

2026 -- S 2040

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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators Ujifusa, Felag, and Lauria

Date Introduced: January 09, 2026

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-5-11.8 of the General Laws in Chapter 44-5 entitled "Levy and
2 Assessment of Local Taxes" is hereby amended to read as follows:

3 **44-5-11.8. Tax classification.**

4 (a) Upon the completion of any comprehensive revaluation or any update, in accordance
5 with § 44-5-11.6, any city or town may adopt a tax classification plan, by ordinance, with the
6 following limitations:

7 (1) The designated classes of property shall be limited to the classes as defined in
8 subsection (b) of this section.

9 (2) The effective tax rate applicable to any class, excluding class 4, shall not exceed by
10 fifty percent (50%) the rate applicable to any other class, except in the city of Providence and the
11 town of Glocester and the town of East Greenwich and the town of Bristol; however, in the year
12 following a revaluation or statistical revaluation or update, the city or town council of any
13 municipality may, by ordinance, adopt tax rates for the property class for all ratable tangible
14 personal property no greater than twice the rate applicable to any other class, provided that the
15 municipality documents to, and receives written approval from, the office of municipal affairs that
16 the rate difference is necessary to ensure that the estimated tax levy on the property class for all
17 ratable tangible personal property is not reduced from the prior year as a result of the revaluation
18 or statistical revaluation.

19 (3) Any tax rate changes from one year to the next shall be applied such that the same

1 percentage rate change is applicable to all classes, excluding class 4, except in the city of
2 Providence and the town of Gloucester and the town of East Greenwich.

3 (4) Notwithstanding subsections (a)(2) and (a)(3) of this section, the tax rates applicable to
4 wholesale and retail inventory within Class 3 as defined in subsection (b) of this section are
5 governed by § 44-3-29.1.

6 (5) The tax rates applicable to motor vehicles within Class 4, as defined in subsection (b)
7 of this section, are governed by § 44-34.1-1 [repealed].

8 (6) The provisions of chapter 35 of this title relating to property tax and fiscal disclosure
9 apply to the reporting of, and compliance with, these classification restrictions.

10 (b) **Classes of property.**

11 (1) Class 1: Residential real estate consisting of no more than five (5) dwelling units; land
12 classified as open space; and dwellings on leased land including mobile homes. In the city of
13 Providence, this class may also include residential properties containing partial commercial or
14 business uses and residential real estate of more than five (5) dwelling units.

15 (i) A homestead exemption provision is also authorized within this class; provided
16 however, that the actual, effective rate applicable to property qualifying for this exemption shall be
17 construed as the standard rate for this class against which the maximum rate applicable to another
18 class shall be determined, except in the town of Gloucester and the city of Providence. In the town
19 of Bristol, this class may also include residential properties containing partial commercial or
20 business uses where the residential portion is owner-occupied.

21 (ii) In lieu of a homestead exemption, any city or town may divide this class into non-
22 owner and owner-occupied property and adopt separate tax rates in compliance with the within tax
23 rate restrictions; provided, however, that the owner-occupied rate shall be construed as the standard
24 rate for this class against which the maximum rate applicable to another class shall be determined,
25 except in the town of Gloucester and the city of Providence.

26 (2) Class 2: Commercial and industrial real estate; residential properties containing partial
27 commercial or business uses; and residential real estate of more than five (5) dwelling units. In the
28 city of Providence, properties containing partial commercial or business uses and residential real
29 estate of more than five (5) dwelling units may be included in Class 1.

30 (3) Class 3: All ratable, tangible personal property.

31 (4) Class 4: Motor vehicles and trailers subject to the excise tax created by chapter 34 of
32 this title.

33 (c) The town council of the town of Gloucester and the town council of the town of East
34 Greenwich may, by ordinance, provide for, and adopt, a tax rate on various classes as they shall

1 deem appropriate. Provided, that the tax rate for Class 2 shall not be more than two (2) times the
2 tax rate of Class 1 and the tax rate applicable to Class 3 shall not exceed the tax rate of Class 1 by
3 more than two hundred percent (200%). Gloucester shall be able to establish homestead exemptions
4 up to fifty percent (50%) of value and the calculation provided in subsection (b)(1)(i) shall not be
5 used in setting the differential tax rates.

