

2019 -- H 5838

=====
LC002064
=====

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 1890s, the general assembly enacted numerous charters incorporating
3 nonprofit hospitals throughout the state; and

4 WHEREAS, The corporate charters of the hospitals, in general, authorizes them to erect,
5 support and maintain facilities for the non-business purposes for which the entities are
6 incorporated, and require that the corporations be managed by their boards of directors, which
7 boards are defined and delineated in the legislative corporate charters; and

8 WHEREAS, Pursuant to the legislatively-granted charters, the nonprofit hospitals in the
9 state have enjoyed exemptions from taxation on all real and personal property owned by the
10 hospitals, pursuant to provisions of the legislation stating that: "the property and estate of said
11 corporation, both real and personal, shall not at any time be liable to be assessed in the
12 apportionment of any state or town tax;" and

13 WHEREAS, In the absence of an express statutory definition to the contrary, the state
14 supreme court has held that the language in the hospital charters affords tax exempt status to all
15 hospital owned property as long as the net income from the property is devoted to the general
16 uses of the hospital, regardless of whether the property is used "wholly" or "exclusively" for the
17 missions and functions of a hospital; and

18 WHEREAS, The state supreme court has further indicated that issues regarding statutory
19 tax exemptions for chartered and nonprofit organizations implicate public policy decisions to be

1 addressed by the general assembly; and

2 WHEREAS, The language of chartered nonprofit hospitals has never been amended to
3 remove the tax exemptions provided by the legislation; and

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

7 WHEREAS, Chartered hospitals hold property for use by and for commercial, for-profit
8 ventures such as eating establishments, shopping centers, parking garages, and other operations
9 not directly related to the provision of education or for hospital medical care; and

10 WHEREAS, Nonprofit hospitals now expend funds on mass marketing campaigns, large
11 network "holding" and management corporations which are comprised of a board of directors that
12 oversees each hospital and legislatively delineated hospital board, and which conduct business on
13 behalf of not only the hospitals, but also on behalf of physicians' groups, laboratories, imaging
14 centers and other matters not related to the acquisition and maintenance of a hospital; and

15 WHEREAS, The tax exemptions afforded to all property owned by chartered nonprofit
16 hospitals, regardless of their uses, imposes a significant burden on the cities and towns in which
17 they are located, and the taxpaying residents of such cities and towns; and

18 THEREFORE, The general assembly deems it appropriate to place limitations on the tax
19 exempt real and personal property a nonprofit hospital may hold.

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

22 **44-3-3. Property exempt.**

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

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

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

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

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

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

1 (6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or
2 the minimum lot size for zone in which the dwelling house is located, whichever is the greater,
3 owned by, or held in trust for, any religious organization and actually used by its officiating
4 clergy; provided, further, that in the town of Charlestown, where the property previously
5 described in this paragraph is exempt in total, along with dwelling houses and the land on which
6 they stand in Charlestown, not exceeding one acre in size, or the minimum lot size for zone in
7 which the dwelling house is located, whichever is the greater, owned by, or held in trust for, any
8 religious organization and actually used by its officiating clergy, or used as a convent, nunnery, or
9 retreat center by its religious order;

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

13 (8) Buildings and personal estate owned by any corporation used for a school, academy,
14 or seminary of learning, and of any incorporated public charitable institution, and the land upon
15 which the buildings stand and immediately surrounding them to an extent not exceeding one acre,
16 so far as they are used exclusively for educational purposes, but no property or estate whatever is
17 hereafter exempt from taxation in any case where any part of its income or profits, or of the
18 business carried on there, is divided among its owners or stockholders; provided, however, that
19 unless any private nonprofit corporation organized as a college or university located in the town
20 of Smithfield reaches a memorandum of agreement with the town of Smithfield, the town of
21 Smithfield shall bill the actual costs for police, fire, and rescue services supplied, unless
22 otherwise reimbursed, to said corporation commencing March 1, 2014;

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

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

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

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

34 (13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated

1 organizations of veterans of any war in which the United States has been engaged, the parent
2 body of which has been incorporated by act of Congress, to the extent of four hundred thousand
3 dollars (\$400,000) if actually used and occupied by the association; provided, that the city council
4 of the city of Cranston may by ordinance exempt the real or personal estate as previously
5 described in this subdivision located within the city of Cranston to the extent of five hundred
6 thousand dollars (\$500,000);

7 (14) Property, real and personal, held for, or by, the fraternal corporation, association, or
8 body created to build and maintain a building or buildings for its meetings or the meetings of the
9 general assembly of its members, or subordinate bodies of the fraternity, and for the
10 accommodation of other fraternal bodies or associations, the entire net income of which real and
11 personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or
12 asylums, a home or homes, a school or schools, for the free education or relief of the members of
13 the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity,
14 their wives, widows, or orphans, and any fund given or held for the purpose of public education,
15 almshouses, and the land and buildings used in connection therewith;

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

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

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

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

1 provisions of any zoning code or ordinance;

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

3 (20) Manufacturer's inventory.

