

**2013 -- S 0826 SUBSTITUTE A**

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LC02159/SUB A  
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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           reevaluation 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.

13 (i) A homestead exemption provision is also authorized within this class, provided  
14 however, that the actual effective rate applicable to property qualifying for this exemption shall  
15 be construed as the standard rate for this class against which the maximum rate applicable to  
16 another class shall be determined, except in ~~the city of Providence, and~~ the town of Glocester.

17 (ii) In lieu of a homestead exemption, any city or town may divide this class into non-  
18 owner and owner occupied property, and adopt separate tax rates in compliance with the within  
19 tax rate restrictions.

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

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

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

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

1 ~~tax rate of Class 1 by more than two hundred percent (200%).~~

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

6 (e) Notwithstanding the provisions of subsection (a) of this section, the town council of  
7 the town of Little Compton may hereafter, by ordinance, adopt a tax classification plan in  
8 accordance with the provisions of subsections (a) and (b) of this section and the provisions of §  
9 44-5-79, to be applicable to taxes assessed on or after the assessment date of December 31, 2004.

10 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 other than the city of Providence, could divide that class into non-owner and owner occupied  
3 property and adopt separate tax rates that would be in compliance with the applicable tax rate  
4 restrictions.

5           This act would take effect upon passage.

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