

2013 -- H 5930

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO TAXATION - MAXIMUM LEVY

Introduced By: Representatives McLaughlin, MacBeth, Phillips, Hull, and Bennett

Date Introduced: March 27, 2013

Referred To: House Finance

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 may levy a tax in an amount not more than four and one-quarter percent (4.25%) in  
10 excess of the total amount levied and certified by that city or town in its fiscal year 2011. In its  
11 fiscal year 2013 and in each fiscal year thereafter, a city or town [or fire district](#), may levy a tax in  
12 an amount not more than four percent (4%) in excess of the total amount levied and certified by  
13 that city or town for its previous fiscal year.

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

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

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

26 (2) The city or town [or fire district](#) experiences or anticipates an emergency situation,  
27 which causes or will cause the levy to exceed the percentage increase as specified in subsection  
28 (a) or (b) of this section. In the event of an emergency or an anticipated emergency, the city or  
29 town [or fire district](#) shall notify the auditor general who shall certify the existence or anticipated  
30 existence of the emergency. Without limiting the generality of the foregoing, an emergency shall  
31 be deemed to exist when the city or town [or fire district](#) experiences or anticipates health  
32 insurance costs, retirement contributions or utility expenditures which exceed the prior fiscal  
33 year's health insurance costs, retirement contributions or utility expenditures by a percentage  
34 greater than three (3) times the percentage increase as specified in subsection (a) or (b) of this

1 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 shall  
7 certify the debt service increase above the percentage increase as specified in subsection (a) or (b)  
8 of this section the prior year's debt service. No action approving or disapproving exceeding a levy  
9 cap under the provisions of this section affects the requirement to pay obligations as described in  
10 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 [or fire safety services](#) and such increase in expenditures or demand  
15 for services is certified 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](#)  
19 [fire district](#) or in the case of a city or town [or fire district](#) having a financial town meeting, [or its](#)  
20 [equivalent](#), the majority of the electors present and voting at the town financial meeting shall also  
21 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

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- 1 This act would make fire districts subject to the maximum levy.
- 2 This act would take effect upon passage.

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