



February 20, 2020

The Honorable Nicholas A. Mattiello  
 Speaker  
 Rhode Island House of Representatives  
 State House, Room 323  
 Providence, RI 02903

The Honorable Dominick J. Ruggiero  
 President  
 Rhode Island Senate  
 State House, Room 318  
 Providence, RI 02903

Dear Speaker Mattiello and President Ruggiero:

We write to communicate our collective concerns regarding the Governor’s suggested cuts to the Distressed Communities Relief program in her FY 2021 budget proposal. The Governor’s budget would cut this program by \$6.2 million – or 50% of current levels – and only hurt the communities that need state assistance the most. If Distressed Communities aid is not restored, it would result in tax increases or service reductions to make up the shortfall.

The Distressed Communities Relief program was created in 1990 to assist communities that had high property tax burdens relative to the wealth of their taxpayers. In recent years, the General Assembly has funded the program at \$12.4 million. The Governor’s budget would slash the program in half to \$6.2 million – the lowest level since FY 1999. While the Governor argues that the state’s economy has improved since the recession, that improvement has not reached all of our cities and towns, with some communities still struggling. The impact of these cuts would be felt hardest in communities with relatively low per-capita incomes, as seen below.

Community	Proposed Cut to Proposed Distressed Communities, FY 2021	Per Capita Income, 2017* (Rhode Island = \$33,315)
Central Falls	\$91,593	\$14,842
Cranston	\$1,212,176	\$31,607
Johnston	\$532,972	\$33,133
North Providence	\$433,589	\$33,085
Pawtucket	\$669,376	\$23,884
Providence	\$2,466,376	\$24,052
West Warwick	\$398,394	\$29,236
Woonsocket	\$387,753	\$22,747
<b>TOTAL CUT</b>	<b>\$6,192,229</b>	

\* U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

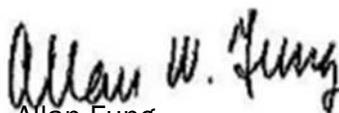
If the General Assembly does not restore Distressed Community funds, we will be forced to consider service cuts or tax increases to replace the lost revenue. For example, to offset the cuts, Pawtucket would need to increase the residential tax rate by \$0.15 per \$1,000 in Pawtucket (or a \$38 increase for a property valued at \$250,000); in North Providence, it would result in a \$0.28 rate increase (or \$70 more on a \$250,000 house). In Cranston, which is facing an additional cut in Payment in Lieu of Taxes (PILOT) funds, the city would need to raise property tax rates by \$0.31 per thousand (or about \$77.50 more on a \$250,000 house) to recoup the \$1.8 million in lost funds. As municipal leaders, we have been working diligently to contain costs and minimize property tax increases on our residents, but an additional loss of state aid makes that work even harder.

Every dollar in state aid to cities and towns is one less dollar needed in property taxes. We appreciate your support for state aid to cities and towns last year in the FY 2020 budget, including restoring aid to the Payment in Lieu of Taxes (PILOT) program. We urge you to restore Distressed Communities aid in FY 2021, and we thank you for your consideration of our views.

Sincerely,



James A. Diossa  
Mayor, Central Falls



Allan Fung  
Mayor, Cranston



Joseph M. Polisena  
Mayor, Johnson



Charles A. Lombardi,  
Mayor, North Providence



Donald P. Grebien  
Mayor, Pawtucket



Ernest Zmyslinski  
Town Manager, West Warwick



Jorge O. Elorza  
Mayor, Providence



Lisa Baldelli-Hunt  
Mayor, Woonsocket

CC: The Honorable Marvin L. Abney, Chair, House Finance Committee  
The Honorable William J. Conley, Jr., Chair, Senate Finance Committee