

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO TOWNS AND CITIES -- MUNICIPAL DETENTION FACILITY
CORPORATIONS

Introduced By: Senators Crowley, Quezada, Metts, Cano, and Goldin

Date Introduced: April 04, 2019

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-54-7 of the General Laws in Chapter 45-54 entitled "Municipal
2 Detention Facility Corporations" is hereby repealed.

3 ~~**45-54-7. Exemption from taxation.**~~

4 ~~The exercise of the powers granted by this chapter will be in all respects for the benefit of~~
5 ~~the people of the state and for the facilitation of the conduct of their public business, and as the~~
6 ~~acquisition, construction, operation, and maintenance by the corporation of the projects defined in~~
7 ~~this chapter will constitute the performance of essential governmental functions, the corporation~~
8 ~~is not required to pay any taxes or assessments upon the projects or upon any property acquired,~~
9 ~~or upon the income from the projects, or any other state or local tax of any kind or description,~~
10 ~~nor is the corporation required to pay any recording fee or transfer tax of any kind or description,~~
11 ~~and the bonds, issued under the provisions of this chapter, their transfer, and the income from~~
12 ~~them (including any profit made on the sale) at all time free from taxation by the state, or any~~
13 ~~political subdivision or other instrumentality of the state, excepting estate taxes, and the~~
14 ~~corporation shall pay property taxes and assessments on its properties located outside the~~
15 ~~boundaries of the city or town whose council established the corporation.~~

16 SECTION 2. Sections 45-54-1 and 45-54-23 of the General Laws in Chapter 45-54
17 entitled "Municipal Detention Facility Corporations" are hereby amended to read as follows:

18 ~~**45-54-1. Corporations created.**~~

1 (a) For the purposes stated in this chapter there is incorporated in each city and town a
2 body corporate and politic which shall be known as the municipal detention facility corporation
3 of the municipality. The corporation is a public corporation, which is an instrumentality and
4 agency of the municipality, but has a distinct legal existence from the municipality, and which
5 has purposes that are consistent with the declaration of purpose set out in this chapter, and which
6 has powers that are necessary and incidental to the effectuation of the stated purposes.

7 (b) The corporation of any city or town shall not have the authority to transact any
8 business or exercise any powers under this chapter until the city or town council shall by
9 resolution declare that there is a need for the corporation to function in the city or town.

10 (c) The corporation of each city or town shall cease to exist unless the city or town
11 council passes the resolution specified in subsection (b) prior to December 31, 1991, the
12 corporation of the municipality has entered into a contract for the operation of a detention facility
13 with the United States Marshals' Service prior to December 31, 1991, and the site of the detention
14 facility has received all necessary zoning approvals by December 31, 1991.

15 (d) For the purposes of this chapter, the municipal detention facility corporation shall be
16 deemed a fully taxable entity for the purposes of all state and local taxes.

17 **45-54-23. Transfers to governmental body.**

18 (a) When all bonds issued under the provisions of the chapter for each specific project
19 and their interest have been paid, or a sufficient amount for the payment of all the bonds and their
20 interest to the maturity of the bonds have been set aside in trust for the benefit of the bondholders,
21 the specific project financed under the provisions of this chapter may be transferred to the
22 municipality leasing the project on terms and conditions and for consideration that the
23 corporation determines. If the corporation is dissolved, all funds of the corporation not required
24 for the payment of bonds shall be paid to the treasurer of the municipality in which the
25 corporation is established for the use of the municipality, and all property belonging to the
26 corporation shall be vested in the municipality and delivered to it. No part of the net earnings of
27 the authority shall be distributed to, or inure to the benefit of, any private person.

28 (b) Notwithstanding any law to the contrary, the corporation shall cease to exist ninety
29 (90) days after:

30 (1) A vote of dissolution of the corporation's board of directors; and

31 (2) A resolution of a city or town council that there is no longer a need for the corporation
32 to function in the city or town.

33 SECTION 3. Section 44-4-6 of the General Laws in Chapter 44-4 entitled "Situs and
34 Ownership of Taxable Property" is hereby amended to read as follows:

1 **44-4-6. Tenant for life or years.**

2 (a) Estates in the possession of a tenant for life or for a term of ten (10) or more years
3 when by the terms of his or her lease the tenant for years is required to pay the taxes on the estate,
4 may be taxed to the tenant, who, for the purposes of taxation is deemed the owner.

5 (b) Notwithstanding any provisions to the contrary in chapter 54 of title 45, any lease in
6 which a municipal detention center is the tenant and is to be deemed the owner for the purposes
7 of taxation must be approved by a majority vote of the city or town council of the municipality in
8 which the municipal detention center is located prior to the municipal detention center being
9 treated as the owner of the property for tax purposes. Approval by the city or town council shall
10 be required for each tax year during the term of the lease with the municipal detention center. In
11 the event that the city or town council does not approve the treatment of the tenant as the owner
12 of the property for tax purposes, the title owner of the property shall be responsible for full
13 payment of all real property taxes owed to the city or town for the property leased to the
14 municipal detention center. This section shall apply to all municipal detention centers presently in
15 existence regardless of whether the lease was entered into prior to the approval of this section.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would strip any municipal detention facility corporation of tax exempt status,
2 including the Wyatt Detention Facility, and subject them to full state and local tax obligations.
3 This act would also provide that the corporation would cease to exist ninety (90) days after a
4 dissolution vote of its board of directors and a resolution of the city or town council of no further
5 need and require annual city or town council approval of any lease making it the taxpayer for tax
6 purposes.

7 This act would take effect upon passage.

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