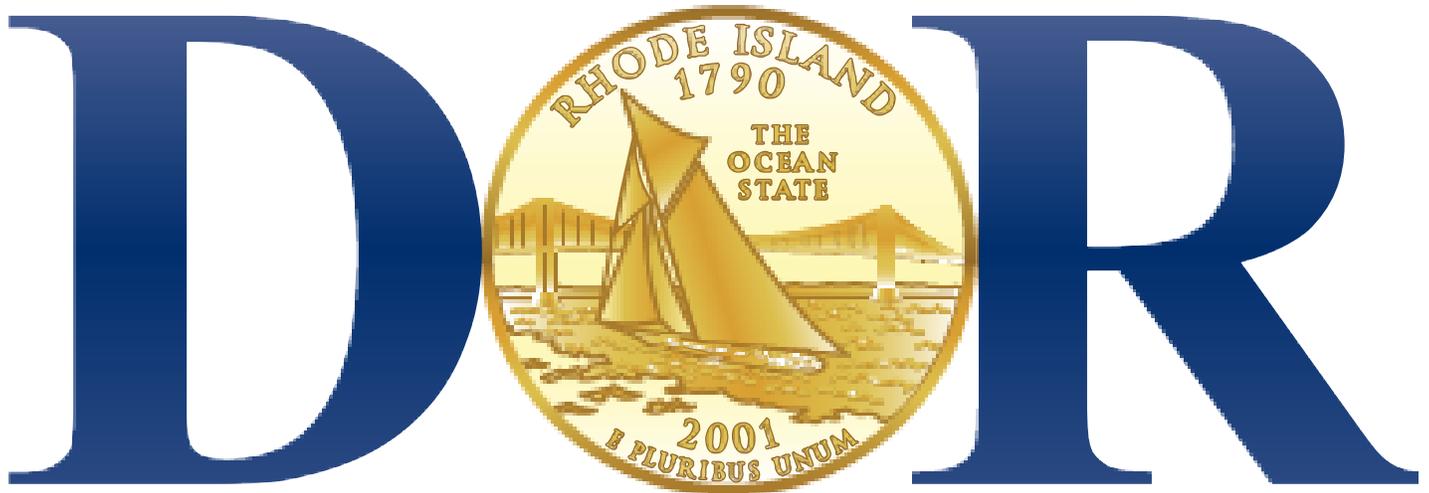


# **Report on the Property Tax Cap**

**Fiscal Year 2021**



**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 2021.

## 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 2021 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 2021 Property Tax Cap

Table 1 shows the property tax levies for the municipalities and Cumberland Fire District for Fiscal Year 2020 and Fiscal Year 2021. The table also includes the calculated year over year change as a dollar amount and as a percentage, as well as statewide totals.

**Table 1**  
**FY 2020 and FY 2021 Certified Tax Levies**  
**Not Including Motor Vehicle Levy Per R.I. Gen. Laws §44-5-2**

<b>CITY/TOWN</b>	<b>FY 2020 Total Levy w/o MV</b>	<b>FY 2021 Total Levy w/o MV</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Barrington	\$61,445,214	\$63,972,719	\$2,527,505	4.11%
Bristol	42,777,091	43,731,155	954,064	2.23%
Burrillville *	29,147,039	29,313,140	166,101	0.57%
Central Falls ***	14,316,774	14,608,430	291,655	2.04%
Charlestown *	22,704,759	22,882,971	178,211	0.78%
Coventry *	72,109,095	72,108,532	(563)	0.00%
Cranston	176,627,609	177,276,087	648,478	0.37%
Cumberland *	63,588,750	65,104,752	1,516,002	2.38%
Cumberland Fire District	8,029,507	8,348,512	319,005	3.97%
East Greenwich	54,987,679	56,275,114	1,287,435	2.34%
East Providence **	103,614,589	107,240,770	3,626,180	3.50%
Exeter *	13,019,443	13,069,001	49,558	0.38%
Foster	12,268,876	12,424,078	155,201	1.26%
Glocester *	20,477,622	20,806,951	329,328	1.61%
Hopkinton *	18,127,683	18,736,553	608,869	3.36%
Jamestown	20,642,898	21,161,663	518,765	2.51%
Johnston	69,483,205	70,602,969	1,119,764	1.61%
Lincoln *	52,154,798	53,826,621	1,671,822	3.21%
Little Compton	12,579,755	12,882,372	302,617	2.41%
Middletown	45,706,727	46,133,801	427,074	0.93%
Narragansett *	52,261,834	53,622,797	1,360,962	2.60%
New Shoreham	10,298,812	10,697,375	398,563	3.87%
Newport	77,614,682	78,247,237	632,554	0.81%
North Kingstown	77,426,605	78,712,363	1,285,757	1.66%
North Providence	64,878,963	65,620,845	741,883	1.14%
North Smithfield	31,868,485	33,063,402	1,194,916	3.75%
Pawtucket	98,620,369	99,317,500	697,131	0.71%
Portsmouth *	54,194,287	56,142,214	1,947,927	3.59%
Providence	344,315,448	346,489,446	2,173,997	0.63%
Richmond *	18,799,306	19,544,138	744,831	3.96%
Scituate	29,208,473	29,995,657	787,183	2.70%
Smithfield	54,644,271	55,238,243	593,972	1.09%
South Kingstown *	72,967,387	73,699,703	732,315	1.00%
Tiverton *	36,489,318	37,744,595	1,255,278	3.44%
Warren	22,540,947	23,426,710	885,763	3.93%
Warwick	222,373,441	223,745,654	1,372,212	0.62%
West Greenwich	19,459,843	19,633,737	173,894	0.89%
West Warwick	63,143,496	64,143,187	999,691	1.58%
Westerly *	71,273,970	72,536,527	1,262,557	1.77%
Woonsocket	51,894,514	51,634,146	(260,369)	-0.50%
<b>STATEWIDE TOTAL</b>	<b>\$2,388,083,571</b>	<b>\$2,423,761,664</b>	<b>\$35,678,093</b>	<b>1.49%</b>

