



April 10, 2024

The Honorable Marvin L. Abney
House Finance Committee
Rhode Island State House
82 Smith St.
Providence RI, 02903

RE: Bill Number: 7684 AN ACT RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

Dear Chairman Abney and Honorable Members of the House Finance Committee:

I am writing to express our concerns with House bill 7684. While we appreciate the intent aimed at promoting urban and small-scale farming significant concerns regarding the potential negative impacts of proposed tax exemptions for farmers within municipalities remains a priority for all of Rhode Island's cities and towns. The league is deeply invested in the well-being of our communities; therefore, we believe it is essential that these issues are carefully considered before any changes are made to ensure that the positive outcomes of supporting local agriculture are not outweighed by unintended consequences.

First and foremost, we applaud efforts to promote urban and small-scale farming, as they offer numerous benefits, including increased access to fresh, locally grown produce, economic development opportunities, and environmental sustainability. Encouraging individuals to engage in agricultural activities within our municipalities can enhance community resilience, foster local food systems, and contribute to the overall health and well-being of our residents.

However, we are also mindful of the potential negative impacts associated with proposed tax exemptions for farmers. The above-referenced Bill's aim to exempt "urban and small farmers from sales taxes, real, tangible, and personal property taxes and income taxes." poses issues, we are concerned about the lack of specific requirements and oversight mechanisms within the proposed legislation. Small farmers are defined as "those who actively use their land for agricultural or horticultural purposes on less than five (5) acres." However, nowhere in the legislation does it state any minimum amount of acreage that needs to be devoted to farming.

Moreover, agricultural and horticultural activities are broadly defined as "the production of plants and animals useful to people." Without clear criteria or means of substantiating claims of agricultural activity on their land, this exemption could be applicable to anyone who decides to claim eligibility. Every taxpayer who keeps chickens or bees, grows fruits and vegetables, or engages in similar activities could potentially receive a full exemption of taxes on land and tangibles if they own less than five acres.

In densely populated areas, individuals could receive a full exemption on land, tangibles, and even their home (up to 2500 sqft), which seems disproportionate. This raises questions about fairness and equity, especially considering that "traditional" farmers do not receive such comprehensive exemptions. The lack of restrictions could also incentivize property owners to subdivide their land into smaller lots to qualify for the exemption, potentially resulting in significant revenue loss for municipalities.

Additionally, we are concerned about the potential impact on municipal tax revenue and fiscal stability. Rhode Island General Law 44-27 allows property enrolled in the Farm, Forest, and Open Space Program to be assessed at its current use, not its value for development, with the purpose of conserving agricultural and forest land. However, the purpose of the proposed legislation is unclear aside from shifting the tax burden, which may have unintended consequences for municipal budgets and services.

Therefore, we respectfully request that these concerns be carefully considered and thoroughly evaluated before any changes are made to existing tax policies. It is crucial that policymakers engage in meaningful dialogue with stakeholders, including farmers, municipal officials, and community members, to identify potential challenges, assess trade-offs, and develop strategies to mitigate negative impacts.

By taking a thoughtful and inclusive approach to policy development, we can ensure that initiatives to support urban and small-scale farming achieve their intended goals while minimizing any unintended consequences that may arise. We remain ready for collaboration in addressing these important issues while fostering sustainable agricultural practices within our municipalities.

Sincerely,

A handwritten signature in black ink that reads "David M. Bodah".

David M. Bodah
Associate Director