

2018 -- S 2903

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO TAXATION -- MIDDLETOWN TAX LEVY

Introduced By: Senator Louis P. DiPalma

Date Introduced: May 17, 2018

Referred To: Senate Finance

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-5 of the General Laws entitled "Levy and Assessment of Local
2 Taxes" is hereby amended by adding thereto the following section:

3 **44-5-2.3. Middletown - Limitation on annual tax levy increase.**

4 (a) Notwithstanding the provisions of § 44-5-2, in its fiscal year 2019 and in each fiscal
5 year thereafter, the town may levy a tax in an amount not more than two percent (2%) in excess
6 of the total amount levied and certified by the town for the previous fiscal year. For purposes of
7 this levy calculation, taxes levied pursuant to chapters 34 and 34.1 of title 44 shall not be
8 included. For FY 2019, in the event that the town, solely as a result of the exclusion of the motor
9 vehicle tax in the new levy calculation, exceeds the property tax cap when compared to the FY
10 2018, after taking into account that there was a motor vehicle tax in 2018, the town shall be
11 permitted to exceed the property tax cap for FY 2019 transition year, but in no event shall it
12 exceed the two percent (2%) levy cap growth, with the car tax portion included; provided,
13 however, nothing herein shall prohibit the town from exceeding the property tax cap if otherwise
14 permitted pursuant to subsection (b) of this section.

15 (b) The amount levied by the town may exceed the percentage increase as specified in
16 subsection (a) of this section, if the town qualifies, as determined by the town council, under one
17 or more of the following provisions:

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

1 (2) The town experiences or anticipates an emergency situation, which causes or will
2 cause the levy to exceed the percentage increase, as specified in subsection (a) of this section. In
3 the event of an emergency or an anticipated emergency, the town shall notify the auditor general
4 who shall certify the existence or anticipated existence of an emergency. An emergency shall be
5 deemed to exist when the town experiences or anticipates health insurance costs, retirement
6 contributions, or utility expenditures that exceed the prior fiscal year's health insurance costs,
7 retirement contributions, or utility expenditures by a percentage greater than three (3) times the
8 percentage increase, as specified in subsection (a) of this section.

9 (3) The town forecasts or experiences debt services expenditures that exceed the prior
10 year's debt service expenditures, by an amount greater than the percentage increase, as specified
11 in subsection (a) of this section and that are the result of bonded debt issued in a manner
12 consistent with general law or a special act. In the event of the debt service increase, the town
13 shall notify the department of revenue, which shall certify the debt service increase above the two
14 percent (2%) increase of the prior year's debt service. No action approving or disapproving
15 exceeding a levy cap, under the provisions of this section, relieves the town of its debt
16 obligations.

17 (4) The town forecasts or experiences debt services expenditures, that exceed the prior
18 year's debt service expenditures by an amount greater than the percentage increase, as specified in
19 subsection (a) of this section and that are the result of bonded debt, issued in a manner consistent
20 with general law or a special act, and which has been approved by the electors of the town. In the
21 event of such a debt service increase, the town shall notify the department of revenue, who shall
22 certify the debt service increase over and above the two percent (2%) increase in the prior year's
23 debt service. No action approving or disapproving exceeding the levy cap, under the provisions of
24 this section, relieves the town of its debt obligations.

25 (5) The town experiences substantial growth in its tax base as the result of major new
26 construction, that necessitates either significant infrastructure or school housing expenditures by
27 the town or a significant increase in the need for essential municipal services and such increase in
28 expenditures or demand for services is certified by the department of revenue.

29 (c) Any levy pursuant to subsections (b)(1), (b)(2) and (b)(3) of this section in excess of a
30 two percent (2%) increase, shall be approved by the majority of the town's electors voting in a
31 special election held for that purpose; provided however, any levy pursuant to subsection (b)(4)
32 of this section in excess of a two percent (2%) increase shall be approved by the affirmative vote
33 of at least four-fifths (4/5) of the full membership of the town council.

34 (d) Nothing contained herein constrains the payment of present or future obligations as

1 [prescribed by § 45-12-1, and all taxable property in the town is subject to taxation without](#)
2 [limitation as to rate or amount to pay general obligation bonds or notes of the city or town except](#)
3 [as otherwise specifically provided by law or charter.](#)

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO TAXATION -- MIDDLETOWN TAX LEVY

1 This act would prohibit the town of Middletown from annually increasing its tax levy,
2 more than two percent (2%) of the total levied by the town, for its prior fiscal year, without the
3 occurrence of one or more of five (5) conditions and an affirmative vote of the majority of its
4 electors.

5 This act would take effect upon passage.

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