

THE TOWN OF MIDDLETOWN
RESOLUTION
OF THE
COUNCIL

No. 2024-67

WHEREAS, the Town of Middletown (the “Town”) has adopted a Tax Classification Plan which divides the Class consisting of residential real estate into non-owner and owner-occupied property and has adopted separate tax rates for each division pursuant to RIGL § 44-5-11.8; and

WHEREAS, the Town wishes to incentivize landlords to make dwelling units available for long term rental, in order to maintain the availability of housing within the community, by making such units eligible for the “owner-occupied” tax rate if they rented pursuant to a written lease for one year or longer and the dwelling units rented are the principal residences of the tenants thereof; and

WHEREAS, expanding the eligibility for the “owner-occupied” tax rate requires the passage of enabling legislation by the General Assembly.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

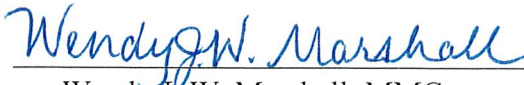
Resolved: that the Town Council of the Town of Middletown requests the Rhode Island General Assembly to adopt and ratify the proposed amendment to Section 44-5-11.8 of the General Laws entitled “Tax Classification”, attached hereto; and

BE IT FURTHER

Resolved: that copies of this resolution be forwarded to the Town’s Legislative Delegation requesting that they introduce the appropriate legislation and work for its passage in the 2025 session of the General Assembly.

DECEMBER 16, 2024

READ AND PASSED IN COUNCIL



Wendy J. W. Marshall, MMC
Town Clerk

AN ACT
RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By:

Date Introduced:

It is enacted by the General Assembly as follows:

SECTION 1. Section 44-5-18.1 of the General Laws in Chapter 44-5 entitled "Tax Classification" 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 Glocester 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 Glocester and the town of East Greenwich.

(4) Notwithstanding subsections (a)(2) and (a)(3) of this section, 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 [repealed].

(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 Glocester and the city of Providence.

(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; provided, however, that the owner-occupied rate 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 Glocester and the city of Providence.

(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 town council of the town of Glocester 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 and the tax rate applicable to Class 3 shall not exceed the tax rate of Class 1 by more than two hundred percent (200%). Glocester 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, or modify that tax classification plan for any tax year thereafter, notwithstanding the provisions of subsection (a) of this section.

(i) 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, 2022. If in lieu of a homestead exemption, the Town of Middletown adopts a tax classification plan which divides the Class consisting of residential real estate into non-owner and owner-occupied property and adopts separate tax rates in compliance with the within tax rate restrictions, the town of Middletown, by ordinance or resolution, shall provide rules and regulations, including, but not limited to, those governing the division and definition of Non-owner and owner occupied properties.

(j) Notwithstanding the provisions of subsection (a) of this section, the town council of the town of New Shoreham 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, 2023.

(k) Notwithstanding the provisions of subsection (a) of this section, the town council of the town of Bristol 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, 2023. Further, the Bristol town council may adopt, repeal, or modify that tax classification plan for any tax year thereafter, notwithstanding the provisions of subsection (a) of this section.

(l) The city council of the city of Providence 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; that the tax rate for Class 3 shall not be more than three (3) times the tax rate of Class 1; and that the tax rate for Class 2 shall not be more than three and one-half (3½) times the effective owner-occupied tax rate of Class 1, whether by homestead exemption or separate rates.

SECTION 2. This act shall take effect upon passage.