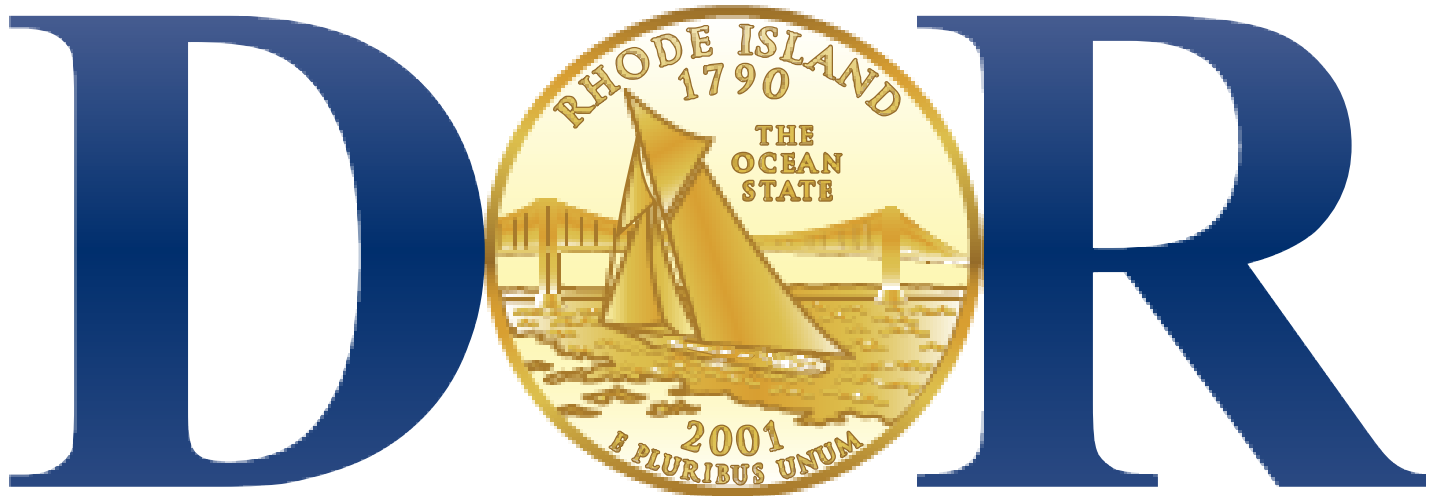


Report on the Property Tax Cap

Fiscal Year 2020



Governor Gina M. Raimondo

Prepared by:

**Department of Revenue
Division of Municipal Finance**

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Introduction

This report has been prepared by the Division of Municipal Finance (“Division”) to summarize compliance with the Rhode Island property tax cap in accordance with [R.I. Gen. Laws §44-5-2](#). This report provides an overview of the statutory requirements and summarizes aggregate and individual compliance with the property tax cap for Fiscal Year 2020.

Statutory Requirements on the Property Tax Cap

R.I. Gen. Laws §44-5-2 governs the calculation of the property tax cap:

“(b) In its fiscal year 2008, a city or town may levy a tax in an amount not more than five and one-quarter percent (5.25%) in excess of the total amount levied and certified by that city or town for its fiscal year 2007. In its fiscal year 2009, a city or town may levy a tax in an amount not more than five percent (5%) in excess of the total amount levied and certified by that city or town for its fiscal year 2008. In its fiscal year 2010, a city or town may levy a tax in an amount not more than four and three-quarters percent (4.75%) in excess of the total amount levied and certified by that city or town in its fiscal year 2009. In its fiscal year 2011, a city or town may levy a tax in an amount not more than four and one-half percent (4.5%) in excess of the total amount levied and certified by that city or town in its fiscal year 2010. In its fiscal year 2012, a city or town may levy a tax in an amount not more than four and one-quarter percent (4.25%) in excess of the total amount levied and certified by that city or town in its fiscal year 2011. In its fiscal year 2013 and in each fiscal year thereafter, a city or town may levy a tax in an amount not more than four percent (4%) in excess of the total amount levied and certified by that city or town for its previous fiscal year. For purposes of this levy calculation, taxes levied pursuant to chapters 34 and 34.1 of this title shall not be included. For FY 2018, in the event that a city or town, solely as a result of the exclusion of the motor vehicle tax in the new levy calculation, exceeds the property tax cap when compared to FY 2017 after taking into account that there was a motor vehicle tax in FY 2017, said city or town shall be permitted to exceed the property tax cap for the FY 2018 transition year, but in no event shall it exceed the four percent (4%) levy cap growth with the car tax portion included; provided, however, nothing herein shall prohibit a city or town from exceeding the property tax cap if otherwise permitted pursuant to subsection (d) of this section.

