decision
11 to the local board of tax review and thereafter according to the provisions of § 44-5-26;

12 (17) Household furniture and family stores of a housekeeper in the whole, including
13 clothing, bedding, and other white goods, books, and all other tangible personal property items
14 that are common to the normal household;

15 (18) Improvements made to any real property to provide a shelter and fallout protection
16 from nuclear radiation, to the amount of one thousand five hundred dollars (\$1,500); provided,
17 that the improvements meet applicable standards for shelter construction established, from time to
18 time, by the Rhode Island emergency management agency. The improvements are deemed to
19 comply with the provisions of any building code or ordinance with respect to the materials or the
20 methods of construction used and any shelter or its establishment is deemed to comply with the
21 provisions of any zoning code or ordinance;

22 (19) Aircraft for which the fee required by § 1-4-6 has been paid to the tax administrator;

23 (20) Manufacturer's inventory.

24 (i) For the purposes of §§ 44-4-10, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to
25 be a manufacturer within a city or town within this state if that person uses any premises, room,
26 or place in it primarily for the purpose of transforming raw materials into a finished product for
27 trade through any or all of the following operations: adapting, altering, finishing, making, and
28 ornamenting; provided, that public utilities; non-regulated power producers commencing
29 commercial operation by selling electricity at retail or taking title to generating facilities on or
30 after July 1, 1997; building and construction contractors; warehousing operations, including
31 distribution bases or outlets of out-of-state manufacturers; and fabricating processes incidental to
32 warehousing or distribution of raw materials, such as alteration of stock for the convenience of a
33 customer; are excluded from this definition;

34 (ii) For the purposes of this section and §§ 44-4-10 and 44-5-38, the term "manufacturer's

1 inventory", or any similar term, means and includes the manufacturer's raw materials, the
2 manufacturer's work in process, and finished products manufactured by the manufacturer in this
3 state, and not sold, leased, or traded by the manufacturer or its title or right to possession
4 divested; provided, that the term does not include any finished products held by the manufacturer
5 in any retail store or other similar selling place operated by the manufacturer whether or not the
6 retail establishment is located in the same building in which the manufacturer operates the
7 manufacturing plant;

8 (iii) For the purpose of § 44-11-2, a "manufacturer" is a person whose principal business
9 in this state consists of transforming raw materials into a finished product for trade through any or
10 all of the operations described in paragraph (i) of this subdivision. A person will be deemed to be
11 principally engaged if the gross receipts that person derived from the manufacturing operations in
12 this state during the calendar year or fiscal year mentioned in § 44-11-1 amounted to more than
13 fifty percent (50%) of the total gross receipts that person derived from all the business activities
14 in which that person engaged in this state during the taxable year. For the purpose of computing
15 the percentage, gross receipts derived by a manufacturer from the sale, lease, or rental of finished
16 products manufactured by the manufacturer in this state, even though the manufacturer's store or
17 other selling place may be at a different location from the location of the manufacturer's
18 manufacturing plant in this state, are deemed to have been derived from manufacturing;

19 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term
20 "manufacturer" also includes persons who are principally engaged in any of the general activities
21 coded and listed as establishments engaged in manufacturing in the Standard Industrial
22 Classification Manual prepared by the Technical Committee on Industrial Classification, Office
23 of Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as
24 revised from time to time, but eliminating as manufacturers those persons, who, because of their
25 limited type of manufacturing activities, are classified in the manual as falling within the trade
26 rather than an industrial classification of manufacturers. Among those thus eliminated, and
27 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons
28 primarily engaged in selling, to the general public, products produced on the premises from which
29 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and
30 custom tailors, except, that a person who manufactures bakery products for sale primarily for
31 home delivery, or through one or more non-baking retail outlets, and whether or not retail outlets
32 are operated by the person, is a manufacturer within the meaning of this paragraph;

33 (v) The term "Person" means and includes, as appropriate, a person, partnership, or
34 corporation; and

1 (vi) The department of revenue shall provide to the local assessors any assistance that is
2 necessary in determining the proper application of the definitions in this subdivision;

