



RIPEC

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May 1, 2025

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

RE: Testimony on House Bill 6232 and House Bill 6247 – An Act Relating to Taxation – Levy and Assessment of Local Taxes

Dear Chairperson Casey,

I am writing on behalf of the Rhode Island Public Expenditure Council (RIPEC) in opposition to House Bill 6232 and House Bill 6247 – An Act Relating to Taxation – Levy and Assessment of Local Taxes. House Bill 6232 would provide the City of Pawtucket with the authority to establish a separate class of non-owner occupied residential real estate, to be taxed at no more than 175% the rate of owner-occupied residential real estate. House Bill 6247 would provide the Town of Charlestown with the authority to enact a homestead exemption ordinance in an amount not to exceed 10 percent of the assessed value.

Owner-occupied rates and homestead exemptions are often sold as a means of providing tax relief to residents, but they do not limit the property tax levy overall. Instead, homestead exemptions merely shift the property tax burden away from resident homeowners and towards other taxpayers, primarily other residential property owners, and indirectly to renters, who cover the cost of property taxes through their rent. Renters typically have fewer economic resources to cover housing costs than homeowners; a reported 45 percent of renter households in Rhode Island are cost-burdened (spending more than 30 percent on housing costs), compared to 28 percent of homeowner households.¹ Increased use of homestead exemptions only ensures that cost-burdened renters will shoulder even more of the tax burden.

¹ U.S. Census Bureau, [American Community Survey](#), 2023 Five-Year Estimates; RIPEC calculation; Rhode Island Foundation, [Housing Supply and Homelessness in Rhode Island](#), April 2023.

Homestead exemptions not only have a negative effect on individuals, but they are also bad for the housing market and therefore only exacerbate Rhode Island's current housing challenges. Studies have shown that, around the country, the property tax burden for renters has been growing at a higher rate than the burden for homeowners, and that this negatively affects the development of housing, and particularly higher-density housing, by increasing cost and thereby decreasing market incentives for the construction of new housing.² Rhode Island is currently struggling to meet residents' housing needs, with an estimated need statewide of 24,000 additional low income units.³ Providence, which currently has the state's most generous homestead exemption, reportedly experienced this year the second largest year-over-year increase in rent compared to every other large U.S. city (13.4 percent increase).⁴

A positive feature of property tax is that it is a largely progressive tax—a tax based on the taxpayer's ability to pay, with individuals with lower valued property receiving lower tax bills. Unfortunately, Rhode Island has already enabled municipalities to enact policies that make property tax less equitable and discourage the development of rental and higher-density housing. The proposed legislation would only exacerbate these issues, and in consequence, I respectfully urge the Committee to reject House Bills 6232 and 6247.

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.

² For example: Jack Goodman, Joint Center for Housing Studies, "[Houses, Apartments, and Property Tax Incidence](#)," Joint Center for Housing Studies at Harvard University, February 2005; Jennifer Gravelle, "[Who Pays Property Taxes? A Look at the Tax Effects of Property Taxes Across the States](#)," 2007. World Economic Forum, "[Making Affordable Housing a Reality in Cities](#)," June 2019; Solomon Greene, et. al., "[Housing and Land-Use Implications of Split-Roll Property Tax Reform in California](#)," Urban Institute, October 2020; Patrick Atwater, et. al., "[Does State Tax Policy Discourage Housing Production?](#)," 2020.

³ National Low Income Housing Coalition, [The Gap: Rhode Island](#).

⁴ Rent, [January 2025 Average Rent Report](#).