

ARTICLE 2 AS AMENDED

RELATING TO STATE AID

SECTION 1. Sections 45-13.2-4 and 45-13.2-6 of the General Laws in Chapter 45-13.2 entitled "Municipal Incentive Aid" is hereby amended to read as follows:

45-13.2-4. State Aid Incentive Program appropriated. – There are hereby appropriated funds for a state aid program entitled "Municipal Incentive Aid Program." For fiscal year 2014, fiscal year 2015 and fiscal year 2016, the amount of five million dollars (\$5,000,000) shall be appropriated, ~~and an amount of ten million dollars (\$10,000,000) will be requested for appropriation for fiscal year 2015 and for fiscal year 2016.~~ Municipal Incentive Aid shall be administered and managed by the division of municipal finance within the department of revenue.

45-13.2-6. Distributions. -- (a) Municipal Incentive Aid described in this chapter shall be distributed to eligible municipalities on the basis of the most recent population estimate for each municipality as a share of the total state population reported by the U.S. Department of Commerce, Bureau of the Census as of January 1 in the year of the payment. Such payments shall be made to eligible communities in March ~~2014, March 2015, and March 2016~~ of each year to the extent that funds are appropriated.

(b) For fiscal year 2014, municipalities shall be eligible to receive aid under this chapter if: (1) the municipality has no locally-administered pension; or (2) the municipality notified plan participants, beneficiaries and others pursuant to chapter 45-65, and submitted to the state's department of revenue a Funding Improvement Plan ("FIP"), pursuant to section 45-65-6, for every locally-administered pension plan in that municipality, and each FIP had been approved by the plan sponsor and the local governing body no later than June 1, 2013; or (3) there existed a locally-administered pension plan(s) in that municipality, but either: (i) no FIP was required pursuant to chapter 45-65; or (ii) a FIP is required pursuant to chapter 45-65, but, the due date for the FIP submission is after the March payment of state aid.

(c) For fiscal ~~years~~ year 2015 ~~and 2016~~ and each fiscal year thereafter that municipal incentive aid is distributed to eligible municipalities under this chapter, municipalities shall be eligible to receive aid under this chapter, if: (1) the municipality has no locally-administered pension; or (2) the municipality has transitioned all locally-administered pension plans into MERS by June 30, 2014; or (3) the municipality had notified plan participants, beneficiaries and

1 others pursuant to chapter 45-65 and had submitted to the state's department of revenue a FIP,
2 pursuant to chapter 45-65, for every locally-administered pension plan and each submitted FIP
3 meets the guidelines of the Study Commission on Locally-Administered Pension Plans created
4 pursuant to section 45-65-8 or otherwise applicable guidelines or regulations and each FIP has
5 been approved by the plan sponsor and the local governing body; or (4) the municipality has
6 implemented the original recommended FIP or an amended FIP pursuant to chapter 45-65 within
7 one month after the close of the fiscal year and made the required funding payment (formerly
8 referred to as Annually Required Contribution, or ARC) in compliance with the municipality's
9 adopted FIP(s) and the funding guidelines established by the Pension Study Commission ~~eighteen~~
10 ~~(18) months after an actuary has certified that a locally-administered plan is in critical status for a~~
11 ~~plan year;~~ and the FIPs are approved by the plan sponsor and the local governing body; or (5)
12 there existed a locally-administered pension plan in that municipality, but either: (i) no FIP was
13 required pursuant to chapter 45-65 and either: (A) the municipality is funding one hundred
14 percent (100%) of its required funding payment; Annually Required Contribution (ARC) or (B)
15 the municipality has a funded ratio of one hundred percent (100%) or greater; or (ii) FIP is
16 required pursuant to chapter 45-65, however, the due date for the FIP submission or
17 implementation is after the March payment of this municipal incentive aid.

