



Town of Bristol, RI

Tax Assessor / Collectors Office

10 Court Street, Bristol, RI 02809 (401)253-7000

DATE: March 9, 2026
TO: Steven Contente, Town Administrator
FROM: Kristopher Leadem, Tax Assessor/Collector
RE: Bristol Housing Authority/PILOT Agreement

I would like to clarify how the Town of Bristol taxes the Bristol Housing Authority (BHA) and the specific impact these payments have on our tax levy and our ability to remain compliant with state law.

The PILOT Mechanism

Under our current Payment in Lieu of Taxes (PILOT) agreement, the Town receives 10% of the BHA's "shelter rent"—defined as total annual rent collected **minus utility expenses**. Because this payment is a fixed percentage, the Town only sees an increase in revenue when the BHA's rental income grows.

Current Financials

In 2024, the BHA's rental revenue was \$1,498,862. After deducting \$324,982 in utility expenses, the total "shelter rent" was \$1,173,880. Consequently, for tax year 2025, the BHA is responsible for a PILOT payment of \$117,388.

To put this in perspective:

- **Year-over-Year Growth:** Compared to the previous year, the BHA's shelter rent increased by approximately \$177,912.
- **Net Gain:** While this growth resulted in an additional \$17,800 in PILOT payments to the Town, the BHA retained approximately \$160,000 in new net revenue.

PILOT Revenue vs. Property Tax Revenue

It is vital to understand the structural difference between these two revenue streams:

1. **PILOTs are Non-Taxable Revenue:** This revenue acts as a direct offset to the budget. If we decrease the PILOT amount received, the tax levy must increase by that exact amount to fill the hole. Every dollar lost in a PILOT agreement is a dollar that must be added to the tax levy.
2. **Property Taxes(Taxable Revenue) are Shared Liabilities:** Conversely, if a standard taxable property becomes exempt, it does not change our tax levy. The tax burden is simply redistributed among all other remaining taxpayers, and the Town collects the same total levy.

Impact on the 4% Tax Levy Cap

The distinction above is important when considering the **Rhode Island 4% Tax Levy Cap**. Under state law, the Town is restricted from increasing its total tax levy by more than 4% over the previous year.

Because PILOT payments are non-taxable revenue, any reduction in these payments creates a direct, dollar-for-dollar "hole" in the budget that must be filled by increasing the tax levy. In an environment where the Town is already struggling to keep overall increases under the 4% ceiling, a reduction in BHA payments consumes a significant portion of that limited "cap room."

Effectively, a loss in PILOT revenue forces the Town to choose between cutting essential services or pushing the property tax increase closer to—or over—the legal limit. Unlike property tax shifts which are "absorbed" by the system, a PILOT reduction creates a direct upward pressure on the levy, making it increasingly difficult to meet our fiscal obligations within the constraints of state law.

RIGL 44-5-13.11

Qualifying low income housing Assessment and Taxation.

Any residential property that has been issued an occupancy permit on or after January 1, 1995, after substantial rehabilitation as defined by the U.S. Department of Housing and Urban Development and is encumbered by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing and mortgage finance corporation restricting either or both the rents that may be charged to tenants of the property or the incomes of the occupants of the property, is subject to a tax that equals eight percent (8%) of the property's previous years' gross scheduled rental income or a lesser percentage as determined by each municipality.

The PILOT Mechanism vs. State Law (RIGL 44-5-13.11)

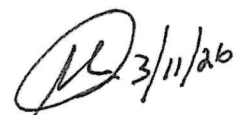
It is important to evaluate our current agreement against **RIGL 44-5-13.11 (Qualifying Low-Income Housing Assessment and Taxation)**. Under state law, qualifying low-income housing is subject to a tax equaling 8% of the property's previous year's **gross scheduled rental income**.

There is a fundamental structural difference between the state statute and our local Payment in Lieu of Taxes (PILOT) agreement:

- **The PILOT Agreement:** Based on **10% of "Shelter Rent"** (Gross rent minus utility expenses).
- **State Law (RIGL 44-5-13.11):** Based on **8% of Gross Rent** (Expenses are not factored in).

When we apply the 2024 financials to both formulas, the results are very similar:

- **Current PILOT (10% of \$1,173,880 Shelter Rent):** \$117,388
- **State Law (8% of \$1,498,862 Gross Rent):** \$119,909
- **Difference:** If taxed strictly under state law, the payment to the Town would actually be **\$2,521 higher** than the current PILOT payment.

 3/11/26