3 (21) Real and tangible personal property acquired to provide a treatment facility used
4 primarily to control the pollution or contamination of the waters or the air of the state, as defined
5 in chapter 12 of title 46 and chapter 25 of title 23, respectively, the facility having been
6 constructed, reconstructed, erected, installed, or acquired in furtherance of federal or state
7 requirements or standards for the control of water or air pollution or contamination, and certified
8 as approved in an order entered by the director of environmental management. The property is
9 exempt as long as it is operated properly in compliance with the order of approval of the director
10 of environmental management; provided, that any grant of the exemption by the director of
11 environmental management in excess of ten (10) years is approved by the city or town in which
12 the property is situated. This provision applies only to water and air pollution control properties
13 and facilities installed for the treatment of waste waters and air contaminants resulting from
14 industrial processing; furthermore, it applies only to water or air pollution control properties and
15 facilities placed in operation for the first time after April 13, 1970;

16 (22) New manufacturing machinery and equipment acquired or used by a manufacturer
17 and purchased after December 31, 1974. Manufacturing machinery and equipment is defined as:

18 (i) Machinery and equipment used exclusively in the actual manufacture or conversion of
19 raw materials or goods in the process of manufacture by a manufacturer, as defined in subdivision
20 (20), and machinery, fixtures, and equipment used exclusively by a manufacturer for research and
21 development or for quality assurance of its manufactured products;

22 (ii) Machinery and equipment that is partially used in the actual manufacture or
23 conversion of raw materials or goods in process of manufacture by a manufacturer, as defined in
24 subdivision (20), and machinery, fixtures, and equipment used by a manufacturer for research and
25 development or for quality assurance of its manufactured products, to the extent to which the
26 machinery and equipment is used for the manufacturing processes, research and development, or
27 quality assurance. In the instances where machinery and equipment is used in both manufacturing
28 and/or research and development and/or quality assurance activities and non-manufacturing
29 activities, the assessment on machinery and equipment is prorated by applying the percentage of
30 usage of the equipment for the manufacturing, research and development, and quality-assurance
31 activity to the value of the machinery and equipment for purposes of taxation, and the portion of
32 the value used for manufacturing, research and development, and quality assurance is exempt
33 from taxation. The burden of demonstrating this percentage usage of machinery and equipment
34 for manufacturing and for research and development and/or quality assurance of its manufactured

1 products rests with the manufacturer; and

2 (iii) Machinery and equipment described in §§ 44-18-30(7) and 44-18-30(22) that was
3 purchased after July 1, 1997; provided that the city or town council of the city or town in which
4 the machinery and equipment is located adopts an ordinance exempting the machinery and
5 equipment from taxation. For purposes of this subsection, city councils and town councils of any
6 municipality may, by ordinance, wholly or partially exempt from taxation the machinery and
7 equipment discussed in this subsection for the period of time established in the ordinance and
8 may, by ordinance, establish the procedures for taxpayers to avail themselves of the benefit of
9 any exemption permitted under this section; provided, that the ordinance does not apply to any
10 machinery or equipment of a business, subsidiary, or any affiliated business that locates or
11 relocates from a city or town in this state to another city or town in the state;

12 (23) Precious metal bullion, meaning any elementary metal that has been put through a
13 process of melting or refining, and that is in a state or condition that its value depends upon its
14 content and not its form. The term does not include fabricated precious metal that has been
15 processed or manufactured for some one or more specific and customary industrial, professional,
16 or artistic uses;

17 (24) Hydroelectric power-generation equipment, which includes, but is not limited to,
18 turbines, generators, switchgear, controls, monitoring equipment, circuit breakers, transformers,
19 protective relaying, bus bars, cables, connections, trash racks, headgates, and conduits. The
20 hydroelectric power-generation equipment must have been purchased after July 1, 1979, and
21 acquired or used by a person or corporation who or that owns or leases a dam and utilizes the
22 equipment to generate hydroelectric power;

23 (25) Subject to authorization by formal action of the council of any city or town, any real
24 or personal property owned by, held in trust for, or leased to an organization incorporated under
25 chapter 6 of title 7, as amended, or an organization meeting the definition of "charitable trust" set
26 out in § 18-9-4, as amended, or an organization incorporated under the not-for-profits statutes of
27 another state or the District of Columbia, the purpose of which is the conserving of open space, as
28 that term is defined in chapter 36 of title 45, as amended, provided the property is used
29 exclusively for the purposes of the organization;

