

**Testimony from Jordan Day, Associate Director  
H 5800 / H 6014 – Relating to Taxation – Statewide Tangible Property Tax Exemption  
House Committee on Finance – April 19, 2023**

Thank you, Mr. Chairman and members of the committee, for the opportunity to submit testimony regarding a potential statewide tangible property tax exemption.

Items taxed as tangible personal property are self-reported by businesses and result in relatively small amounts of revenue for communities, particularly from small businesses. Reforming the tangible tax structure will support small businesses, which have been struggling since the beginning of the pandemic, improve the local economy and streamline municipal tax collection. Our members, including the Rhode Island Association of Assessing Officers (RIAAO), are generally supportive of this concept but would offer some technical feedback to improve the implementation of this exemption:

- *Phase-in Timeline* – The timeline proposed in H 5800 would be challenging for municipalities as many are already in their budget approval processes, setting tax rates and going through the public engagement process on their FY 2024 budgets. On behalf of our members, we would request that the statewide exemption begins in FY 2025 (Tax year ending on December 31, 2024).
- *Tax Rate Caps* – Several communities across Rhode Island have one tax rate applied to all property (tangible, residential, commercial) in their community. For these communities, the language proposed in §44-5.3-1(f) in H 5800 could have adverse impacts on the ability of municipalities to raise local revenues outside of tangible taxes.

The League and its members support the language included in H 5800 which addresses the implementation of this statewide exemption. This includes the proposed language in §44-5.3-1(c) that would ensure that cities and towns receive lost revenue, even after the exemption has been fully implemented. Additionally, our members appreciate the language proposed in §44-5.3-1(e) that would not penalize communities who have taken the initiative to offer tangible tax exemptions locally prior to a statewide exemption being implemented.

Municipal leaders are always looking for new ways to promote economic development in their communities and appreciate Representatives McEntee and Rea's interest in working with cities and towns to support small businesses.

Thank you for your consideration of our views.