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

The Division communicated with all municipalities regarding the maximum tax levy allowable to support their Fiscal Year 2020 budgets. The Division reviewed tax levy proposals and budget disclosure information from each city and town. In accordance with R.I. Gen. Laws Title 44, Chapter 35, each city and town is required to disclose its proposed tax rate and levy as well as a summary of its budget proposal in a newspaper of general circulation ten days before the first public hearing on their municipal budget.

Fiscal Year 2020 Property Tax Cap

Table 1 shows the property tax levies for the municipalities and Cumberland Fire District for Fiscal Year 2019 and Fiscal Year 2020.

Table 1
FY 2019 and FY 2020 Certified Tax Levies
Not Including Motor Vehicle Levy Per R.I. Gen. Laws §44-5-2

CITY/TOWN	FY 2019 Total Levy w/o MV	FY 2020 Total Levy w/o MV	Increase (Decrease)	Percent Change
Barrington	\$59,468,573	\$61,445,214	\$1,976,641	3.32%
Bristol	41,213,137	42,777,091	1,563,954	3.79%
Burrillville *	28,743,625	29,147,039	403,414	1.40%
Central Falls	13,770,266	15,003,127	1,232,860	8.95%
Charlestown *	23,623,824	22,704,759	-919,065	-3.89%
Coventry *	69,626,227	72,109,095	2,482,869	3.57%
Cranston	172,102,765	176,627,609	4,524,844	2.63%
Cumberland *	61,467,036	63,588,750	2,121,714	3.45%
Cumberland Fire District	7,722,357	8,029,507	307,150	3.98%
East Greenwich	53,993,387	54,987,679	994,292	1.84%
East Providence (1)	100,124,111	103,617,630	3,493,520	3.49%
Exeter *	12,682,053	13,019,443	337,390	2.66%
Foster	11,798,865	12,268,876	470,012	3.98%
Glocester *	19,767,421	20,477,622	710,201	3.59%
Hopkinton *	17,431,106	18,127,683	696,577	4.00%
Jamestown	20,032,352	20,642,898	610,546	3.05%
Johnston	67,204,123	69,483,205	2,279,082	3.39%
Lincoln *	51,170,143	52,154,798	984,656	1.92%
Little Compton	12,123,970	12,579,755	455,785	3.76%
Middletown	45,688,652	45,706,727	18,075	0.04%
Narragansett *	50,260,472	52,261,834	2,001,362	3.98%
New Shoreham	9,947,621	10,298,812	351,191	3.53%
Newport	75,268,165	77,614,682	2,346,518	3.12%
North Kingstown	75,062,636	77,426,605	2,363,970	3.15%
North Providence	62,617,248	64,878,963	2,261,715	3.61%
North Smithfield	30,679,057	31,868,485	1,189,428	3.88%
Pawtucket	94,889,063	98,620,369	3,731,306	3.93%
Portsmouth *	52,312,483	54,194,287	1,881,804	3.60%
Providence	336,448,203	344,315,448	7,867,245	2.34%
Richmond *	18,082,077	18,799,306	717,229	3.97%
Scituate	28,091,797	29,208,473	1,116,676	3.98%
Smithfield (2)	52,241,318	54,644,271	2,402,953	4.60%
South Kingstown *	70,212,725	72,967,387	2,754,662	3.92%
Tiverton *	36,532,845	36,489,318	-43,527	-0.12%
Warren	21,991,793	22,540,947	549,154	2.50%
Warwick	214,789,126	222,373,441	7,584,315	3.53%
West Greenwich	18,822,249	19,459,843	637,594	3.39%
West Warwick	61,036,642	63,143,496	2,106,854	3.45%
Westerly *	68,656,472	71,273,970	2,617,499	3.81%
Woonsocket	52,523,011	51,894,514	-628,497	-1.20%
TOTAL ACTUAL	\$2,320,218,997	\$2,388,772,964	\$68,553,968	2.95%

Source: Division of Municipal Finance based on Assessors Statement of Assessed Values and Tax Levy as of 12/31/2017 & 12/31/2018.
See last page for footnotes.

