

January 27, 2026

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

**Re: 2026 H-7299- 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 7299, 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 by adding a new Section 44-5-91, entitled “Homestead exemption.” Per the Explanation by the Legislative Council, the bill would “permit every municipality in the state to offer a homestead tax exemption of up to twenty percent (20%) of assessed value on residential properties, and would also provide that municipalities that grant greater exemptions would not be limited by this section.”

Proposed § 44-5-91(c) exempts from the limitations imposed in proposed subsection (a) “any municipality that, prior to the enactment of this section, has granted its residents a homestead exemption at a different or higher rate. . . .” This language may be interpreted to require that a municipality have actually offered a homestead exemption prior to enactment of the bill in order to not be subject to the bill’s homestead exemption limitations. However, for the assessment date of December 31, 2023, of the 22 municipalities who the DMF was generally aware of having the authority under law to grant a homestead exemption, only 10 had taken the necessary action to implement one for their residents. The bill’s language is unclear as to whether proposed subsection (c) would also apply to the remaining municipalities who have such authority but have not yet taken the necessary action to grant a homestead exemption. Further clarification on which municipalities are intended to be exempt from the bill’s provisions would ensure that any potential inconsistencies in the law and resulting unintended consequences are avoided.

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.

Thank you for your consideration.

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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
The Honorable Brandon T. Voas
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House
Thomas A. Verdi, Director, Department of Revenue