



RIPEC

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

May 1, 2025

RE: House Bill 6248—Relating to Taxation—Levy and Assessment of Local Taxes—Tax Deferral Program

Dear Chairperson Casey,

I am writing on behalf of the Rhode Island Public Expenditure Council (RIPEC) in support of House Bill 6248—Relating to Taxation—Levy and Assessment of Local Taxes—Tax Deferral Program. This legislation would enable cities and towns to adopt, by ordinance, a property tax deferral program. Under the legislation, property taxes on a single-family dwelling owned by a senior citizen, a disabled person, or a disabled veteran would be deferred until the property is disposed by reason of death of the owners or by transfer of the property. Any taxes deferred would constitute a lien against the real estate, with interest accruing at the rate of six percent annually, to be added to the final tax bill.

Property taxation in its purest form is progressive in the sense that tax bills correlate to the market value of the property taxed, but as a non-liquid asset, property does not always capture current wealth or ability to pay. Consequently, property taxes can impose a particular burden on some taxpayers, such as fixed-income senior citizens and individuals with disabilities. The data in Rhode Island support that seniors often struggle to pay property taxes on their homes; nearly a third (32.1 percent) of resident homeowners in the Ocean State who are 65 or older were cost burdened in 2022, compared to about a fifth (20.9 percent) of younger homeowners.<sup>1</sup>

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<sup>1</sup> U.S. Census Bureau, [American Community Survey](#), 2022 Five-Year Estimates; RIPEC calculations. The U.S. Dept. of Housing and Urban Development defines a householder as cost burdened if 30 percent or more of income goes towards housing costs. U.S. Dept. of Housing and Urban Development, [Glossary of Terms of Affordable Housing](#).

In light of these concerns, several cities and towns provide tax relief to all senior homeowners and several more provide tax relief to all resident homeowners.<sup>2</sup> While well-intentioned, these policies are often blunt and inefficient instruments. They are applied broadly—often to a majority of taxpayers—regardless of ability to pay, and ultimately shift the tax burden away from resident homeowners and towards other taxpayers, including renters, who are much more likely to be burdened by housing costs.<sup>3</sup> While often politically popular, such policies also tend to slow economic development, make housing less affordable, and stymie the production of higher-density housing.<sup>4</sup>

Researchers who have outlined the problematic nature of these more broad-based property tax relief policies, have also pointed to the means-tested programs utilized in many states as an efficient method of targeting property tax aid to relatively smaller populations. Such policies, they note, address the issue of housing cost burden and vulnerable populations without distorting the property tax system and, inadvertently, making that system more inequitable for low-income taxpayers.<sup>5</sup> One such policy is to allow the deferral of property taxes in exchange for a lien against the property equal to the deferred taxes and interest, which provides targeted tax relief while maintaining the overall health of the property tax system.

While many cities and towns in Rhode Island offer some type of property tax relief to seniors, disabled persons, or disabled veterans, most of these programs are small in terms of the relief provided.<sup>6</sup> A tax deferral program, as authorized by this legislation, could provide much more effective relief to qualifying homeowners.

Finally, House Bill 6248 is enabling, thereby allowing cities and towns to choose whether the tax deferral program is appropriate for their respective communities.

For these reasons, RIPEC urges the committee to approve House Bill 6248.

Sincerely,



Michael DiBiase  
President & CEO  
Rhode Island Public Expenditure Council

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<sup>2</sup> RIPEC, [Shifting Burdens: An Updated Analysis of Property Taxation in Rhode Island](#), June 2023.

<sup>3</sup> In Rhode Island, an estimated 53.2 percent of renters 65 and older and 42.4 percent of younger renters were cost burdened in 2022. U.S. Census Bureau, [American Community Survey](#), 2022 Five-Year Estimates; RIPEC calculations

<sup>4</sup> See: Jack Goodman, “[Houses, Apartments, and Property Tax Incidence](#),” Joint Center for Housing Studies, Harvard University, February 2005; Jennifer Gravelle, “[Who Pays Property Taxes? A Look at the Tax Effects of Property Taxes Across the States](#),” 2007; Daphne A. Kenyon, Adam H. Langley, and Bethany P. Paquin, “[Rethinking Property Tax Incentives for Business](#),” Lincoln Institute of Land Policy, 2012; 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.

<sup>5</sup> Adam H. Langley and Joan Youngman, “[Property Tax Relief for Homeowners](#),” Lincoln Institute of Land Policy, November 2021.

<sup>6</sup> RIPEC, [Shifting Burdens: An Updated Analysis of Property Taxation in Rhode Island](#), June 2023.

*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.*