

2011 -- H 5496

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

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A N A C T

RELATING TO TAXATION

Introduced By: Representative E Coderre

Date Introduced: March 02, 2011

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

3           **44-5-2. Maximum levy.** -- (a) Through and including its fiscal year 2007, a city or town  
4           may levy a tax in an amount not more than five and one-half percent (5.5%) in excess of the  
5           amount levied and certified by that city or town for the prior year. Through and including its  
6           fiscal year 2007, but in no fiscal year thereafter, the amount levied by a city or town is deemed to  
7           be consistent with the five and one-half percent (5.5%) levy growth cap if the tax rate is not more  
8           than one hundred and five and one-half percent (105.5%) of the prior year's tax rate and the  
9           budget resolution or ordinance, as applicable, specifies that the tax rate is not increasing by more  
10          than five and one-half percent (5.5%) except as specified in subsection (c) of this section. In all  
11          years when a revaluation or update is not being implemented, a tax rate is deemed to be one  
12          hundred five and one-half percent (105.5%) or less of the prior year's tax rate if the tax on a  
13          parcel of real property, the value of which is unchanged for purpose of taxation, is no more than  
14          one hundred five and one-half percent (105.5%) of the prior year's tax on the same parcel of real  
15          property. In any year through and including fiscal year 2007 when a revaluation or update is  
16          being implemented, the tax rate is deemed to be one hundred five and one-half percent (105.5%)  
17          of the prior year's tax rate as certified by the division of property valuation and municipal finance  
18          in the department of revenue.

19          (b) In its fiscal year 2008, a city or town may levy a tax in an amount not more than five

1 and one-quarter percent (5.25%) in excess of the total amount levied and certified by that city or  
2 town for its fiscal year 2007. In its fiscal year 2009, a city or town may levy a tax in an amount  
3 not more than five percent (5%) in excess of the total amount levied and certified by that city or  
4 town for its fiscal year 2008. In its fiscal year 2010, a city or town may levy a tax in an amount  
5 not more than four and three-quarters percent (4.75%) in excess of the total amount levied and  
6 certified by that city or town in its fiscal year 2009. In its fiscal year 2011, a city or town may  
7 levy a tax in an amount not more than four and one-half percent (4.5%) in excess of the total  
8 amount levied and certified by that city or town in its fiscal year 2010. In its fiscal year 2012, a  
9 city or town may levy a tax in an amount not more than four and one-quarter percent (4.25%) in  
10 excess of the total amount levied and certified by that city or town in its fiscal year 2011. In its  
11 fiscal year 2013 and in each fiscal year thereafter, a city or town may levy a tax in an amount not  
12 more than four percent (4%) in excess of the total amount levied and certified by that city or town  
13 for its previous fiscal year.

14 (c) The division of property valuation in the department of revenue shall monitor city  
15 and town compliance with this levy cap, issue periodic reports to the general assembly on  
16 compliance, and make recommendations on the continuation or modification of the levy cap on or  
17 before December 31, 1987, December 31, 1990, and December 31, every third year thereafter.  
18 The chief elected official in each city and town shall provide to the division of property and  
19 municipal finance within thirty (30) days of final action, in the form required, the adopted tax  
20 levy and rate and other pertinent information.

21 (d) The amount levied by a city or town may exceed the percentage increase as specified  
22 in subsection (a) or (b) of this section if the city or town qualifies under one or more of the  
23 following provisions:

24 (1) The city or town forecasts or experiences a loss in total non-property tax revenues  
25 and the loss is certified by the department of revenue.

26 (2) The city or town experiences or anticipates an emergency situation, which causes or  
27 will cause the levy to exceed the percentage increase as specified in subsection (a) or (b) of this  
28 section. In the event of an emergency or an anticipated emergency, the city or town shall notify  
29 the auditor general who shall certify the existence or anticipated existence of the emergency.  
30 Without limiting the generality of the foregoing, an emergency shall be deemed to exist when the  
31 city or town experiences or anticipates health insurance costs, retirement contributions or utility  
32 expenditures which exceed the prior fiscal year's health insurance costs, retirement contributions  
33 or utility expenditures by a percentage greater than three (3) times the percentage increase as  
34 specified in subsection (a) or (b) of this section.

1 (3) A city or town forecasts or experiences debt services expenditures which exceed the  
2 prior year's debt service expenditures by an amount greater than the percentage increase as  
3 specified in subsection (a) or (b) of this section and which are the result of bonded debt issued in  
4 a manner consistent with general law or a special act. In the event of the debt service increase, the  
5 city or town shall notify the department of revenue which shall certify the debt service increase  
6 above the percentage increase as specified in subsection (a) or (b) of this section the prior year's  
7 debt service. No action approving or disapproving exceeding a levy cap under the provisions of  
8 this section affects the requirement to pay obligations as described in subsection (d) of this  
9 section.

10 (4) The city or town experiences substantial growth in its tax base as the result of major  
11 new construction which necessitates either significant infrastructure or school housing  
12 expenditures by the city or town or a significant increase in the need for essential municipal  
13 services and such increase in expenditures or demand for services is certified by the department  
14 of revenue.

15 (e) Any levy pursuant to subsection (d) of this section in excess of the percentage  
16 increase specified in subsection (a) or (b) of this section shall be approved by the affirmative vote  
17 of at least four-fifths (4/5) of the full membership of the governing body of the city or town or in  
18 the case of a city or town having a financial town meeting, the majority of the electors present  
19 and voting at the town financial meeting shall also approve the excess levy.

20 (f) For the purpose of funding economic development investment, incremental property  
21 tax revenue greater than amounts collected in fiscal year 2010 from property located within  
22 municipally-designated and state-approved "growth centers" may be excluded from the levy  
23 amount subject to the cap, up to a maximum of two percent (2%) of the total municipal levy,  
24 including the increase within the growth center, provided that all such revenue shall be deposited  
25 into a Municipal Economic Development Trust account to be used exclusively to fund capital  
26 improvement projects within designated growth centers. Allowable expenditures from the  
27 Municipal Economic Development Trust include planning studies, design/engineering, land  
28 acquisition, transportation and utility infrastructure and public amenities. "Approved growth  
29 centers" refers to growth centers designated by the city or town and approved by the Rhode Island  
30 division of planning under guidelines established in "Handbook 16" on local comprehensive  
31 planning.

32 ~~(f)~~(g) Nothing contained in this section constrains the payment of present or future  
33 obligations as prescribed by section 45-12-1, and all taxable property in each city or town is  
34 subject to taxation without limitation as to rate or amount to pay general obligation bonds or notes

1 of the city or town except as otherwise specifically provided by law or charter.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
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1           This act would fund economic development in municipally-designated state approved  
2 "growth centers" by excluding revenue greater than the amount collected in fiscal year 2010 from  
3 the levy subject to the cap in an amount up to a maximum of two percent (2%) of the total  
4 municipal levy provided that the revenue is used to fund projects in growth centers.

5           This act would take effect upon passage.

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