

TOWN OF EAST GREENWICH, RHODE ISLAND**A RESOLUTION IN SUPPORT OF LEGISLATION ALLOWING THE TOWN OF EAST GREENWICH TO ENACT A TIERED TAX CLASSIFICATION SYSTEM AND EXEMPT PERSONAL TANGIBLE PROPERTY OF SMALL BUSINESSES**

WHEREAS, Rhode Island General Laws, Title 44, Chapter 5, Section 11.8, authorizes Rhode Island municipalities to adopt a tiered tax classification system; and

WHEREAS, this statute limits the adoption of such a system to years when there is a completion of a comprehensive revaluation or an update; and

WHEREAS, pursuant to statute, a comprehensive revaluation occurs only once every nine years and an update only occurs in three-year intervals between the revaluations; and

WHEREAS, the General Assembly has amended RIGL 44-5-11.8 several times to allow certain Rhode Island municipalities, including Providence, Glocester, Middletown, Little Compton, Scituate, and Coventry, to create a tiered tax classification system, notwithstanding the year of revaluation or update; and

WHEREAS, the Town of Glocester and City of Providence are given greater flexibility under the statute to create a tiered tax rate; and

WHEREAS, due to the fiscal state of East Greenwich, the Town Council would like to explore creating and be authorized to create a tiered tax system in East Greenwich as soon as possible and would like the same flexibility afforded to Glocester and Providence under the statute; and

WHEREAS, waiting for a revaluation or update year would cause a critical delay in creating and implementing such a tiered tax system; and

WHEREAS, East Greenwich would like to explore providing an exemption to small business for a certain amount of personal tangible property; and

WHEREAS, the General Assembly has already enacted legislation allowing the Town of Narragansett to provide such an exemption under RIGL 44-3-65, and East Greenwich would like to have the same authority; and


WHEREAS, included with this resolution is draft legislation that would amend RIGL 44-5-11.8 to allow East Greenwich to create a tiered tax classification system with the same flexibility as Providence and Glocester, regardless of whether it is a revaluation or update year; and

WHEREAS, included with this resolution is draft legislation that would amend RIGL 44-3-65 that would allow East Greenwich to provide the same tangible personal tax exemption to small business as is allowed in Narragansett; and

NOW, THEREFORE, BE IT RESOLVED:

1. The East Greenwich Town Council hereby respectfully requests the General Assembly to enact the proposed amendments to RIGL 44-5-11.8 and RIGL 44-3-65 in the 2019 legislative session, in order to allow East Greenwich to adopt a flexible tiered tax classification system regardless of whether it is a revaluation or update year and to provide an exemption to small businesses; and
2. This resolution shall take effect upon passage.

ATTEST:


Leigh A. Carney, CMC
Town Clerk

Adopted on March 25, 2019 by the East Greenwich Town Council

**IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 2019**

A N A C T

RELATING TO TAXATION – LEVY AND ASSESSMENT OF LOCAL TAXES

It is enacted by the General Assembly as follows:

SECTION 1. Section 44-5-11.8 of the General Laws in Chapter 44-5 entitled "Levy and Assessment of Local Taxes" is hereby amended to read as follows:

44-5-11.8. Tax Classification. –

(a) Upon the completion of any comprehensive revaluation or any update, in accordance with § 44-5-11.6, any city or town may adopt a tax classification plan, by ordinance, with the following limitations:

(1) The designated classes of property shall be limited to the classes as defined in subsection (b) of this section.

(2) The effective tax rate applicable to any class, excluding class 4, shall not exceed by fifty percent (50%) the rate applicable to any other class, except in the city of Providence and the town of Gloucester and the town of East Greenwich; however, in the year following a revaluation or statistical revaluation or update, the city or town council of any municipality may, by ordinance, adopt tax rates for the property class for all ratable tangible personal property no greater than twice the rate applicable to any other class, provided that the municipality documents to, and receives written approval from, the office of municipal affairs that the rate difference is necessary to ensure that the estimated tax levy on the property class for all ratable tangible personal property is not reduced from the prior year as a result of the revaluation or statistical revaluation.

- (3) Any tax rate changes from one year to the next shall be applied such that the same percentage rate change is applicable to all classes, excluding class 4, except in the city of Providence and the town of Gloucester.
- (4) Notwithstanding subdivisions (2) and (3) of this subsection, the tax rates applicable to wholesale and retail inventory within Class 3 as defined in subsection (b) of this section are governed by § 44-3-29.1.
- (5) The tax rates applicable to motor vehicles within Class 4, as defined in subsection (b) of this section, are governed by § 44-34.1-1.
- (6) The provisions of chapter 35 of this title relating to property tax and fiscal disclosure apply to the reporting of, and compliance with, these classification restrictions.

(b) Classes of Property.

- (1) Class 1: Residential real estate consisting of no more than five (5) dwelling units; land classified as open space; and dwellings on leased land including mobile homes. In the city of Providence, this class may also include residential properties containing partial commercial or business uses and residential real estate of more than five (5) dwelling units.
 - (i) A homestead exemption provision is also authorized within this class; provided however, that the actual, effective rate applicable to property qualifying for this exemption shall be construed as the standard rate for this class against which the maximum rate applicable to another class shall be determined, except in the town of Gloucester.

- (ii) In lieu of a homestead exemption, any city or town may divide this class into non-owner and owner-occupied property and adopt separate tax rates in compliance with the within tax rate restrictions.
- (2) Class 2: Commercial and industrial real estate; residential properties containing partial commercial or business uses; and residential real estate of more than five (5) dwelling units. In the city of Providence, properties containing partial commercial or business uses and residential real estate of more than five (5) dwelling units may be included in Class 1.
- (3) Class 3: All ratable, tangible personal property.
- (4) Class 4: Motor vehicles and trailers subject to the excise tax created by chapter 34 of this title.
- (c) The city council of the city of Providence and the town council of the town of Gloucester and the town council of the town of East Greenwich may, by ordinance, provide for, and adopt, a tax rate on various classes as they shall deem appropriate. Provided, that the tax rate for Class 2 shall not be more than two (2) times the tax rate of Class 1; the tax rate applicable to Class 3 shall not exceed the tax rate of Class 1 by more than two hundred percent (200%). Gloucester shall be able to establish homestead exemptions up to fifty percent (50%) of value and the calculation provided in subsection (b)(1)(i) shall not be used in setting the differential tax rates.
- (d) Notwithstanding the provisions of subsection (a) of this section, the town council of the town of Middletown may hereafter, by ordinance, adopt a tax classification plan in accordance with the provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on or after the assessment date of December 31, 2002.

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

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

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

(h) Notwithstanding the provisions of subsection (a) of this section, the town council of the town of East Greenwich may hereafter, by ordinance, adopt a tax classification plan in accordance with the provisions of subsections (a) and (b) of this section, to be applicable to taxes assessed on or after the assessment date of December 31, 2018.

Further, the East Greenwich town council may adopt, repeal, and/or modify said tax classification plan for any tax year thereafter, notwithstanding the provisions of subsection (a) of this section.

SECTION 2. Section 44-3-65 of the General Laws in Chapter 44-3 entitled "Property Subject to Taxation" is hereby amended to read as follows:

44-3-65. Narragansett and East Greenwich – Tangible business property tax exemption.

The town of Narragansett and the town of East Greenwich may by ordinance create a tangible business property tax exemption for local small business owners in an amount not to exceed thirty-five thousand dollars (\$35,000).

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

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