30 (26) Tangible personal property, the primary function of which is the recycling, reuse, or
31 recovery of materials (other than precious metals, as defined in § 44-18-30(24)(ii) and (iii)), from,
32 or the treatment of "hazardous wastes", as defined in § 23-19.1-4, where the "hazardous wastes"
33 are generated primarily by the same taxpayer and where the personal property is located at, in, or
34 adjacent to a generating facility of the taxpayer. The taxpayer may, but need not, procure an order

1 from the director of the department of environmental management certifying that the tangible
2 personal property has this function, which order effects a conclusive presumption that the tangible
3 personal property qualifies for the exemption under this subdivision. If any information relating
4 to secret processes or methods of manufacture, production, or treatment is disclosed to the
5 department of environmental management only to procure an order, and is a "trade secret" as
6 defined in § 28-21-10(b), it shall not be open to public inspection or publicly disclosed unless
7 disclosure is otherwise required under chapter 21 of title 28 or chapter 24.4 of title 23;

8 (27) Motorboats as defined in § 46-22-2 for which the annual fee required in § 46-22-4
9 has been paid;

10 (28) Real and personal property of the Providence Performing Arts Center, a non-
11 business corporation as of December 31, 1986;

12 (29) Tangible personal property owned by, and used exclusively for the purposes of, any
13 religious organization located in the city of Cranston;

14 (30) Real and personal property of the Travelers Aid Society of Rhode Island, a nonprofit
15 corporation, the Union Mall Real Estate Corporation, and any limited partnership or limited
16 liability company that is formed in connection with, or to facilitate the acquisition of, the
17 Providence YMCA Building;

18 (31) Real and personal property of Meeting Street Center or MSC Realty, Inc., both not-
19 for-profit Rhode Island corporations, and any other corporation, limited partnership, or limited
20 liability company that is formed in connection with, or to facilitate the acquisition of, the
21 properties designated as the Meeting Street National Center of Excellence on Eddy Street in
22 Providence, Rhode Island;

23 (32) The buildings, personal property, and land upon which the buildings stand, located
24 on Pomham Island, East Providence, currently identified as Assessor's Map 211, Block 01, Parcel
25 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet
26 and is located approximately eight hundred sixty feet (860'), more or less, from the shore, and
27 limited exclusively to these said buildings, personal estate and land, provided that said property is
28 owned by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is
29 used exclusively for a lighthouse;

30 (33) The Stadium Theatre Performing Arts Centre building located in Monument Square,
31 Woonsocket, Rhode Island, so long as said Stadium Theatre Performing Arts Center is owned by
32 the Stadium Theatre Foundation, a Rhode Island nonprofit corporation;

33 (34) Real and tangible personal property of St. Mary Academy -- Bay View, located in
34 East Providence, Rhode Island;

1 (35) Real and personal property of East Bay Community Action Program and its
2 predecessor, Self Help, Inc; provided, that the organization is qualified as a tax-exempt
3 corporation under § 501(c)(3) of the United States Internal Revenue Code;

4 (36) Real and personal property located within the city of East Providence of the
5 Columbus Club of East Providence, a Rhode Island charitable nonprofit corporation;

6 (37) Real and personal property located within the city of East Providence of the
7 Columbus Club of Barrington, a Rhode Island charitable nonprofit corporation;

8 (38) Real and personal property located within the city of East Providence of Lodge 2337
9 BPO Elks, a Rhode Island nonprofit corporation;

10 (39) Real and personal property located within the city of East Providence of the St.
11 Andrews Lodge No. 39, a Rhode Island charitable nonprofit corporation;

12 (40) Real and personal property located within the city of East Providence of the Trustees
13 of Methodist Health and Welfare service a/k/a United Methodist Elder Care, a Rhode Island
14 nonprofit corporation;

15 (41) Real and personal property located on the first floor of 90 Leonard Avenue within
16 the city of East Providence of the Zion Gospel Temple, Inc., a religious nonprofit corporation;

17 (42) Real and personal property located within the city of East Providence of the Cape
18 Verdean Museum Exhibit, a Rhode Island nonprofit corporation;

19 (43) The real and personal property owned by a qualified 501(c)(3) organization that is
20 affiliated and in good standing with a national, congressionally chartered organization and
21 thereby adheres to that organization's standards and provides activities designed for recreational,
22 educational, and character building purposes for children from ages six (6) years to seventeen
23 (17) years;

