

2018 -- H 7489

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LC004188
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Representatives Giarrusso, Roberts, Filippi, Quattrocchi, and Nardolillo

Date Introduced: February 07, 2018

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 **44-5-12.2. Tangible personal property tax phase out.**

4 (a) Beginning July 1, 2019, the city council or town council of any municipality shall, by
5 ordinance, phase out, over a ten (10) year period, the personal property tax. The rate schedule to
6 be implemented by the cities and towns is established in this section.

7 (b) "Personal property", for the purposes of taxation, means all goods, chattels, and
8 effects, wherever they may be, all ships or vessels, at home or abroad, except those that are
9 exempt from taxation by the laws of the United States or of this state and shall have the same
10 meaning as defined in § 44-3-2.

11 (c) The rate schedule for the ten (10) year phase out of the personal property tax is as
12 follows:

13 Year Maximum Tax Rate

14 FY 2019 set by local officials

15 FY 2020 ninety percent (90%) of FY 2019 rate

16 FY 2021 eighty percent (80%) of FY 2019 rate

17 FY 2022 seventy percent (70%) of FY 2019 rate

18 FY 2023 sixty percent (60%) of FY 2019 rate

19 FY 2024 fifty percent (50%) of FY 2019 rate

- 1 [FY 2025 forty percent \(40%\) of FY 2019 rate](#)
- 2 [FY 2026 thirty percent \(30%\) of FY 2019 rate](#)
- 3 [FY 2027 twenty percent \(20%\) of FY 2019 rate](#)
- 4 [FY 2028 ten percent \(10%\) of FY 2019 rate](#)
- 5 [FY 2029 no tax authorized.](#)

6 **44-5-12.3. City and town and fire district reimbursement.**

7 [\(a\) In fiscal years 2019 and thereafter, cities and towns and fire districts shall receive](#)
8 [reimbursements, as set forth in this section, from state general revenues equal to the amount of](#)
9 [lost tax revenue due to the phase out or reduction of the tangible personal property tax. Cities and](#)
10 [towns and fire districts shall receive advance reimbursements through state fiscal year 2021. In](#)
11 [the event the tax is phased out, cities and towns and fire districts shall receive a permanent](#)
12 [distribution of sales tax revenue pursuant to § 44-18-18 in an amount equal to any lost revenue](#)
13 [resulting from the tangible personal property tax elimination. Lost revenues must be determined](#)
14 [using a base tax rate fixed at fiscal year 2018 levels for each city, town, and fire district.](#)

15 [\(b\)\(1\) The director of administration shall determine the amount of general revenues to](#)
16 [be distributed to each city and town and fire district for the fiscal years 2019 and thereafter so that](#)
17 [every city and town and fire district is held harmless from tax loss resulting from this chapter,](#)
18 [assuming that tax rates are indexed to inflation through fiscal year 2028.](#)

19 [\(2\) The director of administration shall index the tax rates for inflation by applying the](#)
20 [annual change in the December Consumer Price Index – All Urban Consumers \(CPI-U\),](#)
21 [published by the Bureau of Labor Statistics of the United States Department of Labor, to the](#)
22 [indexed tax rate used for the prior fiscal year calculation.](#)

23 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 provide a ten (10) year phase out to the personal property tax.
- 2 This act would take effect upon passage.

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