



RIPEC

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April 22, 2025

The Honorable Stephen Casey
Chairperson, House Committee on Municipal Government & Housing
Room 101
Rhode Island State House
Providence, RI 02903

RE: Testimony on House Bill 6216 – Relating to Taxation – Levy and Assessment of Local Taxes – Maximum Levy

Dear Chairperson Casey,

I am writing on behalf of the Rhode Island Public Expenditure Council (RIPEC) in strong opposition to House Bill 6216 – Relating to Taxation – Levy and Assessment of Local Taxes – Maximum Levy. This legislation would grant to the town of Jamestown an indefinite exemption from the mandatory statewide 4.0 percent cap on year-over-year municipal property tax levy increases, so long as the town uses a financial town meeting and “clearly and unambiguously” lists the proposed levy increase in the town’s proposed budget. If enacted, this legislation would weaken one of the few consistent elements of Rhode Island's property tax system and essentially render the levy cap law ineffective, signaling that any city or town may petition for its own indefinite exemption.

The Property Tax Relief and Replacement Act, which established the 4.0 percent year-over-year levy cap, was enacted to protect taxpayers against rapid increases in their property tax bills.¹ One of the few long-term and consistent elements of Rhode Island property tax law, levy caps are used by the majority (37) of states to protect taxpayers from large year-over-year tax bill swings, and thereby guarantees some level of tax bill predictability—essential for not only homeowners, but for businesses and housing developers.²

¹ [R.I. Gen. Laws § 44-5-2](#). The Act was passed into law in 2006 as a revision of a 1985. law intended to curb sharp property tax levy increases. The Act clarified the original law and decreased the maximum year-over-year levy increase from 5.5 percent to 4.0 percent in phases between FY 2007 and FY 2013.

² Adam H. Langley and Joan Youngman, “[Property Tax Relief for Homeowners](#),” Lincoln Institute of Land Policy, November 2021.

There is no legitimate reason for any municipality to receive full and perpetual exemption from the Property Tax Relief and Replacement Act. The current 4.0 percent cap has run under, and typically far under, inflation for all but three years since first enacted in 2006.³ Moreover, should a municipality need to exceed the cap, the law provides several allowances for exemption, including the forecasted loss of total non-property tax revenues, the anticipation of an “emergency situation,” a substantial growth in a municipality’s tax base requiring significant infrastructure or school housing, and forecasted or real debt services expenditures that exceed the previous year’s debt service expenditures by greater than 4.0 percent and which are caused by bonded debt. All such exemptions are available with a certification from the Department of Revenue or the Auditor General, as well as a vote in favor of exceeding the cap by four-fifths of the full membership of the respective municipality’s governing body.⁴ While this bar is high enough to ensure that cities and towns exceeding the cap must have good reason, it is not so high as to render such tax increases above 4.0 percent out of reach. Indeed, in a recent analysis of data on municipal tax increases in relation to the tax cap from the last decade, RIPEC found that it is typical for a few cities and towns to receive approval to exceed the cap every year.⁵

Given the importance of the statewide levy cap to Rhode Island’s property tax system, and the likelihood that providing an indefinite exemption for Jamestown would cause other municipalities to seek the same authority and thereby render the 4.0 percent cap irrelevant, I strongly urge the committee to reject House Bill 6216.

Sincerely,



Michael DiBiase
President & CEO
Rhode Island Public Expenditure Council

RIPEC is a nonpartisan and nonprofit public policy research organization dedicated to providing objective research and analysis that addresses the critical challenges surrounding public finance and economic opportunity in Rhode Island.

³ Federal Reserve Bank of Minneapolis, [Consumer Price Index, 1913-](#)

⁴ [R.I. Gen. Laws § 44-5-2.](#)

⁵ RIPEC, [“Rhode Island’s State and Local Tax Shift,”](#) March 2025.