

2013 -- S 0826

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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 - LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators Miller, Goodwin, Ruggerio, Goldin, and Jabour

Date Introduced: April 04, 2013

Referred To: Senate Finance

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

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

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

17 (3) Any tax rate changes from one year to the next shall be applied such that the same
18 percentage rate change is applicable to all classes, excluding class 4, except in the city of
19 Providence, and the town of Glocester.

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

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

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

8 (b) Classes of Property.

9 (1) (i) Class 1: Residential real estate consisting of no more than five (5) dwelling units,
10 land classified as open space, and dwellings on leased land including mobile homes. In the city of
11 Providence, this class may also include residential properties containing partial commercial or
12 business uses and residential real estate of more than five (5) dwelling units. A homestead
13 exemption provision is also authorized within this class, provided however, that the actual
14 effective rate applicable to property qualifying for this exemption shall be construed as the
15 standard rate for this class against which the maximum rate applicable to another class shall be
16 determined, except in the city of Providence, and the town of Glocester. [Any city or town may](#)
17 [divide this class into non-owner and owner occupied property and adopt separate tax rates in](#)
18 [compliance with the within tax rate restrictions.](#)

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

23 (3) Class 3: All ratable tangible personal property.

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

26 (c) The city council of the city of Providence, and the town council of the town of
27 Glocester may by ordinance provide for and adopt a tax rate on various classes as it shall deem
28 appropriate. Providence and Glocester shall be able to establish homestead exemptions up to fifty
29 percent (50%) of value. The calculation provided in subsection (b)(1)(i) shall not be used in
30 setting the differential tax rates. The tax rate for Class 2 shall not be more than two times the tax
31 rate of Class 1; the tax rate applicable to Class 3 shall not exceed the tax rate of Class 1 by more
32 than two hundred percent (200%).

33 (d) Notwithstanding the provisions of subsection (a) of this section the town council of
34 the town of Middletown may hereafter, by ordinance, adopt a tax classification plan in

1 accordance with the provisions of subsections (a) and (b) of this section, to be applicable to taxes
2 assessed on or after the assessment date of December 31, 2002.

3 (e) Notwithstanding the provisions of subsection (a) of this section, the town council of
4 the town of Little Compton may hereafter, by ordinance, adopt a tax classification plan in
5 accordance with the provisions of subsections (a) and (b) of this section and the provisions of §
6 44-5-79, to be applicable to taxes assessed on or after the assessment date of December 31, 2004.

7 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 for Class 1 residential real estate property, any city or town
2 could divide that class into non-owner and owner occupied property and adopt separate tax rates
3 that would be in compliance with the applicable tax rate restrictions.

4 This act would take effect upon passage.

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