



## State Fiscal Note for Bill Number: 2021-H-5119

**Date of State Budget Office Approval:** Thursday, April 15, 2021

**Date Requested:** Friday, February 26, 2021

**Date Due:** Monday, March 8, 2021

### Impact on Expenditures

FY 2021 \$0  
FY 2022 \$0  
FY 2023 \$0

### Impact on Revenues

FY 2021 \$0  
FY 2022 \$0  
FY 2023 \$0

*Explanation by State  
Budget Office:*

This act would expand Payments-in-Lieu-of-Taxes to include all real estate owned by the State within the Town of Exeter.

This act would provide state appropriations in lieu of property taxes for state owned properties within the Town of Exeter, and would set aside such payments in order to establish municipal police departments in any community that does not have any such service.

Furthermore, the act would specify that payments authorized through the PILOT program would initially be applied to create a municipal police force in any community that does not have a municipal police force as of the date of passage of the act.

*Comments on  
Sources of Funds:*

PILOT aid to cities and towns is financed through State general revenues.

*Summary of Facts  
and Assumptions:*

The act would take effect upon passage. The act does not provide additional funding or impact appropriated funding for the PILOT program. The act does not impact State revenues. This act would expand eligible types of property that can be included for reimbursement by expanding the program to all real estate owned by the State, but only within the Town of Exeter.

Based on assessment data compiled from the Town of Exeter Online Assessment Database, State-owned properties - all of which would be eligible for inclusion in the PILOT program under the provisions of this act - account for \$36,928,700 of assessed value. Major components include: \$18,029,600 of property owned by the Rhode Island Department of Environmental Management, \$17,297,500 of property owned by the Department of Human Services, primarily the Ladd Center building, \$855,600 of property owned by the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. The Exeter municipal tax rate is \$15.57 per \$1,000 of assessed value (Exeter has a uniform property tax rate applicable to residential real estate, commercial/industrial real estate, and tangible personal property).

To calculate an estimate of the amount of aid that Exeter would receive if it were eligible for PILOT program aid under this act, the Budget Office applied the Exeter municipal tax rate of \$15.57 per \$1,000 of assessed value to the aforementioned State properties assessed at \$36,928,700, resulting in \$574,980 of taxes that would

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be due if State properties were not exempt from taxation. Applying the statutory full funding level of 27% of taxes to the \$574,980 of taxable property results in \$155,245, which represents the payments that Exeter would receive if the PILOT program were fully funded at 27%.

While statute defines 27% as full funding, the PILOT program is subject to appropriation. In recent years, the program has been funded at less than 27%, with eligible municipalities receiving a pro-rata share of the appropriated funds. For example, in FY 2020, the PILOT program was funded at \$46,089,504. Assuming the FY 2020 level of funding as an appropriations baseline for FY 2022, which is equal to 26% of funding, the Budget Office estimates that this act would allocate about .3%, or \$149,552, of total PILOT payments to Exeter (\$574,980 of total tax x .26 PILOT reimbursement level = \$149,552 in State payments to Exeter), and would reduce total payments to municipalities that are currently part of the program by that amount as well.

*Summary of Fiscal  
Impact:*

This act would have no impact on state expenditures and revenues. However, by adding state-owned land in Exeter to the program, the act would impact the distribution of PILOT payments to municipalities, which would likely change the amount of state aid received by cities and towns that are currently part of the program. Given that the program is subject to appropriation, the change of program requirements would not result in a net impact on state expenditures.

Budget Office Signature: \_\_\_\_\_



Digitally signed by Joseph Codega  
Date: 2021.04.15 11:52:09 -04'00'

Fiscal Advisor Signature: \_\_\_\_\_