24 (44) Real and personal property of the Rhode Island Philharmonic Orchestra and Music
25 School; provided, that the organization is qualified as a tax-exempt corporation under § 501(c)(3)
26 of the United States Internal Revenue Code;

27 (45) The real and personal property located within the town of West Warwick at 211
28 Cowesett Avenue, Plat 29-Lot 25, which consists of approximately twenty-eight thousand seven
29 hundred fifty (28,750) square feet and is owned by the Station Fire Memorial Foundation of East
30 Greenwich, a Rhode Island nonprofit corporation;

31 (46) Real and personal property of the Comprehensive Community Action Program, a
32 qualified tax-exempt corporation under § 501(c)(3) of the United States Internal Revenue Code;

33 (47) Real and personal property located at 52 Plain Street, within the city of Pawtucket of
34 the Pawtucket Youth Soccer Association, a Rhode Island nonprofit corporation;

1 (48) Renewable energy resources, as defined in § 39-26-5, used in residential systems
2 and associated equipment used therewith in service after December 31, 2015;

3 (49) Renewable energy resources, as defined in § 39-26-5, if employed by a
4 manufacturer, as defined in subsection (a) of this section, shall be exempt from taxation in
5 accordance with subsection (a) of this section;

6 (50) Real and personal property located at 415 Tower Hill Road within the town of North
7 Kingstown, of South County Community Action, Inc., a qualified tax-exempt corporation under §
8 501(c)(3) of the United States Internal Revenue Code;

9 (51) As an effort to promote business growth, tangible business or personal property, in
10 whole or in part, within the town of Charlestown's community limits, subject to authorization by
11 formal action of the town council of the town of Charlestown;

12 (52) All real and personal property located at 1300 Frenchtown Road, within the town of
13 East Greenwich, identified as assessor's map 027, plat 019, lot 071, and known as the New
14 England Wireless and Steam Museum, Inc., a qualified tax-exempt corporation under § 501(c)(3)
15 of the United States Internal Revenue Code;

16 (53) Real and tangible personal property of Mount Saint Charles Academy located within
17 the city of Woonsocket, specifically identified as the following assessor's plats and lots: Logee
18 Street, plat 23, lot 62, Logee Street, plat 24, lots 304 and 305; Welles Street, plat 23, lot 310;
19 Monroe Street, plat 23, lot 312; and Roberge Avenue, plat 24, lot 47;

20 (54) Real and tangible personal property of Steere House, a Rhode Island nonprofit
21 corporation, located in Providence, Rhode Island;

22 (55) Real and personal property located within the town of West Warwick of Tides
23 Family Services, Inc., a Rhode Island nonprofit corporation;

24 (56) Real and personal property of Tides Family Services, Inc., a Rhode Island nonprofit
25 corporation, located in the city of Pawtucket at 242 Dexter Street, plat 44, lot 444;

26 (57) Real and personal property located within the town of Middletown of Lucy's Hearth,
27 a Rhode Island nonprofit corporation;

28 (58) Real and tangible personal property of Habitat for Humanity of Rhode Island--
29 Greater Providence, Inc., a Rhode Island nonprofit corporation, located in Providence, Rhode
30 Island;

31 (59) Real and personal property of the Artic Playhouse, a Rhode Island nonprofit
32 corporation, located in the town of West Warwick at 1249 Main Street;

33 (60) Real and personal property located at 321 Main Street, within the town of South
34 Kingstown, of the Contemporary Theatre Company, a qualified, tax-exempt corporation under §

1 501(c)(3) of the United States Internal Revenue Code;

2 (61) Real and personal property of The Samaritans, Inc., a Rhode Island nonprofit §
3 501(c)(3) corporation located at 67 Park Place, Pawtucket, Rhode Island, to the extent the city
4 council of Pawtucket may from time to time determine;

5 (62) Real and personal property of North Kingstown, Exeter Animal Protection League,
6 Inc., dba "Pet Refuge," 500 Stony Lane, a Rhode Island nonprofit corporation, located in North
7 Kingstown, Rhode Island;

8 (63) Real and personal property located within the city of East Providence of Foster
9 Forward (formerly the Rhode Island Foster Parents Association), a Rhode Island charitable
10 nonprofit corporation; and

11 (64) Real and personal property located at 54 Kelly Avenue within the town of East
12 Providence, of the Associated Radio Amateurs of Southern New England, a Rhode Island
13 nonprofit corporation.