18 (d) ~~In any fiscal year that a municipality does not receive an appropriation under this~~
19 ~~chapter, the amount that would have been allocated to the municipality will be distributed in the~~
20 ~~month of May among the other eligible municipalities for that fiscal year, on the basis of the most~~
21 ~~recent population estimate for each municipality as a share of the total state population reported~~
22 ~~by the U.S. Department of Commerce, Bureau of the Census. For fiscal year 2014, and in any~~
23 year thereafter that a municipality is not eligible to receive a distribution under this chapter, the
24 distribution that said municipality would have received had it been eligible shall be
25 reappropriated to the immediately following fiscal year, at which time the amount reappropriated
26 shall be distributed to said municipality provided that said municipality has satisfied the
27 eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event
28 that said municipality fails to satisfy the eligibility requirements for the prior and the then current
29 fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined,
30 then the amount that would have been distributed to the municipality for said prior year will be
31 distributed in the month of May among the municipalities that received a distribution in the prior
32 fiscal year, with the share to be received by each municipality calculated in the same manner as
33 distributions were calculated in the prior fiscal year.

34 SECTION 2. Section 45-13-5.1 of the General Laws in Chapter 45-13 entitled "State

1 Aid" is hereby amended to read as follows:

2 **45-13-5.1. General assembly appropriations in lieu of property tax from certain**
3 **exempt private and state properties.** -- (a) In lieu of the amount of local real property tax on

4 real property owned by any private nonprofit institution of higher education, or any nonprofit
5 hospital facility, or any state owned and operated hospital, veterans' residential facility, or
6 correctional facility occupied by more than one hundred (100) residents which may have been or
7 will be exempted from taxation by applicable state law, exclusive of any facility operated by the
8 federal government, the state of Rhode Island, or any of its subdivisions, the general assembly
9 shall annually appropriate for payment to the several cities and towns in which the property lies a
10 sum equal to twenty-seven percent (27%) of all tax that would have been collected had the
11 property been taxable.

12 (b) As used in this section, "private nonprofit institution of higher education" means any
13 institution engaged primarily in education beyond the high school level, the property of which is
14 exempt from property tax under any of the subdivisions, and "nonprofit hospital facility" means
15 any nonprofit hospital licensed by the state and which is used for the purpose of general medical,
16 surgical, or psychiatric care and treatment.

17 (c) The grant payable to any municipality under the provision of this section shall be
18 equal to twenty-seven percent (27%) of the property taxes which, except for any exemption to
19 any institution of higher education or general hospital facility, would have been paid with respect
20 to that exempt real property on the assessment list in the municipality for the assessment date of
21 December 31, 1986 and with respect to such exempt real property appearing on an assessment list
22 in the municipality on succeeding assessment dates. Provided however that the grant paid for the
23 fiscal year ending June 30, 2008 shall be based upon the assessment list in the municipality as of
24 December 31, 2004.

25 (d) The state budget offices shall include the amount of the annual grant in the state
26 budget for the fiscal year commencing July 1, 1988 and each fiscal year thereafter. The amount of
27 the annual grant payable to each municipality in any year in accordance with this section shall be
28 reduced proportionately in the event that the total of the annual grants in any year exceeds the
29 amount appropriated that year for the purposes of this section.

30 (e) Distribution of appropriations shall be made by the state on or before July 31 of 1988
31 and each July 31 thereafter, [or following verified receipt of a municipality's assessment data for](#)
32 [the following fiscal year's payment, whichever is later,](#) and the payments may be counted as a
33 receivable by any city or town for a fiscal year ending the preceding June 30.

34 (f) Any act or omission by the state with respect to this chapter shall in no way diminish

1 the duty of any town or municipality to provide public safety or other ordinary services to the
2 properties or facilities of the type listed in subsection (a).

3 (g) Provided, that payments authorized pursuant to this section shall be reduced pro rata,
4 for that period of time that the municipality suspends or reduces essential services to eligible
5 facilities. For the purposes of this section "essential services" include, but are not to be limited to,
6 police, fire and rescue.

7 SECTION 3. This article shall take effect as of July 1, 2015 and section 1 of this article
8 shall apply retroactively to July 1, 2013.