Source: Division of Municipal Finance based on Assessors Statement of Assessed Values and Tax Levy as of 12/31/2018 & 12/31/2019.  
See last page for footnotes.

To summarize the results:

- The final enacted statewide property tax levy for Fiscal Year 2021 excluding motor vehicle levy was \$2.424 billion, which is a 1.49 percent increase over Fiscal Year 2020. One should note that East Providence levies its taxes in arrears, so the Division's numbers represent an estimate for Fiscal Year 2021 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 \$2.484 billion to support Fiscal Year 2021 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.”*

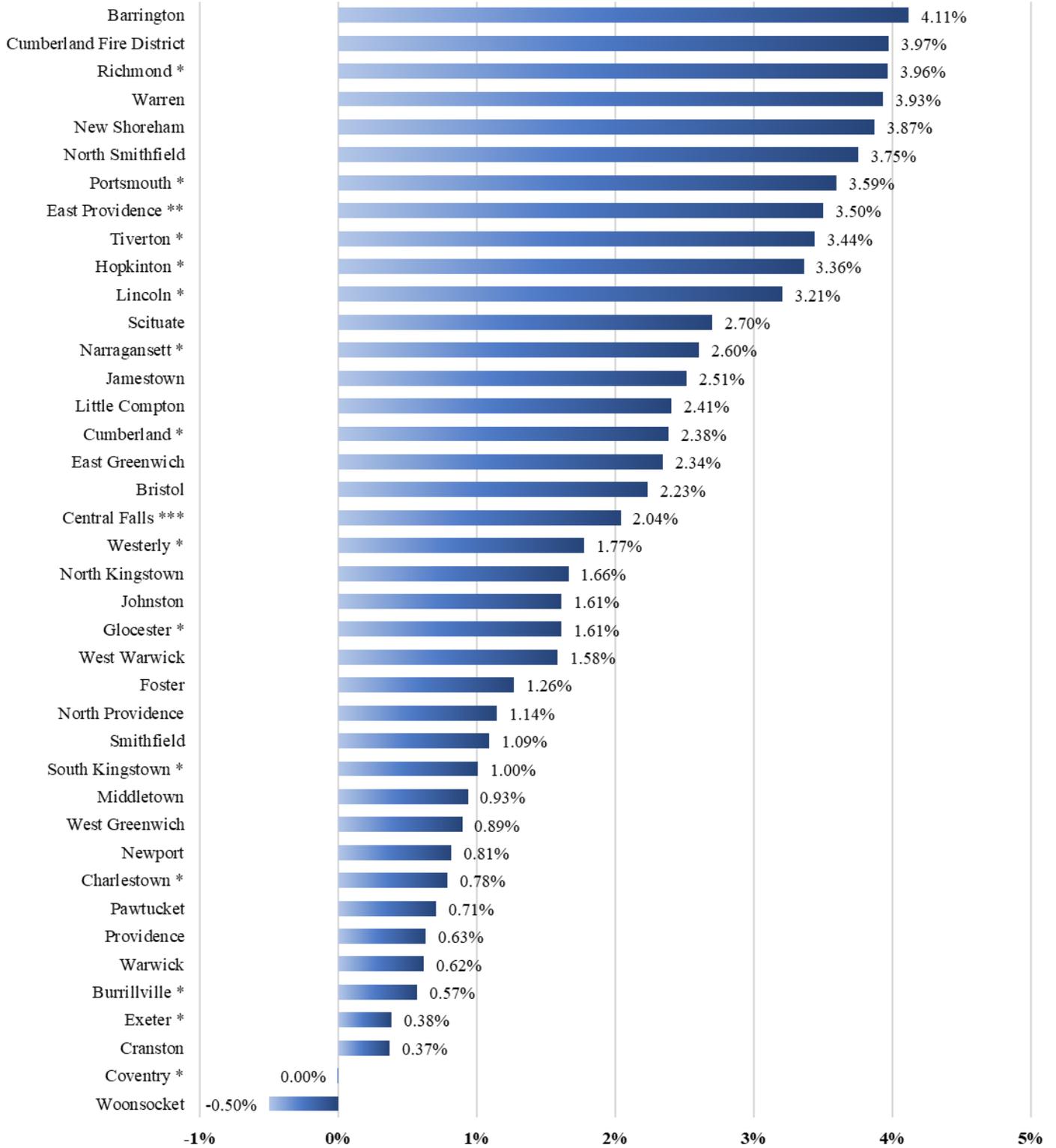
There were no exemptions requested in Fiscal Year 2021. One should note that the Office of the Auditor General is responsible for reviewing and approving exemptions relating to emergencies under R.I. Gen. Laws §44-5-2(d)(2). The Division of Municipal Finance is responsible for approving a municipality 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).

