

2022 -- H 7814

LC005123

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO TAXATION - PROPERTY SUBJECT TO TAXATION

Introduced By: Representative P Morgan

Date Introduced: March 03, 2022

Referred To: House Municipal Government & Housing

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-3 of the General Laws entitled "Property Subject to Taxation" is
2 hereby amended by adding thereto the following section:

3 **44-3-66. Truth in taxation.**

4 (a) As used in this section:

5 (1) "Revenue neutral rate" means the tax rate for the current tax year that would generate
6 the same property tax revenue as levied the previous tax year using the current tax year's total
7 assessed valuation. To calculate the revenue neutral rate, the clerk shall divide the property tax
8 revenue for such taxing subdivision levied for the previous tax year by the total of all taxable
9 assessed valuation in such taxing subdivision for the current tax year, and then multiply the quotient
10 by one thousand (1,000) to express the rate in mills. The revenue neutral rate shall be expressed to
11 the third decimal place.

12 (b) Before finalizing the budget, the city or town clerk shall calculate the revenue neutral
13 rate for each taxing subdivision and include such revenue neutral rate on the notice of the estimated
14 assessed valuation provided to each taxing subdivision for budget purposes. The tax assessor shall
15 modify the prescribed budget information form to show the revenue neutral rate.

16 (c) No tax rate in excess of the revenue neutral rate shall be levied by the governing body
17 of any taxing subdivision unless a resolution or ordinance has been approved by the governing
18 body according to the following procedure:

19 (2) "Taxing subdivision" means any political subdivision of the state that levies an ad

1 valorem tax on property.

2 (1) The governing body shall publish notice of its proposed intent to exceed the revenue
3 neutral rate via their emergency phone alert system, in the local newspapers where the governing
4 body is located and on its website at least ten (10) days in advance of the public hearing. The notice
5 shall include, but not be limited to, its proposed tax rate, its revenue neutral rate and the date, time
6 and location of the public hearing.

7 (2) On or before finalizing the budget, the governing body shall notify the clerk of its
8 proposed intent to exceed the revenue neutral rate and provide the date, time and location of the
9 public hearing and its proposed tax rate. The clerk shall notify each taxpayer with property in the
10 taxing or taxation district, by mail directed to the taxpayer's last known address, of the proposed
11 intent to exceed the revenue rate at least ten (10) days in advance of the public hearing.
12 Alternatively, the clerk may transmit the notice to the taxpayer by electronic means at least ten (10)
13 days in advance of the public hearing, if such taxpayer and clerk have consented in writing to
14 service by electronic means. Costs associated with the notice shall be borne by the taxing
15 subdivision. The clerk shall consolidate the required information for all taxing subdivisions relevant
16 to the taxpayer's property on one notice. The notice shall include, but not be limited to:

17 (i) The revenue neutral rate;

18 (ii) The proposed property tax revenue needed to fund the proposed budget;

19 (iii) The tax rate based upon the proposed budget and the current year's total assessed
20 valuation;

21 (iv) The tax rate and property tax on the taxpayer's property from the previous year's tax
22 statement;

23 (v) The proposed percent change in the tax rate between the previous year's tax rate and
24 the proposed tax rate for the current year;

25 (vi) The appraised value and assessed value of the taxpayer's property for the current year;

26 (vii) The estimates of the tax for the current tax year on the taxpayer's property based on
27 the revenue neutral rate and the proposed tax rate; and

28 (viii) The date, time and location of the public hearing.

29 (3) The public hearing to consider exceeding the revenue neutral rate shall be held before
30 the tax rate is finalized. The governing body shall provide interested taxpayers desiring to be heard
31 an opportunity to present oral testimony within reasonable time limits and without unreasonable
32 restriction on the number of individuals allowed to make public comment.

33 (4) A majority vote of the governing body, by the adoption of a resolution or ordinance to
34 approve exceeding the revenue neutral rate, shall be required prior to adoption of a proposed budget

1 that will result in a tax rate in excess of the revenue neutral rate. Such vote of the governing body
2 shall be conducted at the public hearing after the governing body has heard from interested
3 taxpayers.

4 (c) Any governing body subject to the provisions of this section that does not comply with
5 subsection (b) of this section shall refund to taxpayers any property taxes over-collected based on
6 the amount of the levy that was in excess of the certified tax revenue neutral rate. The provisions
7 of this subsection shall not be construed as prohibiting any other remedies available under the law.

8 (d) If the governing body of a taxing subdivision must conduct a public hearing to approve
9 exceeding the revenue neutral rate under this section, the governing body of the taxing subdivision
10 shall certify, on or before September 20, to the proper clerk the amount of ad valorem tax to be
11 levied.

12 (e) The provisions of this section shall not apply to any taxing subdivision or taxing district
13 that receives five thousand dollars (\$5,000) or less in revenue from property taxes in the current
14 year.

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

=====
LC005123
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION - PROPERTY SUBJECT TO TAXATION

- 1 This act would provide for a revenue neutral tax rate which, if modified, would receive
- 2 public hearings and a vote by the governing body to exceed the rate.
- 3 This act would take effect upon passage.

=====
LC005123
=====