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

14 (ii) For the purposes of this section and §§ 44-4-10 and 44-5-38, the term "manufacturer's
15 inventory", or any similar term, means and includes the manufacturer's raw materials, the
16 manufacturer's work in process, and finished products manufactured by the manufacturer in this
17 state, and not sold, leased, or traded by the manufacturer or its title or right to possession
18 divested; provided, that the term does not include any finished products held by the manufacturer
19 in any retail store or other similar selling place operated by the manufacturer whether or not the
20 retail establishment is located in the same building in which the manufacturer operates the
21 manufacturing plant;

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

33 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term
34 "manufacturer" also includes persons who are principally engaged in any of the general activities

1 coded and listed as establishments engaged in manufacturing in the Standard Industrial
2 Classification Manual prepared by the Technical Committee on Industrial Classification, Office
3 of Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as
4 revised from time to time, but eliminating as manufacturers those persons, who, because of their
5 limited type of manufacturing activities, are classified in the manual as falling within the trade
6 rather than an industrial classification of manufacturers. Among those thus eliminated, and
7 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons
8 primarily engaged in selling, to the general public, products produced on the premises from which
9 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and
10 custom tailors, except, that a person who manufactures bakery products for sale primarily for
11 home delivery, or through one or more non-baking retail outlets, and whether or not retail outlets
12 are operated by the person, is a manufacturer within the meaning of this paragraph;

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

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

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

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

32 (i) Machinery and equipment used exclusively in the actual manufacture or conversion of
33 raw materials or goods in the process of manufacture by a manufacturer, as defined in subdivision
34 (20), and machinery, fixtures, and equipment used exclusively by a manufacturer for research and

1 development or for quality assurance of its manufactured products;

2 (ii) Machinery and equipment that is partially used in the actual manufacture or
3 conversion of raw materials or goods in process of manufacture by a manufacturer, as defined in
4 subdivision (20), and machinery, fixtures, and equipment used by a manufacturer for research and
5 development or for quality assurance of its manufactured products, to the extent to which the
6 machinery and equipment is used for the manufacturing processes, research and development, or
7 quality assurance. In the instances where machinery and equipment is used in both manufacturing
8 and/or research and development and/or quality assurance activities and non-manufacturing
9 activities, the assessment on machinery and equipment is prorated by applying the percentage of
10 usage of the equipment for the manufacturing, research and development, and quality-assurance
11 activity to the value of the machinery and equipment for purposes of taxation, and the portion of
12 the value used for manufacturing, research and development, and quality assurance is exempt
13 from taxation. The burden of demonstrating this percentage usage of machinery and equipment
14 for manufacturing and for research and development and/or quality assurance of its manufactured
15 products rests with the manufacturer; and

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

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

31 (24) Hydroelectric power-generation equipment, which includes, but is not limited to,
32 turbines, generators, switchgear, controls, monitoring equipment, circuit breakers, transformers,
33 protective relaying, bus bars, cables, connections, trash racks, headgates, and conduits. The
34 hydroelectric power-generation equipment must have been purchased after July 1, 1979, and

1 acquired or used by a person or corporation who or that owns or leases a dam and utilizes the
2 equipment to generate hydroelectric power;

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

10 (26) Tangible personal property, the primary function of which is the recycling, reuse, or
11 recovery of materials (other than precious metals, as defined in § 44-18-30(24)(ii) and (iii)), from,
12 or the treatment of "hazardous wastes", as defined in § 23-19.1-4, where the "hazardous wastes"
13 are generated primarily by the same taxpayer and where the personal property is located at, in, or
14 adjacent to a generating facility of the taxpayer. The taxpayer may, but need not, procure an order
15 from the director of the department of environmental management certifying that the tangible
16 personal property has this function, which order effects a conclusive presumption that the tangible
17 personal property qualifies for the exemption under this subdivision. If any information relating
18 to secret processes or methods of manufacture, production, or treatment is disclosed to the
19 department of environmental management only to procure an order, and is a "trade secret" as
20 defined in § 28-21-10(b), it shall not be open to public inspection or publicly disclosed unless
21 disclosure is otherwise required under chapter 21 of title 28 or chapter 24.4 of title 23;