**Table 2  
FY 2021 Property Tax Cap  
Not Including Motor Vehicle Levy Per R.I. Gen. Laws §44-5-2**

<b>Municipality</b>	<b>Above 3%</b>	<b>Municipality</b>	<b>1% - 2%</b>
Lincoln *	3.21%	South Kingstown *	1.00%
Hopkinton *	3.36%	Smithfield	1.09%
Tiverton *	3.44%	North Providence	1.14%
East Providence **	3.50%	Foster	1.26%
Portsmouth *	3.59%	West Warwick	1.58%
North Smithfield	3.75%	Glocester *	1.61%
New Shoreham	3.87%	Johnston	1.61%
Warren	3.93%	North Kingstown	1.66%
Richmond *	3.96%	Westerly *	1.77%
Cumberland Fire District	3.97%		
Barrington	4.11%		
		<b>Municipality</b>	<b>Below 1%</b>
		Woonsocket	-0.50%
		Coventry *	0.00%
		Cranston	0.37%
		Exeter *	0.38%
		Burrillville *	0.57%
		Warwick	0.62%
		Providence	0.63%
		Pawtucket	0.71%
		Charlestown *	0.78%
		Newport	0.81%
		West Greenwich	0.89%
		Middletown	0.93%
<b>Municipality</b>	<b>2% - 3%</b>		
Central Falls ***	2.04%		
Bristol	2.23%		
East Greenwich	2.34%		
Cumberland *	2.38%		
Little Compton	2.41%		
Jamestown	2.51%		
Narragansett *	2.60%		
Scituate	2.70%		

Source: Division of Municipal Finance based on Assessors Statement of Assessed Values and Tax Levy as of 12/31/2018 & 12/31/2019. See last page for footnotes.

**Chart 1**  
**FY 2021 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 12/31/2018 & 12/31/2019. See last page for footnotes.

The tax levy growth for all municipalities and the Cumberland Fire District are shown in Chart 1 on the previous page. From Fiscal Year 2020 to Fiscal Year 2021, the Town of Barrington enacted a tax levy that exceeded the four percent (4%) cap. The remaining 38 municipalities and the Cumberland Fire District were below the four percent (4%) cap. The City of Woonsocket and the Town of Coventry had an overall decrease in their tax levies.

**Table 3**  
**FY 2021 Property Tax Cap**  
**Not Including Motor Vehicle Levy Per R.I. Gen. Laws §44-5-2**

**Urban Municipalities**

Woonsocket	-0.50%
Providence	0.63%
Pawtucket	0.71%
Newport	0.81%
Central Falls ***	2.04%

**Urban Ring Municipalities**

Cranston	0.37%
Warwick	0.62%
North Providence	1.14%
West Warwick	1.58%
East Providence **	3.50%

**Suburban Municipalities**

Middletown	0.93%
Smithfield	1.09%
Johnston	1.61%
North Kingstown	1.66%
Westerly *	1.77%
Bristol	2.23%
East Greenwich	2.34%
Cumberland *	2.38%
Jamestown	2.51%
Narragansett *	2.60%
Lincoln *	3.21%
Portsmouth *	3.59%
Warren	3.93%
Cumberland Fire District	3.97%
Barrington	4.11%

**Rural Municipalities**

Coventry *	0.00%
Exeter *	0.38%
Burrillville *	0.57%
Charlestown *	0.78%
West Greenwich	0.89%
South Kingstown *	1.00%
Foster	1.26%
Glocester *	1.61%
Little Compton	2.41%
Scituate	2.70%
Hopkinton *	3.36%
Tiverton *	3.44%
North Smithfield	3.75%
New Shoreham	3.87%
Richmond *	3.96%

Source: Division of Municipal Finance based on Assessors Statement of Assessed Values and Tax Levy as of 12/31/2018 & 12/31/2019. See last page for footnotes.

**Footnotes for all Tables and Charts**

\* 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.

\*\* The City of East Providence fiscal year is Nov 1 to Oct 31. The City levies its property tax in arrears. While the FY 2021 levy has been adopted, the final tax levy will not be available until the spring of 2021.

\*\*\* The City of Central Falls amended their tax levy for FY2020. The levy listed in this report and used for the levy increase calculation is based on the amended FY2020 tax levy.