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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Representative Justine A. Caldwell

Date Introduced: April 11, 2019

Referred To: House Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-5-11.8 of the General Laws in Chapter 44-5 entitled "Levy and
2 Assessment of Local Taxes" is hereby amended to read as follows:

3 **44-5-11.8. Tax classification.**

4 (a) Upon the completion of any comprehensive revaluation or any update, in accordance
5 with § 44-5-11.6, any city or town may adopt a tax classification plan, by ordinance, with the
6 following limitations:

7 (1) The designated classes of property shall be limited to the classes as defined in
8 subsection (b) of this section.

9 (2) The effective tax rate applicable to any class, excluding class 4, shall not exceed by
10 fifty percent (50%) the rate applicable to any other class, except in the city of Providence and the
11 town of Glocester [and the town of East Greenwich](#); however, in the year following a revaluation
12 or statistical revaluation or update, the city or town council of any municipality may, by
13 ordinance, adopt tax rates for the property class for all ratable tangible personal property no
14 greater than twice the rate applicable to any other class, provided that the municipality documents
15 to, and receives written approval from, the office of municipal affairs that the rate difference is
16 necessary to ensure that the estimated tax levy on the property class for all ratable tangible
17 personal property is not reduced from the prior year as a result of the revaluation or statistical
18 revaluation.

19 (3) Any tax rate changes from one year to the next shall be applied such that the same

1 percentage rate change is applicable to all classes, excluding class 4, except in the city of
2 Providence and the town of Gloucester.

3 (4) Notwithstanding subdivisions (2) and (3) of this subsection, the tax rates applicable to
4 wholesale and retail inventory within Class 3 as defined in subsection (b) of this section are
5 governed by § 44-3-29.1.

6 (5) The tax rates applicable to motor vehicles within Class 4, as defined in subsection (b)
7 of this section, are governed by § 44-34.1-1.

8 (6) The provisions of chapter 35 of this title relating to property tax and fiscal disclosure
9 apply to the reporting of, and compliance with, these classification restrictions.

10 (b) Classes of Property.

11 (1) Class 1: Residential real estate consisting of no more than five (5) dwelling units; land
12 classified as open space; and dwellings on leased land including mobile homes. In the city of
13 Providence, this class may also include residential properties containing partial commercial or
14 business uses and residential real estate of more than five (5) dwelling units.

15 (i) A homestead exemption provision is also authorized within this class; provided
16 however, that the actual, effective rate applicable to property qualifying for this exemption shall
17 be construed as the standard rate for this class against which the maximum rate applicable to
18 another class shall be determined, except in the town of Gloucester.

19 (ii) In lieu of a homestead exemption, any city or town may divide this class into non-
20 owner and owner-occupied property and adopt separate tax rates in compliance with the within
21 tax rate restrictions.

22 (2) Class 2: Commercial and industrial real estate; residential properties containing
23 partial commercial or business uses; and residential real estate of more than five (5) dwelling
24 units. In the city of Providence, properties containing partial commercial or business uses and
25 residential real estate of more than five (5) dwelling units may be included in Class 1.

26 (3) Class 3: All ratable, tangible personal property.

27 (4) Class 4: Motor vehicles and trailers subject to the excise tax created by chapter 34 of
28 this title.

29 (c) The city council of the city of Providence and the town council of the town of
30 Gloucester [and the town council of the town of East Greenwich](#) may, by ordinance, provide for,
31 and adopt, a tax rate on various classes as they shall deem appropriate. Provided, that the tax rate
32 for Class 2 shall not be more than two (2) times the tax rate of Class 1; the tax rate applicable to
33 Class 3 shall not exceed the tax rate of Class 1 by more than two hundred percent (200%).
34 Gloucester shall be able to establish homestead exemptions up to fifty percent (50%) of value and

1 the calculation provided in subsection (b)(1)(i) shall not be used in setting the differential tax
2 rates.

3 (d) Notwithstanding the provisions of subsection (a) of this section, the town council of
4 the town of Middletown may hereafter, by ordinance, adopt a tax classification plan in
5 accordance with the provisions of subsections (a) and (b) of this section, to be applicable to taxes
6 assessed on or after the assessment date of December 31, 2002.

7 (e) Notwithstanding the provisions of subsection (a) of this section, the town council of
8 the town of Little Compton may hereafter, by ordinance, adopt a tax classification plan in
9 accordance with the provisions of subsections (a) and (b) of this section and the provisions of §
10 44-5-79, to be applicable to taxes assessed on or after the assessment date of December 31, 2004.

11 (f) Notwithstanding the provisions of subsection (a) of this section, the town council of
12 the town of Scituate may hereafter, by ordinance, change its tax assessment from fifty percent
13 (50%) of value to one hundred percent (100%) of value on residential and
14 commercial/industrial/mixed-use property, while tangible property is assessed at one hundred
15 percent (100%) of cost, less depreciation; provided, however, the tax rate for Class 3 (tangible)
16 property shall not exceed the tax rate for Class 1 (residential) property by more than two hundred
17 thirteen percent (213%). This provision shall apply whether or not the fiscal year is also a
18 revaluation year.

19 (g) Notwithstanding the provisions of subsections (a) and (b) of this section, the town
20 council of the town of Coventry may hereafter, by ordinance, adopt a tax classification plan
21 providing that Class 1, as set forth in subsection (b) "Classes of Property" of this section, may
22 also include residential properties containing commercial or business uses, such ordinance to be
23 applicable to taxes assessed on or after the assessment date of December 31, 2014.

24 (h) Notwithstanding the provisions of subsection (a) of this section, the town council of
25 the town of East Greenwich may hereafter, by ordinance, adopt a tax classification plan in
26 accordance with the provisions of subsections (a) and (b) of this section, to be applicable to taxes
27 assessed on or after the assessment date of December 31, 2018. Further, the East Greenwich town
28 council may adopt, repeal, or modify said tax classification plan for any tax year thereafter,
29 notwithstanding the provisions of subsection (a) of this section.

30 SECTION 2. Section 44-3-65 of the General Laws in Chapter 44-3 entitled "Property
31 Subject to Taxation" is hereby amended to read as follows:

32 ~~44-3-65. Narragansett -- Tangible business property tax exemption. Narragansett~~
33 ~~and East Greenwich -- Tangible business property tax exemption.~~

34 The town of Narragansett and the town of East Greenwich may by ordinance create a

1 tangible business property tax exemption for local small business owners in an amount not to
2 exceed thirty-five thousand dollars (\$35,000).

3 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would allow the town of East Greenwich to adopt a flexible tiered tax
2 classification system regardless of whether it is a revaluation or update year and also to provide
3 an exemption to small businesses for tangible personal property taxes.

4 This act would take effect upon passage.

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