

2015 -- H 5317

=====  
LC000414  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

—————  
A N A C T

RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES - TAX  
CLASSIFICATION

Introduced By: Representatives Morgan, Price, Chippendale, Giarrusso, and Nardolillo

Date Introduced: February 05, 2015

Referred To: House 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.** -- (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 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%)~~ twenty-five percent (25%) the rate applicable to any other class, except in the  
10 city of Providence, and the town of Glocester; however, in the year following a revaluation or  
11 statistical revaluation or update, the city or town council of any municipality may, by ordinance,  
12 adopt tax rates for the property class for all ratable tangible personal property no greater than  
13 twice the rate applicable to any other class provided that the municipality documents to, and  
14 receives written approval from, the office of municipal affairs that the rate difference is necessary  
15 to ensure that the estimated tax levy on the property class for all ratable tangible personal  
16 property is not reduced from the prior 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

1 Providence and the town of Gloucester.

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

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

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

9 (b) Classes of Property.

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

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

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

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

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

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

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

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

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

9 (f) Notwithstanding the provisions of subsection (a) of this section, the town council of  
10 the town of Scituate may hereafter, by ordinance, change its tax assessment from fifty percent  
11 (50%) of value to one hundred percent (100%) of value on residential and  
12 commercial/industrial/mixed-use property, while tangible property is assessed at one hundred  
13 percent (100%) of cost, less depreciation; provided, however, the tax rate for Class 3 (tangible)  
14 property shall not exceed the tax rate for Class 1 (residential) property by more than two hundred  
15 thirteen percent (213%). This provision shall apply whether or not the fiscal year is also a  
16 revaluation year.

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

=====  
LC000414  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES - TAX  
CLASSIFICATION

\*\*\*

- 1           This act would reduce the permitted differential between various classes of taxable
- 2 property from fifty percent (50%) to twenty-five percent (25%).
- 3           This act would take effect upon passage.

=====  
LC000414  
=====