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

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

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

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

32 (31) Real and personal property of Meeting Street Center or MSC Realty, Inc., both not-
33 for-profit Rhode Island corporations, and any other corporation, limited partnership, or limited
34 liability company that is formed in connection with, or to facilitate the acquisition of, the

1 properties designated as the Meeting Street National Center of Excellence on Eddy Street in
2 Providence, Rhode Island;

3 (32) The buildings, personal property, and land upon which the buildings stand, located
4 on Pomham Island, East Providence, currently identified as Assessor's Map 211, Block 01, Parcel
5 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet
6 and is located approximately eight hundred sixty feet (860'), more or less, from the shore, and
7 limited exclusively to these said buildings, personal estate and land, provided that said property is
8 owned by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is
9 used exclusively for a lighthouse;

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

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

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

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

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

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

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

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

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

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

33 (43) The real and personal property owned by a qualified 501(c)(3) organization that is
34 affiliated and in good standing with a national, congressionally chartered organization and

1 thereby adheres to that organization's standards and provides activities designed for recreational,
2 educational, and character building purposes for children from ages six (6) years to seventeen
3 (17) years;

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

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

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

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

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

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

20 (50) Real and personal property located at 415 Tower Hill Road within the town of North
21 Kingstown, of South County Community Action, Inc., a qualified tax-exempt corporation under §
22 501(c)(3) of the United States Internal Revenue Code;

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

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

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

34 (54) Real and tangible personal property of Steere House, a Rhode Island nonprofit

1 corporation, located in Providence, Rhode Island;

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

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

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

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

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

13 (60) Real and personal property located at 321 Main Street, within the town of South
14 Kingstown, of the Contemporary Theatre Company, a qualified, tax-exempt corporation under §
15 501(c)(3) of the United States Internal Revenue Code;

16 (61) Real and personal property of The Samaritans, Inc., a Rhode Island nonprofit §
17 501(c)(3) corporation located at 67 Park Place, Pawtucket, Rhode Island, to the extent the city
18 council of Pawtucket may from time to time determine;

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

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

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

28 (b) Except as provided below, when a city or town taxes a for-profit hospital facility, the
29 value of its real property shall be the value determined by the most recent full revaluation or
30 statistical property update performed by the city or town; provided, however, in the year a
31 nonprofit hospital facility converts to or otherwise becomes a for-profit hospital facility, or a for-
32 profit hospital facility is initially established, the value of the real property and personal property
33 of the for-profit hospital facility shall be determined by a valuation performed by the assessor for
34 the purpose of determining an initial assessed value of real and personal property, not previously

1 taxed by the city or town, as of the most recent date of assessment pursuant to § 44-5-1, subject to
2 a right of appeal by the for-profit hospital facility which shall be made to the city or town tax
3 assessor with a direct appeal from an adverse decision to the Rhode Island superior court business
4 calendar.

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

14 (c) Cities and towns. Authorization to tax certain nonprofit properties exempt by charter,
15 general, public, or special law.

16 (1) Notwithstanding any charter provision or any other provisions of this section or any
17 other provision of the general, public, or special law to the contrary, each city and town may
18 impose a property tax on the following real and/or personal property owned, leased or operated in
19 whole or in part by any nonprofit hospital:

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

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

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

33 (iv) When a city or town taxes any property and or portion of a property as set forth in
34 subsections (i) and (ii) of this section, the value of the taxable real property shall be determined

1 by the most recent full revaluation or statistical property update performed by the city or town;
2 provided, however, in the year any real property is first taxed, the value of the property shall be
3 determined by a valuation performed by the assessor for the purpose of determining an initial
4 assessed value of real property not previously taxed by the city or town, as of the most recent date
5 of assessment pursuant to § 44-5-1, subject to any and all rights to appeal under § 44-5-26.

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

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

14 SECTION 3. Provisions of nonprofit charters, general and special laws granted by the
15 general assembly are hereby replaced, and/or amended, retroactively and prospectively, to the
16 extent inconsistent with § 44-3-3(c).

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

=====
LC002064
=====

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 hospital may hold.
- 3 This act would take effect upon passage.

=====
LC002064
=====