To summarize the results:

- The final enacted statewide property tax levy for Fiscal Year 2020 excluding motor vehicle levy was \$2.389 billion, which is a 2.95 percent increase over Fiscal Year 2019. One should note that East Providence levies its taxes in arrears, so the Division's numbers represent an estimate for Fiscal Year 2020 based on their submitted tax rate disclosure.
- If all municipalities and the Cumberland Fire District levied a tax at the permitted four percent (4%) increase, it would have resulted in a statewide property tax levy excluding motor vehicles of \$2.413 billion to support Fiscal Year 2020 budgets.

Exemptions to the Property Tax Cap

The maximum levy statute in R.I. Gen. Laws §44-5-2 also provides for exemptions from the property tax cap as follows:

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

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

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

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

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

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

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

**Table 2
FY 2020 Exemptions to the Property Tax Cap
Not Including Motor Vehicle Levy Per R.I. Gen. Laws §44-5-2**

City / Town	Requested	Amount Certified				Approved	
		Net Non-Property Tax Revenue Loss	Debt Service	Emergency	Total	Date	Authority
Hopkinton	\$128,893			\$128,893	\$128,893	4/15/2019	Auditor General
Smithfield (2)	**					**	**
Central Falls	**					**	**
Totals	\$128,893	\$0	\$0	\$128,893	\$128,893		

** The City of Central Falls and the Town of Smithfield did not request to exceed the property tax cap and were not certified under the provisions of R.I. Gen. Laws §44-5-2 to exceed the property tax cap.

Source: Division of Municipal Finance based on Assessors Statement of Assessed Values and Tax Levy as of 12/31/2017 & 12/31/2018. See last page for footnotes.

There was one exemption requested by the Town of Hopkinton and approved by the Office of the Auditor General in Fiscal Year 2020. One should note that the Office of the Auditor General is responsible for reviewing and approving exemptions relating to emergencies under R.I. Gen. Laws §44-5-2(d)(2).

The Town of Hopkinton has requested certification of an emergency situation totaling \$128,893 resulting from an increase in the Town’s proportional share of the Chariho Regional School District budget for the fiscal year ending June 30, 2020 as approved by an all-day referendum vote on April 9, 2019. The amount of the Regional School District’s budget to be funded by the Towns of Charlestown, Hopkinton, and Richmond is determined by the proportionate student enrollment as of October 1, 2018.

The Town of Hopkinton’s share of the Regional School District Fiscal Year 2020 budget increased due, in part, to an overall increase in the number of students from Hopkinton compared to the total student enrollment.

The requested exemption amount of \$128,893 was approved by the Auditor General. Therefore, the Town of Hopkinton was certified to exceed the property tax cap by no more than \$128,893 for Fiscal Year 2020. Based upon the Fiscal Year 2019 tax levy of \$17,431,106, this certification to exceed the 4.00% cap should have resulted in a tax levy no greater than \$18,257,243 for Fiscal Year 2020. The Town’s certified Fiscal Year 2020 tax levy is \$18,127,683, which is an increase of 4.00% and therefore, the municipality did not ultimately exceed the property tax cap as requested.

The Division of Municipal Finance is responsible for approving a municipality to exceed the cap under the following circumstances: a loss in total non-property tax revenues under R.I. Gen. Laws §44-5-2(d)(1); a city or town forecasts or experiences debt services expenditures which exceed the prior year's debt service expenditures by an amount greater than the percentage increase of four percent (4%), which is the result of bonded debt issued in a manner consistent with general law or a special act under R.I. Gen. Laws §44-5-2(d)(3); and “substantial growth” exemptions under R.I. Gen. Laws §44-5-2(d)(4). The Division did not receive requests for or approve any exemptions in Fiscal Year 2020.

