

June 10, 2025

The Honorable Stephen M. Casey  
Chair, House Committee on Municipal Government and Housing  
State House  
Providence, RI 02903

**Re: 2025 H-6386- AN ACT RELATING TO TAXATION -- LEVY AND ASSESSMENT  
OF LOCAL TAXES**

Dear Chair Casey:

The Division of Municipal Finance (“DMF”) writes to provide information that may be of assistance to the Committee as it considers House Bill 6386, An Act Relating to Taxation-Levy and Assessment of Local Taxes. This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid municipal tax administration.

As you know, this bill would amend Chapter 44-5 of the General Laws, entitled “Levy and Assessment of Local Taxes,” by adding a new section 44-5-2.4, entitled “Woonsocket -- Maximum levy.” Per the Explanation by the Legislative Council, the intent of the bill is to “authorize the city of Woonsocket to levy a tax for its fiscal year at a rate of five and one-half percent (5.5%) in excess of the amount levied and certified by the city for the prior year.”

Generally, R.I. Gen. Laws § 44-5-2 prohibits municipalities from levying a tax more than four percent (4%) in excess of the total amount levied and certified for their previous fiscal year (the “4% maximum levy cap”). Subsection 44-5-2(d) sets forth four (4) situations where municipalities may exceed the 4% maximum levy cap if they obtain state certification (either through the DMF or the Auditor General depending on the reason for the exemption). Subsection 44-5-2(e) also mandates criteria for additional local approval of any state certified levy above the 4% maximum levy cap.

The specific language of proposed § 44-5-2.4 provides that “[n]otwithstanding any other provisions of this chapter, the city of Woonsocket may levy a tax for its fiscal year at a rate of five and one-half percent (5.5%) in excess of the amount levied and certified by the city for the prior year.” By placing this language outside of § 44-5-2 in a new section of law, it is unclear if the bill’s intention is to allow the City of Woonsocket to utilize this exemption without obtaining state certification, as is required for all other exemptions to the 4% maximum levy cap, and without following the criteria for additional local approval set forth in § 44-5-2(e). Additionally, this language is not limited to a specific fiscal year and therefore would create a new 5.5% maximum levy cap solely for the City of Woonsocket. It is also unclear if the bill is intended to grant such a permanent higher maximum levy cap to one municipality while maintaining the 4% maximum levy cap for all others. The DMF respectfully suggests that this exemption be placed within § 44-

The Honorable Stephen M. Casey  
June 10, 2025  
2025 H-6386  
Page 2

5-2 and that language be added to clarify whether this exemption: (i) is intended to follow the usual approval process for exemptions to the 4% maximum levy cap or if the City of Woonsocket will be allowed to deviate from it and (ii) is applicable to a specific fiscal year or is meant to create a permanent new maximum levy cap for the City of Woonsocket.

The DMF takes no position with respect to the remainder of the proposed legislation. Rather, the DMF is concerned solely with the issues of clarity and municipal tax administration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen E. Coleman Jr.", with a stylized, cursive script.

Stephen E. Coleman Jr.  
Chief

Cc: The Honorable Members of the House Committee on Municipal Government and  
Housing  
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker  
Thomas A. Verdi, Director, Department of Revenue