



RIPEC

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The Honorable Stephen Casey  
Chairperson, House Committee on Municipal Government & Housing  
Room 135  
Rhode Island State House  
Providence, RI 02903

RE: Testimony on House Bill 7299 – 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 7299 – An Act Relating to Taxation – Levy and Assessment of Local Taxes. This legislation would enable cities and towns to grant homestead exemptions to owners of residential property who occupy their property as a primary residence in an amount up to 20 percent of the assessed value without first obtaining authorization from the General Assembly to do so. It would not limit cities and towns that currently have statutory authority to provide homestead exemptions at higher levels.

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 represent over a third (37 percent) of occupied housing units in Rhode Island and 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.<sup>1</sup>

Increased use of homestead exemptions only ensures that cost-burdened renters will shoulder even more of the tax burden. Twelve Rhode Island cities and towns already have either a homestead exemption or a separate rate for resident homeowners, and the resulting differences in tax bills can

<sup>1</sup> U.S. Census Bureau, [American Community Survey](https://www.census.gov/acs/www/), 2023 Five-Year Estimates; RIPEC calculation; Rhode Island Foundation, [Housing Supply and Homelessness in Rhode Island](https://www.rifoundation.org/reports/housing-supply-and-homelessness-in-rhode-island), April 2023.

be very large. In the current fiscal year (FY 2026), a non-resident homeowner in Providence or Central Falls with a hypothetical property valued at \$475,000 would receive a tax bill over \$2,500 greater than resident homeowners in those communities.<sup>2</sup>

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 grown at higher rates than homeowners in the last several decades, 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.<sup>3</sup> Rhode Island is currently struggling to meet residents' housing needs, with an estimated need statewide of 24,000 additional low-income units.<sup>4</sup>

A positive feature of the property tax, in its purest form, is that tax liability is tied to the value of what a taxpayer owns, with owners of lower-valued property receiving lower tax bills than those with higher-valued property. Unfortunately, Rhode Island has already enabled municipalities to enact policies that make the property tax less equitable and moreover 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 Bill 7299.

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.*

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<sup>2</sup> \$475,000 was the median single family sale price for the applicable 2024 assessment year. [R.I. Division of Municipal Finance](#), Financial and Tax Data; R.I. Association of Realtors, [Year End 2024 Single Family Home Sales](#); RIPEC calculations.

<sup>3</sup> 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.

<sup>4</sup> National Low Income Housing Coalition, [The Gap: Rhode Island](#).