6 (d) Notwithstanding the provisions of subsection (a) of this section, the town council of the
7 town of Middletown may hereafter, by ordinance, adopt a tax classification plan in accordance with
8 the provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on or
9 after the assessment date of December 31, 2002.

10 (e) Notwithstanding the provisions of subsection (a) of this section, the town council of the
11 town of Little Compton may hereafter, by ordinance, adopt a tax classification plan in accordance
12 with the provisions of subsections (a) and (b) of this section and the provisions of § 44-5-79, to be
13 applicable to taxes assessed on or after the assessment date of December 31, 2004.

14 (f) Notwithstanding the provisions of subsection (a) of this section, the town council of the
15 town of Scituate may hereafter, by ordinance, change its tax assessment from fifty percent (50%)
16 of value to one hundred percent (100%) of value on residential and commercial/industrial/mixed-
17 use property, while tangible property is assessed at one hundred percent (100%) of cost, less
18 depreciation; provided, however, the tax rate for Class 3 (tangible) property shall not exceed the
19 tax rate for Class 1 (residential) property by more than two hundred thirteen percent (213%). This
20 provision shall apply whether or not the fiscal year is also a revaluation year.

21 (g) Notwithstanding the provisions of subsections (a) and (b) of this section, the town
22 council of the town of Coventry may hereafter, by ordinance, adopt a tax classification plan
23 providing that Class 1, as set forth in subsection (b) "Classes of Property" of this section, may also
24 include residential properties containing commercial or business uses, such ordinance to be
25 applicable to taxes assessed on or after the assessment date of December 31, 2014.

26 (h) Notwithstanding the provisions of subsection (a) of this section, the town council of the
27 town of East Greenwich may hereafter, by ordinance, adopt a tax classification plan in accordance
28 with the provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on
29 or after the assessment date of December 31, 2018. Further, the East Greenwich town council may
30 adopt, repeal, or modify that tax classification plan for any tax year thereafter, notwithstanding the
31 provisions of subsection (a) of this section.

32 (i) Notwithstanding the provisions of subsection (a) of this section, the town council of the
33 town of Middletown may hereafter, by ordinance, adopt a tax classification plan in accordance with
34 the provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on or

1 after the assessment date of December 31, 2022. If, in lieu of a homestead exemption, the town of
2 Middletown adopts a tax classification plan that divides the class consisting of residential real estate
3 into non-owner and owner-occupied property and adopts separate tax rates in compliance with the
4 tax rate restrictions, the town of Middletown, by ordinance or resolution, shall provide rules and
5 regulations including, but not limited to, those governing the division and definition of non-owner
6 and owner-occupied properties.

7 (j) Notwithstanding the provisions of subsection (a) of this section, the town council of the
8 town of New Shoreham may hereafter, by ordinance, adopt a tax classification plan in accordance
9 with the provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on
10 or after the assessment date of December 31, 2023. If, in lieu of a homestead exemption, the town
11 of New Shoreham adopts a tax classification plan which divides the class consisting of residential
12 real estate into non-owner and owner-occupied property and adopts separate tax rates in compliance
13 with the tax rate restrictions, the town of New Shoreham, by ordinance or resolution, shall provide
14 rules and regulations including, but not limited to, those governing the division and definition of
15 non-owner and owner-occupied properties.

16 (k) Notwithstanding the provisions of subsection (a) of this section, the town council of the
17 town of Bristol may hereafter, by ordinance, adopt a tax classification plan in accordance with the
18 provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on or after
19 the assessment date of December 31, 2023. Further, the Bristol town council may adopt, repeal, or
20 modify that tax classification plan for any tax year thereafter, notwithstanding the provisions of
21 subsection (a) of this section.

22 (l) The city council of the city of Providence may, by ordinance, provide for, and adopt, a
23 tax rate on various classes as they shall deem appropriate. Provided, that the provisions of § 44-5-
24 11.18(4) shall apply.

25 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 - LEVY AND ASSESSMENT OF LOCAL TAXES

- 1 This act would authorize the town of Bristol to apply the owner-occupied tax rate for
- 2 mixed-used properties where the residential portion is owner-occupied.
- 3 This act would take effect upon passage.

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