

2008 -- S 3156

LC03247

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2008

A N A C T

RELATING TO TAXATION

Introduced By: Senators Pichardo, Goodwin, Ruggerio, and Perry

Date Introduced: June 20, 2008

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

3           **44-5-11.8. Tax classification.** -- (a) Upon the completion of any comprehensive  
4   revaluation or any update, in accordance with section 44-5-11.6, any city or town may adopt a tax  
5   classification plan, by ordinance, with the following limitations:

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

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

17           (3) Any tax rate changes from one year to the next shall be applied such that the same  
18   percentage rate change is applicable to all classes, excluding class 4, except in the city of  
19   Providence, and the town of Glocester.

(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 section 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 section 44-34.1-1.

(6) The provisions of chapter 35 of this title relating to property tax and fiscal disclosure applies to the reporting of and compliance with these classification restrictions.

(b) Classes of Property.

(1) (i) 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. 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 city of Providence, and the town of Glocester.

(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 Glocester may by ordinance provide for and adopt a tax rate on various classes as it shall deem appropriate. Providence and Glocester shall be able to establish homestead exemptions up to fifty percent (50%) of value-; and, commencing with tax year 2008, Providence shall also be able to credit as taxes paid the sum of two hundred and fifty dollars (\$250) to its taxpayers owning owner-occupied condominium units valued no more than one hundred and fifty thousand dollars (\$150,000), single family houses valued no more than two hundred thousand dollars (\$200,000), and/or two (2) to five (5) unit houses valued no more than two hundred and seventy-five thousand dollars (\$275,000). The calculation provided in subsection (b)(1)(i) shall not be used in setting the differential tax rates. The tax rate for Class 2 shall not be more than two 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

1 two hundred percent (200%).

2 (d) Notwithstanding the provisions of subsection (a) of this section the town council of  
3 the town of Middletown may hereafter, by ordinance, adopt a tax classification plan in  
4 accordance with the provisions of subsections (a) and (b) of this section, to be applicable to taxes  
5 assessed on or after the assessment date of December 31, 2002.

6 (e) Notwithstanding the provisions of subsection (a) of this section, the town council of  
7 the town of Little Compton may hereafter, by ordinance, adopt a tax classification plan in  
8 accordance with the provisions of subsections (a) and (b) of this section and the provisions of  
9 section 44-5-79, to be applicable to taxes assessed on or after the assessment date of December  
10 31, 2004.

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

=====  
LC03247  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION

\*\*\*

- 1           This act would permit the City of Providence, commencing with the tax year 2008, to  
2   grant a tax credit of \$250 to taxpayers owning owner-occupied condominium units valued no  
3   more than one hundred and fifty thousand dollars (\$150,000), single family houses valued no  
4   more than two hundred thousand dollars (\$200,000), and/or two (2) to five (5) unit houses no  
5   more than two hundred and seventy-five thousand dollars (\$275,000).  
6           This act would take effect upon passage.

=====  
LC03247  
=====