

2010 -- S 2109

LC00299

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO TAXATION – LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators Walaska, and Bates

Date Introduced: February 04, 2010

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

19 (b) In its fiscal year 2008, a city or town may levy a tax [upon any Rhode Island resident](#)

1 in an amount not more than five and one-quarter percent (5.25%) in excess of the total amount
2 levied and certified by that city or town for its fiscal year 2007. In its fiscal year 2009, a city or
3 town may levy a tax in an amount not more than five percent (5%) in excess of the total amount
4 levied and certified by that city or town for its fiscal year 2008. In its fiscal year 2010, a city or
5 town may levy a tax in an amount not more than four and three-quarters percent (4.75%) in
6 excess of the total amount levied and certified by that city or town in its fiscal year 2009. In its
7 fiscal year 2011, a city or town may levy a tax in an amount not more than four and one-half
8 percent (4.5%) in excess of the total amount levied and certified by that city or town in its fiscal
9 year 2010. In its fiscal year 2012, a city or town may levy a tax in an amount not more than four
10 and one-quarter percent (4.25%) in excess of the total amount levied and certified by that city or
11 town in its fiscal year 2011. In its fiscal year 2013 and in each fiscal year thereafter, a city or
12 town may levy a tax in an amount not more than four percent (4%) in excess of the total amount
13 levied and certified by 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 compliance with this levy cap, issue periodic reports to the general assembly on
16 compliance, and make recommendations on the continuation or modification of the levy cap on or
17 before December 31, 1987, December 31, 1990, and December 31, every third year thereafter.
18 The chief elected official in each city and town shall provide to the division of property and
19 municipal finance within thirty (30) days of final action, in the form required, the adopted tax
20 levy and rate and other pertinent information.

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

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

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

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

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

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

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

24 SECTION 2. 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 provide that the maximum levy cap on property taxes provided in section
- 2 44-5-2 would only apply to Rhode Island residents.
- 3 This act would take effect upon passage.

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