Table 3
FY 2020 Property Tax Cap
Not Including Motor Vehicle Levy Per R.I. Gen. Laws §44-5-2

Municipality	Above 3%	Municipality	2% - 3%
Jamestown	3.05%	Providence	2.34%
Newport	3.12%	Warren	2.50%
North Kingstown	3.15%	Cranston	2.63%
Barrington	3.32%	Exeter *	2.66%
West Greenwich	3.39%		
Johnston	3.39%		
West Warwick	3.45%		
Cumberland *	3.45%		
East Providence (1)	3.49%		
New Shoreham	3.53%		
Warwick	3.53%		
Coventry *	3.57%		
Glocester *	3.59%		
Portsmouth *	3.60%		
North Providence	3.61%		
Little Compton	3.76%		
Bristol	3.79%		
Westerly *	3.81%		
North Smithfield	3.88%		
South Kingstown *	3.92%		
Pawtucket	3.93%		
Richmond *	3.97%		
Scituate	3.98%		
Cumberland Fire District	3.98%		
Narragansett *	3.98%		
Foster	3.98%		
Hopkinton *	4.00%		
Smithfield (2)	4.60%		
Central Falls	8.95%		

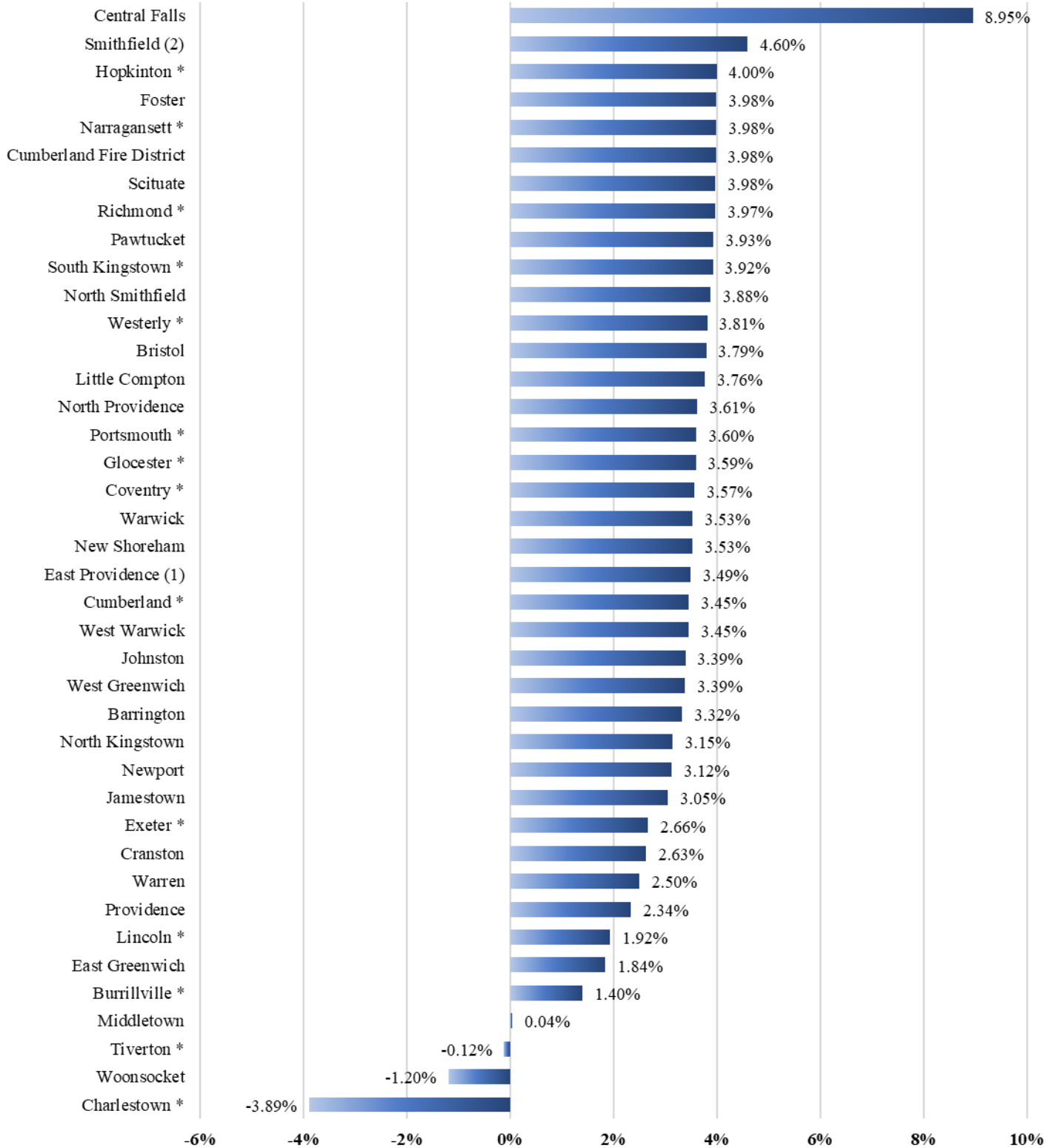
Municipality	1% - 2%
Burrillville *	1.40%
East Greenwich	1.84%
Lincoln *	1.92%

