

TITLE 44

Taxation

CHAPTER 44-5

Levy and Assessment of Local Taxes

SECTION 44-5-2

§ 44-5-2 **Maximum levy.** – (a) Through and including its fiscal year 2007, a city or town may levy a tax in an amount not more than five and one-half percent (5.5%) in excess of the amount levied and certified by that city or town for the prior year. Through and including its fiscal year 2007, but in no fiscal year thereafter, the amount levied by a city or town is deemed to be consistent with the five and one-half percent (5.5%) levy growth cap if the tax rate is not more than one hundred and five and one-half percent (105.5%) of the prior year's tax rate and the budget resolution or ordinance, as applicable, specifies that the tax rate is not increasing by more than five and one-half percent (5.5%) except as specified in subsection (c) of this section. In all years when a revaluation or update is not being implemented, a tax rate is deemed to be one hundred five and one-half percent (105.5%) or less of the prior year's tax rate if the tax on a parcel of real property, the value of which is unchanged for purpose of taxation, is no more than one hundred five and one-half percent (105.5%) of the prior year's tax on the same parcel of real property. In any year through and including fiscal year 2007 when a revaluation or update is being implemented, the tax rate is deemed to be one hundred five and one-half percent (105.5%) of the prior year's tax rate as certified by the division of property valuation and municipal finance in the department of revenue.

(b) In its fiscal year 2008, a city or town may levy a tax in an amount not more than five and one-quarter percent (5.25%) in excess of the total amount levied and certified by that city or town for its fiscal year 2007. In its fiscal year 2009, a city or town may levy a tax in an amount not more than five percent (5%) in excess of the total amount levied and certified by that city or town for its fiscal year 2008. In its fiscal year 2010, a city or town may levy a tax in an amount not more than four and three-quarters percent (4.75%) in excess of the total amount levied and certified by that city or town in its fiscal year 2009. In its fiscal year 2011, a city or town may levy a tax in an amount not more than four and one-half percent (4.5%) in excess of the total amount levied and certified by that city or town in its fiscal year 2010. In its fiscal year 2012, a city or town may levy a tax in an amount not more than four and one-quarter percent (4.25%) in excess of the total amount levied and certified by that city or town in its fiscal year 2011. In its fiscal year 2013 and in each fiscal year thereafter, a city or town may levy a tax in an amount not more than four percent (4%) in excess of the total amount levied and certified by that city or town for its previous fiscal year.

(c) The division of property valuation in the department of revenue shall monitor city and town compliance with this levy cap, issue periodic reports to the general assembly on compliance, and make recommendations on the continuation or modification of the levy cap on or before December 31, 1987, December 31, 1990, and December 31, every third year thereafter. The chief elected official in each city and town shall provide to the division of property and municipal finance within thirty (30) days of final action, in the form required, the adopted tax levy and rate and other pertinent information.

(d) The amount levied by a city or town may exceed the percentage increase as specified in subsection (a) or (b) of this section if the city or town qualifies under one or more of the following provisions:

(1) The city or town forecasts or experiences a loss in total non-property tax revenues and the loss is certified by the department of revenue.

(2) The city or town experiences or anticipates an emergency situation, which causes or will cause the levy to exceed the percentage increase as specified in subsection (a) or (b) of this section. In the event of an emergency or an anticipated emergency, the city or town shall notify the auditor general who shall certify the existence or anticipated existence of the emergency. Without limiting the generality of the foregoing, an

emergency shall be deemed to exist when the city or town experiences or anticipates health insurance costs, retirement contributions or utility expenditures which exceed the prior fiscal year's health insurance costs, retirement contributions or utility expenditures by a percentage greater than three (3) times the percentage increase as specified in subsection (a) or (b) of this section.

(3) A city or town forecasts or experiences debt services expenditures which exceed the prior year's debt service expenditures by an amount greater than the percentage increase as specified in subsection (a) or (b) of this section and which are the result of bonded debt issued in a manner consistent with general law or a special act. In the event of the debt service increase, the city or town shall notify the department of revenue which shall certify the debt service increase above the percentage increase as specified in subsection (a) or (b) of this section the prior year's debt service. No action approving or disapproving exceeding a levy cap under the provisions of this section affects the requirement to pay obligations as described in subsection (d) of this section.

(4) The city or town experiences substantial growth in its tax base as the result of major new construction which necessitates either significant infrastructure or school housing expenditures by the city or town or a significant increase in the need for essential municipal services and such increase in expenditures or demand for services is certified by the department of revenue.

(e) Any levy pursuant to subsection (d) of this section in excess of the percentage increase specified in subsection (a) or (b) of this section shall be approved by the affirmative vote of at least four-fifths (4/5) of the full membership of the governing body of the city or town or in the case of a city or town having a financial town meeting, the majority of the electors present and voting at the town financial meeting shall also approve the excess levy.

(f) Nothing contained in this section constrains the payment of present or future obligations as prescribed by § 45-12-1, and all taxable property in each city or town is subject to taxation without limitation as to rate or amount to pay general obligation bonds or notes of the city or town except as otherwise specifically provided by law or charter.

History of Section.

(P.L. 1985, ch. 182, § 8; P.L. 1986, ch. 5, § 1; P.L. 1986, ch. 13, § 1; P.L. 1987, ch. 118, art. 7, § 6; P.L. 1989, ch. 126, art. 46, § 1; P.L. 2001, ch. 159, § 1; P.L. 2006, ch. 246, art. 38, § 12; P.L. 2006, ch. 253, § 1; P.L. 2008, ch. 98, § 37; P.L. 2008, ch. 145, § 37; P.L. 2010, ch. 239, § 35.)