

RESOLUTION OF THE CITY COUNCIL

No. 155

Approved March 24, 2025

WHEREAS: In November 2024, the City of Providence (the City) and the Rhode Island Department of Education (RIDE) settled a long-standing funding dispute regarding the city's contribution to the Providence Public School District (PPSD). This settlement agreement significantly increased the financial obligation of the city to the district for three fiscal years; and

WHEREAS: The approved settlement requires the City to provide the PPSP an additional \$15 million dollars during Fiscal Year 2025, resulting in the City having to implement a hiring freeze and essential spend to mitigate the cost of the settlement agreement; and

WHEREAS: The City in Fiscal Year 2026 will face a significant budget shortfall that will require the city to make difficult financial decisions and increase revenue through tax levy increases beyond the 4% statutory limit; and

WHEREAS: Rhode Island General Law § 44-5-2 only allows municipalities to increase their levy by a maximum of 4% each year barring specified conditions; and

WHEREAS: A municipality's levy includes tax revenue from residential and commercial property tax and tangible taxes; and

WHEREAS: A levy cap exemption is a procedural tool that will allow for increased flexibility as the city administration works to develop a balanced budget; and

WHEREAS, The Providence City Council recognizes that the cost of living has increased for residents and is committed to identifying and establishing new sources of revenue to offset the burden to property owners, thereby decreasing our overall dependence on taxation that harshly impacts lower-income people financially; and

WHEREAS, Authorization from the General Assembly to increase the levy above 4% does not set a tax rate for the City of Providence; the Providence City Council has the sole authority under the City Charter to vet and approve the Mayor's proposed budget including the City's proposed tax rates.

NOW, THEREFORE BE IT RESOLVED: That the Providence City Council supports the introduction and passage of legislation in the Rhode Island General Assembly that will allow the City of Providence a one-year levy cap exemption for Fiscal Year 2026 with a maximum total levy increase of 8%, to be used as procedural tool allowing for more flexibility in the development and passage of a balanced budget.

BE IT FURTHER RESOLVED: That the Providence City Council will be deeply circumspect and diligent in seeking and passing a balanced budget not detrimental to those least able to afford increases in taxation and will prioritize new revenue sources and encourages the city administration to be similarly mindful, prioritizing new revenue sources and thoughtful cuts over residential property tax increases.



BE IT FURTHER RESOLVED: That the Providence City Council is requesting continued partnership with the Rhode Island General Assembly in identifying and passing enabling legislation as necessary to raise revenue from new sources.

BE IT FURTHER RESOLVED: That upon passages of this resolution, copies will be sent to the Honorable Speaker of the Rhode Island House of Representatives, the Honorable Senate President of the Rhode Island Senate, and the Honorable Governor of the State of Rhode Island.


IN CITY COUNCIL

MAR 20 2025

READ AND PASSED


RACHEL M. MILLER, PRESIDENT

CLERK

I HEREBY APPROVE.


Brett P. Smith, Mayor
Date: 3/24/25