

2023 -- S 0928

LC002716

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO TAXATION -- STATEWIDE TANGIBLE PROPERTY TAX EXEMPTION

Introduced By: Senators Murray, Ruggerio, Valverde, DiPalma, DiMario, Picard, Felag,  
Euer, Lauria, and Miller

Date Introduced: April 10, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by  
2 adding thereto the following chapter:

3 CHAPTER 5.3

4 STATEWIDE TANGIBLE PROPERTY TAX EXEMPTION

5 **44-5.3-1. Municipal tangible property tax exemption.**

6 (a) Notwithstanding the provisions of chapter 5 of this title or any other provisions of law  
7 to the contrary, in an effort to provide relief for businesses, including small businesses, and to  
8 promote economic development, all ratable, tangible personal property not otherwise exempt from  
9 taxation shall be exempt from taxation up to and including one hundred thousand dollars (\$100,000)  
10 for the property tax year ending on December 31, 2024.

11 (b) Individual personal exemptions granted to tangible property taxpayers in any city, town,  
12 or fire district at the time of the effective date of this chapter shall be applied to assessed values  
13 prior to applying the statewide exemption provided in this section in order that any lost revenue to  
14 be reimbursed pursuant to this section for each respective city, town, or fire district shall not include  
15 revenue loss resulting from these individual personal exemptions.

16 (c) Exemptions existing and uniformly applied to all tangible property taxpayers in any  
17 city, town, or fire district at the time of the effective date of this chapter shall be disregarded in  
18 order that any lost revenue to be reimbursed pursuant to this section for each respective city, town,  
19 or fire district shall include revenue loss resulting from such pre-existing uniform exemptions.

1           **44-5.3-2. Reimbursement of lost tax revenue.**

2           (a) Beginning in fiscal year 2024-2025 and for each fiscal year thereafter, cities, towns,  
3 and fire districts shall receive reimbursements, as set forth in this section, from state general  
4 revenues for lost tax revenues due to the reduction of the tangible property tax resulting from the  
5 statewide exemption set forth in § 44-5.3-1.

6           (b) Beginning in calendar year 2023, on or before August 15 of each year, each city, town,  
7 and fire district shall report to the department of revenue, as part of the submission of the certified  
8 tax levy pursuant to § 44-5-22, tangible property levy information sufficient to calculate  
9 reimbursements as set forth in this section, for the most recent tax roll based on assessed values as  
10 of December 31 of the previous year.

11           (c) Reimbursements for cities, towns, and fire districts for each fiscal year shall be based  
12 on tangible property levy information for the prior fiscal year submitted pursuant to this section.  
13 Reimbursements shall be distributed in full to cities, towns, and fire districts no later than  
14 September 30 of the respective fiscal year to which the reimbursement applies.

15           **44-5.3-3. Establishment of reimbursement fund.**

16           There is hereby established a restricted receipt account within the general fund of the state,  
17 to be known as the statewide tangible property tax exemption reimbursement fund. Funds from this  
18 account shall be administered by the director of the department of revenue and shall be for the sole  
19 purpose of reimbursing cities, towns, and fire districts pursuant to this chapter.

20           **44-5.3-4. Tangible property tax rate cap.**

21           (a) Notwithstanding any other provision of law to the contrary, the tax rate for the class of  
22 property that includes tangible personal property for any city, town, or fire district shall be capped  
23 and shall not exceed thereafter the tax rate in effect for the property tax year ending on December  
24 31, 2022.

25           (b) The tax rate limitation set forth in this section shall not apply to any city, town, or fire  
26 district that utilizes a uniform tax rate for all classes of property, exclusive of class 4 property  
27 (motor vehicles and trailers).

28           **44-5.3-5. Removal of certain limitations and requirements.**

29           Beginning in fiscal year 2024-2025, tangible tax rates shall be disregarded for purposes of  
30 compliance with limitations on the extent to which the effective tax rate of one class of property  
31 may exceed that of another, or requirements that the same percentage rate change be applied across  
32 property classes from one year to the next, under § 44-5-11.8 or any other similar statutory  
33 provision applicable to a city, town, or fire district.

34           **44-5.3-6. Application.**

1           The statewide exemption set forth in this chapter shall not apply to:  
2           (1) Public service corporation tangible property subject to taxation pursuant to § 44-13-1;  
3           and  
4           (2) Renewable energy resources and associated equipment subject to taxation pursuant to  
5           § 44-5-3(c).

6           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 create a tax exemption of one hundred thousand dollars (\$100,000) relating  
2 to assessment of municipal tangible property commencing with the December 31, 2024 tax  
3 assessment for taxes payable in calendar year 2025. The act would also provide for reimbursement  
4 of the tax revenue lost by the municipalities and establish a tangible property tax rate cap.

5           This act would take effect upon passage.

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