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LC02185/SUB A/2
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO TAXATION - MAXIMUM LEVY

Introduced By: Representatives McLaughlin, MacBeth, Phillips, Hull, and Bennett

Date Introduced: March 27, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-5 of the General Laws entitled "Levy and Assessment of Local
2 Taxes" is hereby amended by adding thereto the following section:

3 **44-5-2.3. Maximum levy -- fire districts. -- (a) In its fiscal year 2015, a fire district may**
4 **levy a tax in an amount not more than five and one-half percent (5.5%) in excess of the total**
5 **amount levied and certified by that fire district for its fiscal year 2014. In its fiscal year 2016, a**
6 **fire district may levy a tax in an amount not more than five percent (5%) in excess of the total**
7 **amount levied and certified by that fire district for its fiscal year 2015. In its fiscal year 2017, a**
8 **fire district may levy a tax in an amount not more than four and three-quarters percent (4.75%) in**
9 **excess of the total amount levied and certified by that fire district in its fiscal year 2016. In its**
10 **fiscal year 2018, a fire district may levy a tax in an amount not more than four and one-half**
11 **percent (4.5%) in excess of the total amount levied and certified by that fire district in its fiscal**
12 **year 2017. In its fiscal year 2019, a fire district may levy a tax in an amount not more than four**
13 **and one-quarter percent (4.25%) in excess of the total amount levied and certified by that fire**
14 **district in its fiscal year 2018. In its fiscal year 2020 and in each fiscal year thereafter, a fire**
15 **district may levy a tax in an amount not more than four percent (4%) in excess of the total amount**
16 **levied and certified by that fire district for its previous fiscal year.**

17 **(b) The division of property valuation in the department of revenue shall monitor fire**
18 **district compliance with this levy cap, issue periodic reports to the general assembly on**
19 **compliance, and make recommendations on the continuation or modification of the levy cap on or**

1 before December 31, 2017, December 31, 2020, and December 31, every third year thereafter.
2 The chief elected official in each fire district shall provide to the division of property and
3 municipal finance within thirty (30) days of final action, in the form required, the adopted tax
4 levy and rate and other pertinent information.

5 (c) The amount levied by a fire district may exceed the percentage increase as specified
6 in subsection (a) of this section if the fire district qualifies under one or more of the following
7 provisions:

8 (1) The fire district forecasts or experiences a loss in total non-property tax revenues and
9 the loss is certified by the department of revenue.

10 (2) The fire district experiences or anticipates an emergency situation, which causes or
11 will cause the levy to exceed the percentage increase as specified in subsection (a) of this section.
12 In the event of an emergency or an anticipated emergency, the fire district shall notify the auditor
13 general who shall certify the existence or anticipated existence of the emergency. Without
14 limiting the generality of the foregoing, an emergency shall be deemed to exist when the fire
15 district experiences or anticipates health insurance costs, retirement contributions or utility
16 expenditures which exceed the prior fiscal year's health insurance costs, retirement contributions
17 or utility expenditures by a percentage greater than three (3) times the percentage increase as
18 specified in subsection (a) of this section.

19 (3) A fire district forecasts or experiences debt services expenditures which exceed the
20 prior year's debt service expenditures by an amount greater than the percentage increase as
21 specified in subsection (a) of this section and which are the result of bonded debt issued in a
22 manner consistent with general law or a special act. In the event of the debt service increase, the
23 fire district shall notify the department of revenue which shall certify the debt service increase
24 above the percentage increase as specified in subsection (a) or (b) of this section the prior year's
25 debt service. No action approving or disapproving exceeding a levy cap under the provisions of
26 this section affects the requirement to pay obligations as described in subsection (d) of this
27 section.

28 (4) The fire district experiences substantial growth in its tax base as the result of major
29 new construction which necessitates significant infrastructure expenditures by the fire district or a
30 significant increase in the need for fire safety services and such increase in expenditures or
31 demand for services is certified by the department of revenue.

32 (5) The fire district is subject to increasing fire hydrant and streetlight fees, requires the
33 purchase of fire apparatus, and/or firefighting and safety equipment, or the improvements or
34 expansion of buildings, or the appropriate addition of personnel and such increase in fees and/or

1 expenditures is certified by the department of revenue.

2 (d) Any levy pursuant to subsection (c) of this section in excess of the percentage
3 increase specified in subsection (a) of this section shall be approved by the affirmative vote of at
4 least four-fifths (4/5) of the full membership of the governing body of the fire district or in the
5 case of a fire district having a financial town meeting, or its equivalent, the majority of the
6 electors present and voting at the financial meeting shall also approve the excess levy.

7 (e) Nothing contained in this section constrains the payment of present or future
8 obligations as prescribed by section 45-12-1, and all taxable property in each fire district is
9 subject to taxation without limitation as to rate or amount to pay general obligation bonds or notes
10 of the fire district except as otherwise specifically provided by law or charter.

11 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 make fire districts subject to the maximum levy.
- 2 This act would take effect upon passage.

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