Testimony from Jordan Day, Policy Director  
In Opposition to H 8220– Relating to Levy & Assessment of Local Taxes / Renewable Energy Land  
House Committee on Municipal Government & Housing – May 12, 2022

Thank you, Mr. Chairman and members of the committee, for the opportunity to submit testimony. As the committee considers this bill, I wish to remind members that property taxes are the primary revenue source of cities and towns in Rhode Island – making up the vast majority of local revenues for most communities. One benefit of property taxes is that they apply to a large portion of property in a community, meaning that all residents, businesses and property owners contribute to the local services that they use. However, it also means that, when one group is excluded or receives a special property tax reduction, other taxpayers must make up the difference.

Rhode Islanders already face the eighth-highest property tax burden in the nation, and our municipal leaders are extremely frugal with their budgets in an effort to minimize property tax increases. Property taxes statewide increased by only 2.1% in FY 2022, with the annual average around 2.0% over the last eight years – well below the 4.0% permitted under state law. City and town leaders have been working hard to control property tax growth for all residents, and the League therefore opposes any special tax exemptions that would shift the existing tax burden from one group onto other residents and businesses.

As committee members are likely aware, large solar installations have been built in many communities, particularly in southern and western Rhode Island because of the availability of open space. In those communities, solar projects are taxed like other revenue-generating operations. A tangible tax is applied to the equipment itself – in this case, a standardized amount in most if not all communities – and a real property tax is levied on the land, based on the use of the land, supported by market data.

The General Assembly created a narrow exemption in 2017 (RIGL § 44-27-10.1), allowing farm owners to use up to 20% of their farmland for renewable energy without losing the lower farmland valuation for the remaining 80% – in effect giving farmers an additional revenue stream to support their operations. The taxable value of the land used for renewable energy does increase, unless it is employed in a dual-use fashion (e.g., cows grazing alongside solar equipment). The General Assembly clearly did not want entire farms to be converted to solar installations, which is why the preferential tax treatment was narrowly crafted.
H 8220 would create preferential tax treatment for ALL renewable energy projects and tax them differently from any other revenue-generating commercial operation. As previously noted, whenever the General Assembly establishes special treatment for one population or industry, those lost revenues are pushed to other property taxpayers.

For those reasons, we ask the committee to oppose H 8220.