

2024 -- S 2857

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators Bissaillon, Zurier, and Ruggerio

Date Introduced: March 22, 2024

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.**

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; however, in the year following a revaluation or  
12 statistical revaluation or update, the city or town council of any municipality may, by ordinance,  
13 adopt tax rates for the property class for all ratable tangible personal property no greater than twice  
14 the rate applicable to any other class, provided that the municipality documents to, and receives  
15 written approval from, the office of municipal affairs that the rate difference is necessary to ensure  
16 that the estimated tax levy on the property class for all ratable tangible personal property is not  
17 reduced from the prior year as a result of the revaluation or statistical revaluation.

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

1 Providence and the town of Gloucester and the town of East Greenwich.

2 (4) Notwithstanding subsections (a)(2) and (a)(3) of this section, the tax rates applicable to  
3 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 [repealed].

7 (6) The provisions of chapter 35 of this title relating to property tax and fiscal disclosure  
8 apply 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; land  
11 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 be  
16 construed as the standard rate for this class against which the maximum rate applicable to another  
17 class shall be determined, except in the town of Gloucester and the city of Providence.

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 tax  
20 rate restrictions: provided, however, that the owner-occupied rate shall be construed as the standard  
21 rate for this class against which the maximum rate applicable to another class shall be determined,  
22 except in the town of Gloucester and the city of Providence.

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

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

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

30 (c) The city council of the city of Providence and the town council of the town of Gloucester  
31 and the town council of the town of East Greenwich may, by ordinance, provide for, and adopt, a  
32 tax rate on various classes as they shall deem appropriate. Provided, that the tax rate for Class 2  
33 shall not be more than two (2) times the tax rate of Class 1 and the tax rate applicable to Class 3  
34 shall not exceed the tax rate of Class 1 by more than two hundred percent (200%). Gloucester shall

1 be able to establish homestead exemptions up to fifty percent (50%) of value and the calculation  
2 provided in subsection (b)(1)(i) shall not be used in setting the differential tax rates.

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

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

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

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

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

29 (i) Notwithstanding the provisions of subsection (a) of this section, the town council of the  
30 town of Middletown may hereafter, by ordinance, adopt a tax classification plan in accordance with  
31 the provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on or  
32 after the assessment date of December 31, 2022.

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

1 with the provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on  
2 or after the assessment date of December 31, 2023.

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

9 SECTION 2. Chapter 44-5 of the General Laws entitled "Levy and Assessment of Local  
10 Taxes" is hereby amended by adding thereto the following section:

11 **44-5-11.18. Tax classification -- Providence.**

12 Notwithstanding any provision of § 44-5-11.8 to the contrary, the city of Providence may  
13 adopt a tax classification with unrestricted tax rates by ordinance as follows:

14 (1) Classes of property.

15 (i)(A) Class 1A: Residential real estate consisting of fewer than six (6) dwelling units; land  
16 classified as open space; and dwellings on leased land including mobile homes.

17 (B) Class 1B: Residential real estate consisting of six (6) to ten (10) dwelling units.

18 (C) Class 1C: Residential real estate of more than ten (10) dwelling units.

19 (ii) Class 2: Commercial and industrial real estate.

20 (iii) Class 3: Properties containing partial residential and commercial or business uses. The  
21 city is authorized to adopt a tax rate for this class or to apply the appropriate residential tax rate to  
22 the residential portion of the property and the commercial rate to the commercial portion of the  
23 property. The city may apportion property by square footage, by number of units, or by any other  
24 reasonable and consistent manner.

25 (iv) Class 4: All ratable, tangible personal property.

26 (2) A homestead exemption is also authorized within Class 1A. In lieu of a homestead  
27 exemption, the city of Providence may divide Class 1A into non-owner and owner-occupied  
28 property and adopt separate tax rates.

29 (3) In any tax year after the first in which the city of Providence adopts such a tax  
30 classification, the city council of the city of Providence may by ordinance change the number of  
31 dwelling-units to be included in Class 1A, Class 1B, and Class 1C.

32 (4) There shall be no differential tax rate limits for a tax classification adopted pursuant to  
33 this section.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

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1           This act would amend provisions relative to the levy and assessment of local taxes and  
2 would provide that the city of Providence may adopt a tax classification with unrestricted tax rates  
3 for certain classes of property.

4           This act would take effect upon passage.

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