Municipality	Below 1%
Charlestown *	-3.89%
Woonsocket	-1.20%
Tiverton *	-0.12%
Middletown	0.04%

Source: Division of Municipal Finance based on Assessors Statement of Assessed Values and Tax Levy as of 12/31/2017 & 12/31/2018. See last page for footnotes.

As shown in the above table, two municipalities (Central Falls and Smithfield) enacted a tax levy that exceeded the four percent (4%) cap. The remaining 37 municipalities and the Cumberland Fire District were at or below the four percent (4%) cap. Charlestown, Tiverton and Woonsocket had an overall decrease in their tax levies from Fiscal Year 2019 to Fiscal Year 2020. The tax levy growth for all municipalities and the Cumberland Fire District are shown in Chart 1 on the next page.

Chart 1
FY 2020 Tax Levy Growth
Not Including Motor Vehicle Levy Per R.I. Gen. Laws §44-5-2



Source: Division of Municipal Finance based on Assessors Statement of Assessed Values and Tax Levy as of 12/31/2017 & 12/31/2018. See last page for footnotes.

**Table 3
FY 2020 Property Tax Cap
Not Including Motor Vehicle Levy Per R.I. Gen. Laws §44-5-2**

Municipality	Above 3%	Municipality	2% - 3%
Jamestown	3.05%	Providence	2.34%
Newport	3.12%	Warren	2.50%
North Kingstown	3.15%	Cranston	2.63%
Barrington	3.32%	Exeter *	2.66%
West Greenwich	3.39%		
Johnston	3.39%		
West Warwick	3.45%		
Cumberland *	3.45%		
East Providence (1)	3.49%		
New Shoreham	3.53%		
Warwick	3.53%		
Coventry *	3.57%		
Glocester *	3.59%		
Portsmouth *	3.60%		
North Providence	3.61%		
Little Compton	3.76%		
Bristol	3.79%		
Westerly *	3.81%		
North Smithfield	3.88%		
South Kingstown *	3.92%		
Pawtucket	3.93%		
Richmond *	3.97%		
Scituate	3.98%		
Cumberland Fire District	3.98%		
Narragansett *	3.98%		
Foster	3.98%		
Hopkinton *	4.00%		
Smithfield (2)	4.60%		
Central Falls	8.95%		

Municipality	1% - 2%
Burrillville *	1.40%
East Greenwich	1.84%
Lincoln *	1.92%

Municipality	Below 1%
Charlestown *	-3.89%
Woonsocket	-1.20%
Tiverton *	-0.12%
Middletown	0.04%

Source: Division of Municipal Finance based on Assessors Statement of Assessed Values and Tax Levy as of 12/31/2017 & 12/31/2018. See last page for footnotes.

Footnotes for all Tables and Charts

(1) The City of East Providence fiscal year is Nov 1 to Oct 31. The City levies its property tax in arrears. While the FY 2020 levy has been adopted, the final tax rates will not be known until the spring of 2020.

(2) The Town of Smithfield has indicated to the Division that there is litigation pending resolution that has impacted the FY 2020 tax levy.

* Municipality has one or more independent fire districts. Cumberland Fire District is included as it is subject to the maximum levy statute. All other fire districts are not subject to the levy cap, and therefore are not included. Please note that the "fire districts" of Bonnet Shores (Narragansett), Portsmouth Water & Fire, North Tiverton and Stone Bridge (Tiverton) do NOT provide fire services. The towns in which those fire districts are located have municipal fire departments that cover those communities. The above noted "fire districts", however, provide either water or recreational services in the town where they are located.