

June 18, 2025

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

Re: 2025 H-6409- 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 6409, 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 44-5-75.1, entitled “Glocester -- Supplemental tax.” The specific language of proposed § 44-5-75.1 provides that “[n]otwithstanding any other provisions of this chapter, the town of Glocester is authorized to levy a supplemental tax, by voter referendum, that exceeds the current tax cap by three percent (3%) for fiscal year 2026, in order to fund school department operations and to avoid loss of critical town services.”

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.

By placing the proposed language outside of § 44-5-2 in a new section of law, it is unclear if the bill’s intention is to allow the Town of Glocester to exceed the 4% maximum levy cap through the issuance of a supplemental tax 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, “school department operations” and “critical town services” are not defined terms within the bill, which may cause uncertainty as to the appropriate use of the supplemental tax proceeds. The DMF respectfully suggests that language be added to: (i) clarify whether the Town of Glocester must follow the usual approval process for exemptions to the 4% maximum levy cap or if it will be allowed to deviate from it for Fiscal Year

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2026 and (ii) define “school department operations” and “critical town services” to provide clear direction on the appropriate use of the supplemental tax proceeds.

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 "Shu L R", is positioned above the printed name.

Stephen E. Coleman Jr.
Chief

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