14 (b) Except as provided below, when a city or town taxes a for-profit hospital facility, the
15 value of its real property shall be the value determined by the most recent full revaluation or
16 statistical property update performed by the city or town; provided, however, in the year a
17 nonprofit hospital facility converts to or otherwise becomes a for-profit hospital facility, or a for-
18 profit hospital facility is initially established, the value of the real property and personal property
19 of the for-profit hospital facility shall be determined by a valuation performed by the assessor for
20 the purpose of determining an initial assessed value of real and personal property, not previously
21 taxed by the city or town, as of the most recent date of assessment pursuant to § 44-5-1, subject to
22 a right of appeal by the for-profit hospital facility which shall be made to the city or town tax
23 assessor with a direct appeal from an adverse decision to the Rhode Island superior court business
24 calendar.

25 A "for-profit hospital facility" includes all real and personal property affiliated with any
26 hospital as identified in an application filed pursuant to chapter 17 or 17.14 of title 23.
27 Notwithstanding the above, a city or town may enter into a stabilization agreement with a for-
28 profit hospital facility under § 44-3-9 or other laws specific to the particular city or town relating
29 to stabilization agreements. In a year in which a nonprofit hospital facility converts to, or
30 otherwise becomes, a for-profit hospital facility, or a for-profit hospital facility is otherwise
31 established, in that year only the amount levied by the city or town and/or the amount payable
32 under the stabilization agreement for that year related to the for-profit hospital facility shall not be
33 counted towards determining the maximum tax levy permitted under § 44-5-2.

34 [\(c\) Cities and towns. Authorization to tax certain nonprofit properties exempt by charter.](#)

1 general, public, or special law.

2 (1) Notwithstanding any charter provision or any other provisions of this section or any
3 other provision of the general, public, or special law to the contrary, each city and town may
4 impose a property tax on the following real and/or personal property owned, leased or operated in
5 whole or in part by any nonprofit institution of higher education:

6 (i) Any and all vacant lots, improved or unimproved, within the city or town, and/or such
7 portion of a lot that is vacant; and

8 (ii) Any and all lots, buildings, structures or other property used for transient, overnight
9 or permanent parking of motor vehicles, excepting any portion used wholly and exclusively for
10 parking of vehicles owned or leased by the nonprofit entity and used for purposes of operating
11 and maintaining the nonprofit entity owned or leased vehicle parking; and

12 (iii) Any and all real property owned, leased or operated within the city or town, or any
13 portion thereof, that is not wholly and exclusively utilized for the purposes for which the
14 nonprofits were incorporated, as set forth in their respective charters, or applicable provisions of
15 the general, public, or special laws, to the contrary, regardless of whether or not the net income
16 from the said property, or any portion thereof, is applied to, shall be used for, supports, or
17 financially maintains the purposes for which the nonprofits were incorporated, as set forth in their
18 respective charters.

19 (iv) When a city or town taxes any property and or portion of a property as set forth in
20 subsections (i) and (ii) of this section, the value of the taxable real property shall be determined
21 by the most recent full revaluation or statistical property update performed by the city or town;
22 provided, however, in the year any real property is first taxed, the value of the property shall be
23 determined by a valuation performed by the assessor for the purpose of determining an initial
24 assessed value of real property not previously taxed by the city or town, as of the most recent date
25 of assessment pursuant to § 44-5-1, subject to any and all rights to appeal under § 44-5-26.

26 (v) When a city or town taxes any property and or portion of a property pursuant to
27 subsection (iii) of this section, such tax may be assessed and imposed effective December 31 in
28 the year the next update or valuation is performed in accordance with § 44-5-11.6 after the
29 effective date of this section, subject to any and all rights to appeal under § 44-5-26.

30 (vi) As used in this section, "nonprofit institution of higher education" means any
31 institution engaged primarily in education beyond the high school level, and "nonprofit hospital"
32 means any nonprofit hospital licensed by the state and which is used for the purpose of general
33 medical, surgical, or psychiatric care and treatment.

34 SECTION 3. Provisions of nonprofit charters, general and special laws granted by the

1 general assembly are hereby replaced, and/or amended, retroactively and prospectively, to the
2 extent inconsistent with § 44-3-3(c).

3 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

- 1 This act would place limitations on the tax exempt real and personal property a nonprofit
- 2 college or university may hold.
- 3 This act would take effect upon passage.

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