



Testimony of Matthew Netto, AARP Rhode Island
In support of House Bill 7567
House Committee on Municipal Government & Housing
February 11, 2026

Chairman Casey and members of the House Municipal Government & Housing Committee:

AARP is a nonpartisan, social mission organization with 38 million members nationwide and nearly 125,000 members here in Rhode Island. We advocate on behalf of issues that impact older adults, and we appreciate the opportunity to offer our support for establishing a property tax deferral program for senior citizens, disabled persons or veterans, as proposed in Representative Cotter's House Bill 7567.

Since the property tax is based on the value of the home, it is in some ways more of a tax on wealth that is not directly related to a taxpayer's current income and ability to pay. This stands in contrast with income and sales taxes; a drop in income results in a reduction in income taxes, and taxpayers can curb their purchases to avoid paying sales taxes when their income declines. Not so with the property tax, where the tax bill remains the same regardless of changes in the taxpayer's income.

As home prices rise, increasing property tax bills often become difficult to absorb. Taxpayers have no control over real estate market dynamics, and there is no practical way to predict how the market will behave in the future. As a result, property taxes may make it challenging for homeowners on fixed incomes and with low incomes to age in their own homes and communities and may create other obstacles to maintaining desired quality of life.

Property tax deferral programs are used by governments to relieve the tax burden for older adults who have built equity in their homes but find paying their property tax bill from current income difficult. Property tax deferrals delay, but do not excuse taxes which accrue as an increasing lien until the property is sold or the estate settled. While deferred taxes are usually subject to interest charges, the interest rate charged is comparatively low compared with a taxpayer's borrowing alternatives. Tax deferral programs directly address the problems faced by cash-strapped older adults with significant equity in their homes to pay current property taxes. They allow older homeowners to use an otherwise illiquid asset—their home equity—to satisfy their property tax obligations. Since the tax is repaid out of the proceeds when the property is sold or transferred, deferrals have no long-term cost to other taxpayers.

House Bill 7567 accomplishes property tax relief for older adults, disabled persons or veterans by creating a statewide deferral program. The payment of property taxes on a single-family dwelling that is owned and occupied by the owner may be deferred until the property is disposed by reason of death of all qualified owners, or by reason of transfer or conveyance. The taxes deferred would constitute a lien against the real estate and interest in the amount of 6% would be charged annually during the deferral period and shall be added to the final tax bill.



The property tax is considered a stable source of revenue for local governments as it is not as responsive to economic pressures as the sales tax, and no Rhode Island municipalities have an income tax. Property taxes often fund public schools, as well as other key government services like roads, police and fire departments, parks, trash collection, and libraries.

Typically, local governments establish revenue targets every year and then set the tax rate at a level sufficient to meet it. They apply this tax rate to the assessed value of the property. Thus, homeowners typically face new property tax bill amounts every year, which may rise as either their home value, or the local revenue target grows. It can be foreseen that if too many residents qualify for property tax deferral, the municipality may find itself short on its revenue targets for that year. House Bill 7567 addressed this by making the program a statewide program that is funded by the state. The state pays the deferrals to the appropriate municipality and then recovers those funds, plus interest, when the property is transferred. This protects municipalities from taking a financial loss during the deferral years, while allowing the state to recoup the allotted funding, with interest.

AARP Rhode Island supports H 7567 because it provides a way for older adults to remain in their homes and communities where they want to be. We ask that you recommend passage. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Matt R Netto".

Matthew Netto
Associate State Director-AARP Rhode Island