

April 22, 2025

The Honorable Stephen M. Casey
Chair, House Committee on Municipal Government and Housing
State House
Providence, RI 02903

**Re: 2025 H-6216- AN ACT RELATING TO TAXATION -- LEVY AND ASSESSMENT
OF LOCAL TAXES-MAXIMUM LEVY**

Dear Chair Casey:

The Division of Municipal Finance (“DMF”) writes to provide information that may be of assistance to the Committee as it considers House Bill 6216, An Act Relating to Taxation-Levy and Assessment of Local Taxes-Maximum Levy. This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid municipal tax administration.

As you know, this bill would amend R.I. Gen. Laws § 44-5-2 by adding a new subsection (d)(5). Per the Explanation by the Legislative Council, the intent of the bill is to “grant an exemption from the four percent (4%) property tax levy cap to the town of Jamestown.”

Generally, § 44-5-2 prohibits municipalities from levying a tax more than four percent (4%) in excess of the total amount levied and certified for their previous fiscal year (the “4% maximum levy cap”). Subsection 44-5-2(d) sets forth four (4) situations where municipalities may exceed the 4% maximum levy cap if they obtain state certification (either through the DMF or the Auditor General depending on the reason for the exemption). Subsection 44-5-2(e) also mandates criteria for additional local approval of any state certified levy above the 4% maximum levy cap.

The specific language of proposed § 44-5-2(d)(5) provides that “[t]he town of Jamestown, for as long as it uses a financial town meeting, may approve an annual budget, that provides for a proposed levy increase in excess of the percentage increase, as specified in subsection (a) or (b) of this section, and said proposed levy is clearly and unambiguously listed in the proposed budget submitted to, and approved by, the voters of said town of Jamestown, at a duly called and properly conducted financial town meeting.”

This language may be interpreted to permit the Town of Jamestown to exceed the 4% maximum levy cap by any amount in all future fiscal years, subject to the specified conditions which includes approval by only a majority of the voters at the financial town meeting. In essence, the 4% maximum levy cap would cease to apply to the Town of Jamestown. It is unclear if the bill is intended to grant such sweeping authority to one municipality, when all others may only exceed the 4% maximum levy cap after obtaining state certification for a specific reason and the additional local approval set forth in § 44-5-2(e). Language should be added to clarify whether

The Honorable Stephen M. Casey
April 22, 2025
2025 H-6216
Page 2

the Town of Jamestown will be allowed in perpetuity to deviate from the usual approval process for exemptions to the 4% maximum levy cap.

The DMF takes no position with respect to the remainder of the proposed legislation. Rather, the DMF is concerned solely with the issues of clarity and municipal tax administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Shu L R", is positioned above the printed name of the sender.

Stephen E. Coleman Jr.
Chief

Cc: The Honorable Members of the House Committee on Municipal Government and Housing
The Honorable Alex S. Finkelman
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker
Thomas A. Verdi, Director, Department of Revenue