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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators Ciccone, Bell, Bissailon, Vargas, Mack, Quezada, and Kallman

Date Introduced: May 23, 2025

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-5-11.18 of the General Laws in Chapter 44-5 entitled "Levy and
2 Assessment of Local Taxes" is hereby amended to read as follows:

3 **44-5-11.18. Tax classification — Providence.**

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

6 (1) Classes of property.

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

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

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

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

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

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

18 (2) A homestead exemption is also authorized within Class 1A. In lieu of a homestead
19 exemption, the city of Providence may divide Class 1A into non-owner and owner-occupied

1 property and adopt separate tax rates.

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

5 (4) The tax rate for Class 2 shall not be more than two (2) times the base tax rate of Class
6 1A; and the tax rate for Class 2 shall not be more than three and one-half (3½) times the effective
7 owner-occupied tax rate of Class 1, whether by homestead exemption or separate rates. There shall
8 be no further differential tax rate limits for a tax classification adopted pursuant to this section.

9 (5) The city council of the city of Providence may, by ordinance, adopt higher rates for the
10 marginal value of residential property in excess of one million dollars (\$1,000,000) per dwelling
11 unit. These higher rates may be separated into progressive brackets, and properties occupied by
12 taxpayers below a certain income level may be exempted. Any additional revenue from these higher
13 rates shall be exempted from the four percent (4%) levy growth cap established pursuant to § 44-
14 5-2.

15 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 allow the city of Providence to adopt higher rates for the marginal value of
2 residential property in excess of one million dollars (\$1,000,000) per dwelling unit. This act would
3 allow the higher rates to be separated into progressive brackets. This act would also exempt
4 additional revenue received from the four percent (4%) levy growth cap established pursuant to §
5 44-5-2. This act would also provide that properties occupied by taxpayers below a certain income
6 level may be exempt.

7 This act would take effect upon passage.

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