

2012 -- H 7397

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO TAXATION - MAXIMUM LEVY - FIRE DISTRICTS

Introduced By: Representatives Nunes, Tomasso, and Marcello

Date Introduced: February 02, 2012

Referred To: House Municipal Government

It is enacted by the General Assembly as follows:

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

3 **44-5-2. Maximum levy.** -- (a) Through and including its fiscal year 2007, a city or town  
4 may levy a tax in an amount not more than five and one-half percent (5.5%) in excess of the  
5 amount levied and certified by that city or town for the prior year. Through and including its  
6 fiscal year 2007, but in no fiscal year thereafter, the amount levied by a city or town is deemed to  
7 be consistent with the five and one-half percent (5.5%) levy growth cap if the tax rate is not more  
8 than one hundred and five and one-half percent (105.5%) of the prior year's tax rate and the  
9 budget resolution or ordinance, as applicable, specifies that the tax rate is not increasing by more  
10 than five and one-half percent (5.5%) except as specified in subsection (c) of this section. In all  
11 years when a revaluation or update is not being implemented, a tax rate is deemed to be one  
12 hundred five and one-half percent (105.5%) or less of the prior year's tax rate if the tax on a  
13 parcel of real property, the value of which is unchanged for purpose of taxation, is no more than  
14 one hundred five and one-half percent (105.5%) of the prior year's tax on the same parcel of real  
15 property. In any year through and including fiscal year 2007 when a revaluation or update is  
16 being implemented, the tax rate is deemed to be one hundred five and one-half percent (105.5%)  
17 of the prior year's tax rate as certified by the division of property valuation and municipal finance  
18 in the department of revenue.

19 (b) In its fiscal year 2008, a city or town may levy a tax in an amount not more than five

1 and one-quarter percent (5.25%) in excess of the total amount levied and certified by that city or  
2 town for its fiscal year 2007. In its fiscal year 2009, a city or town may levy a tax in an amount  
3 not more than five percent (5%) in excess of the total amount levied and certified by that city or  
4 town for its fiscal year 2008. In its fiscal year 2010, a city or town may levy a tax in an amount  
5 not more than four and three-quarters percent (4.75%) in excess of the total amount levied and  
6 certified by that city or town in its fiscal year 2009. In its fiscal year 2011, a city or town may  
7 levy a tax in an amount not more than four and one-half percent (4.5%) in excess of the total  
8 amount levied and certified by that city or town in its fiscal year 2010. In its fiscal year 2012, a  
9 city, ~~or~~ town or fire district may levy a tax in an amount not more than four and one-quarter  
10 percent (4.25%) in excess of the total amount levied and certified by that city, ~~or~~ town or fire  
11 district in its fiscal year 2011. In its fiscal year 2013 and in each fiscal year thereafter, a city, ~~or~~  
12 town or fire district may levy a tax in an amount not more than four percent (4%) in excess of the  
13 total amount levied and certified by that city, ~~or~~ town or fire district for its previous fiscal year.

14 (c) The division of property valuation in the department of revenue shall monitor city, ~~or~~  
15 town or fire district compliance with this levy cap, issue periodic reports to the general assembly  
16 on compliance, and make recommendations on the continuation or modification of the levy cap  
17 on or before December 31, 1987, December 31, 1990, and December 31, every third year  
18 thereafter. The chief elected official in each city and town and the tax collector or treasurer of  
19 each fire district shall provide to the division of property and municipal finance within thirty (30)  
20 days of final action, in the form required, the adopted tax levy and rate and other pertinent  
21 information.

22 (d) The amount levied by a city, ~~or~~ town or fire district may exceed the percentage  
23 increase as specified in subsection (a) or (b) of this section if the city, ~~or~~ town or fire district  
24 qualifies under one or more of the following provisions:

25 (1) The city, ~~or~~ town or fire district forecasts or experiences a loss in total non-property  
26 tax revenues and the loss is certified by the department of revenue.

27 (2) The city, ~~or~~ town or fire district experiences or anticipates an emergency situation,  
28 which causes or will cause the levy to exceed the percentage increase as specified in subsection  
29 (a) or (b) of this section. In the event of an emergency or an anticipated emergency, the city or  
30 town shall notify the auditor general who shall certify the existence or anticipated existence of the  
31 emergency. Without limiting the generality of the foregoing, an emergency shall be deemed to  
32 exist when the city, ~~or~~ town or fire district experiences or anticipates health insurance costs,  
33 retirement contributions or utility expenditures which exceed the prior fiscal year's health  
34 insurance costs, retirement contributions or utility expenditures by a percentage greater than three

1 (3) times the percentage increase as specified in subsection (a) or (b) of this section.

2 (3) A city, ~~or town~~ or fire district forecasts or experiences debt services expenditures  
3 which exceed the prior year's debt service expenditures by an amount greater than the percentage  
4 increase as specified in subsection (a) or (b) of this section and which are the result of bonded  
5 debt issued in a manner consistent with general law or a special act. In the event of the debt  
6 service increase, the city, ~~or town~~ or fire district shall notify the department of revenue which  
7 shall certify the debt service increase above the percentage increase as specified in subsection (a)  
8 or (b) of this section the prior year's debt service. No action approving or disapproving exceeding  
9 a levy cap under the provisions of this section affects the requirement to pay obligations as  
10 described in subsection (d) of this section.

11 (4) The city, ~~or town~~ or fire district experiences substantial growth in its tax base as the  
12 result of major new construction which necessitates either significant infrastructure or school  
13 housing expenditures by the city, ~~or town~~ or fire district or a significant increase in the need for  
14 essential municipal services and such increase in expenditures or demand for services is certified  
15 by the department of revenue.

16 (e) Any levy pursuant to subsection (d) of this section in excess of the percentage  
17 increase specified in subsection (a) or (b) of this section shall be approved by the affirmative vote  
18 of at least four-fifths (4/5) of the full membership of the governing body of the city or town or in  
19 the case of a city or town having a financial town meeting, or a fire district having an annual  
20 meeting, the majority of the electors present and voting at the town financial meeting or annual  
21 meeting shall also approve the excess levy.

22 (f) Nothing contained in this section constrains the payment of present or future  
23 obligations as prescribed by section 45-12-1, and all taxable property in each city, ~~or town~~ or fire  
24 district is subject to taxation without limitation as to rate or amount to pay general obligation  
25 bonds or notes of the city, ~~or town~~ or fire district except as otherwise specifically provided by law  
26 or charter.

27 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION - MAXIMUM LEVY - FIRE DISTRICTS

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1           This act would provide that fire districts are subject to the maximum tax levy and  
2 assessment of local taxes.

3           This act would take effect upon passage.

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