



June 10, 2025

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

Re: H.6394, An Act Relating to Taxation – Levy and Assessment of Local Taxes

Dear Chairman Casey,

The undersigned members of the Rhode Island Business Coalition are writing in opposition to House bill 6394 which proposes changes to the property tax classification code in the City of Providence.

This legislation revises the property tax classification in the City of Providence to establish two different classes of commercial property. The bill changes the current Class 2 commercial real estate into two different commercial classes, Class 2A titled commercial I and Class 2B titled commercial 2. Both property tax classes would be defined annually by the Providence Tax Assessor.

In addition, the bill states that the tax rate for Class 2B “shall not be more than one and a half times the tax rate for Class 2A.” Should these changes be enacted into law, the differential between Class 2B commercial space could be up to five times that of the residential property tax rate in the city.

It is important to note that according to a study of property taxes in the largest city in each state, by the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence, only two other cities (Chicago and Detroit) levied higher commercial rates than Providence. Businesses in Providence are already shouldering a disproportionate share of the property tax burden.

H.6394 will further exacerbate the pressure on certain commercial property tax owners in an already high property tax environment in the capital city.

The Rhode Island Business Coalition represents 50 industries and 6,280 businesses that employ 231,200 people throughout Rhode Island.

We commend Mayor Smiley's administration for his proposed budget that would provide for a small tax reduction for many commercial property owners in the city. The economic growth and prosperity of the City of Providence is vitally important to the economy of the state.

Lastly, the City of Providence has a considerable amount of industrial property as it relates to the rest of the state. This bill would set a bad precedent for other communities to provide a mechanism to increase taxes on certain commercial property owners in their cities and towns to balance their budgets and alleviate the tax burden on residents.

Thank you for your consideration of our position on this issue. We ask the Committee not to support H.6394.

Sincerely,

National Federation of Independent Business

Rhode Island Lumber and Building Materials Dealers Association

Rhode Island Manufacturers Association

Rhode Island Staffing Association

Small Business Economic Summit Regulations Committee

Small Business Economic Summit Tax and Budget Committee

cc. House Municipal Government and Housing Committee members