



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

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State Fiscal Note for Bill Number:

2025-S 0032

Date of State Budget Office Approval: Friday, February 21, 2025

Date Requested: Thursday, January 23, 2025

Date Due: Saturday, February 15, 2025

Impact on Expenditures		Impact on Revenues	
FY 2025	\$0	FY 2025	\$0
FY 2026	\$306,257	FY 2026	\$0
FY 2027	\$306,257	FY 2027	\$0

Explanation by State Budget Office:

This bill would establish a recurring appropriation for a payment in lieu of taxes (PILOT) to cities and towns for municipal detention facility corporations.

R.I.G.L. § 45-54-1 establishes a municipal detention facility corporation in each city and town in Rhode Island. Corporations established by this statute do not have authority to exercise any powers or engage in any business without approval and resolution by the city or town council in each given city or town, and most municipalities' corporations are latent. The corporation is a public corporation and acts as an agency of the municipality but is legally distinct from the city or town itself.

R.I.G.L. § 45-54-7 addresses the issue of taxation on municipal detention facility corporations. This section exempts the corporations from any "state and local tax of any kind or description" with the exception of estate taxes or taxes on properties located outside the city or town which established the corporation.

The PILOT payment would amount to 27 percent of all projected tax on the facility owned by the exempt municipal detention facility corporation, subject to adjustment based on sufficiency of available funds.

Summary of Facts and Assumptions:

There is currently only one operational municipally owned detention facility in Rhode Island: Donald W. Wyatt Detention Center in Central Falls. Wyatt Detention Center was established in 1993, the first publicly owned and privately operated correctional facility in the nation. It is a non-profit, quasi-public entity officially owned by the Central Falls Detention Facility Corporation.

Wyatt Detention Center was assessed (land and improvement) at approximately \$75.8 million in 2019-2021. At the end of 2021, Central Falls conducted a revaluation for property tax purposes and valued Wyatt Detention Center at \$60.3 million. The CY 2024 estimated tax on the facility was approximately \$1.1 million. Updates to the valuation were conducted in CY 2024 and are planned in CY 2027 with a full revaluation occurring next in CY 2030.



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Comments on Sources of Funds:

The State's PILOT program is financed entirely with general revenue.

Summary of Fiscal Impact:

At this bill's rate of 27 percent for the PILOT, the State can anticipate an outlay of approximately \$306,257 in FY 2026. Outyear impacts may vary according to potential changes in property valuation and municipal tax rates.

 This estimate reflects the cost of this bill assuming that appropriations are made to fund this obligation at the full statutory reimbursement rate of 27 percent. The PILOT program is subject to appropriation, so in the event that appropriations are insufficient to cover this full statutory obligation, then each eligible municipality shall receive a prorated payment. In such a situation, the increase in aid resulting from the addition of this new category of eligible property would be offset by reductions in aid related to all other currently eligible property categories.

Budget Office Signature: _____

A handwritten signature in black ink, appearing to read "Josh M. Colangelo", written over a horizontal line.

Fiscal Advisor Signature: _____

A handwritten signature in blue ink, written over a horizontal line.