

**280-RICR-40-00-01**

## **TITLE 280 – DEPARTMENT OF REVENUE**

### **CHAPTER 40 – DIVISION OF MUNICIPAL FINANCE**

#### **SUBCHAPTER 00-N/A**

PART 1 – Standards and Procedures for Property Tax and Fiscal Disclosure for Rhode Island Cities and Towns

### **1.1 AUTHORITY AND PURPOSE**

#### **1.1.1 AUTHORITY FOR REGULATIONS**

The following rules and regulations concerning the standards and procedures for property tax and fiscal disclosure for Rhode Island cities and towns ("Rules and Regulations") are promulgated by the Division of Municipal Finance ("Division") in accordance with R.I. Gen. Laws § 44-35-4.

#### **1.1.2 PURPOSE**

These Rules and Regulations are intended to provide cities and towns with standards and procedures to follow when preparing the "Proposed Property Tax Rate" and "Adjusted Current Property Tax Rate".

### **1.2 DEFINITIONS**

A. For the purposes of these Rules and Regulations, the following terms shall have the following meaning:

1. "Adjusted Current Property Tax Rate" means the estimated property tax rate that would be necessary in the next fiscal year to raise the maximum levy authorized by R.I. Gen. Laws § 44-5-2.
2. "Chief Elected Official" means the person in the respective municipality who holds the highest elected municipal office
3. "Division" means the Division of Municipal Finance
4. "First Hearing for the Purpose of Adopting the Town or City Budget" means that hearing which presents a citizen with the last opportunity to have a recommendation for change in the proposed budget implemented. For communities, which hold a financial town meeting, the first hearing for the purpose of adopting the budget would be the financial town meeting. Where home rule charters

require either one or a series of budget adoption hearings, first hearing would be the first in the series. First hearing does not apply to hearings required on proposed budgets by budget commissions, mayor, manager, city or town councils, or any other local authority. In these cases, current procedures prescribed by other state law, home rule charters or local ordinances would be followed with no additional requirements from this Act or Procedures during the process.

5. "Net Assessed Values" means the total values of real property, personal property and motor vehicles excise value, less personal property exemption.
6. "Official" means the chief executive officer who is primarily responsible for the conduct of the municipality's governmental affairs such as a mayor, administrator, first warden, or town council president.
7. "Proposed Property Tax Levy" means the estimated revenue which is to be derived from the assessed values of real property, personal property and motor vehicle excise values, for support of the proposed municipal budget. Estimated revenue shall include adjustments for the municipality's historical rate of tax collections.
8. "Proposed Property Tax Rate" means the estimated property tax rate that is proposed by a town or city to support its operating budget for the town or city's next fiscal year. The proposed property tax rate represents the city or town's best estimate of the actual tax rate that property owners would pay.

### **1.3 PROCEDURES**

#### **A. Procedures for Proposed Property Tax Rate Changes**

1. No later than fifteen (15) business days prior to the first hearing for the purpose of adopting the town or city budget, the Chief Elected Official of each city or town shall submit to the Chief of the Division of Municipal Finance the notice of proposed property tax rate change in the form provided for in R.I. Gen. Laws § 44-35-6.
2. At the time of filing the Notice of Proposed Property Tax Rate Change, it is likely that net assessed values for the proposed property tax levy will not have been certified by the city or town assessor. In this case, assessed values shall be estimated and the following documentation shall support the Notice of Proposed Property Tax Rate Change:

- a. Estimated increase (decrease) in real property value for the assessment year
  - b. Estimated increase (decrease) in real property tax exemptions for the assessment year.
  - c. Estimated increase (decrease) in personal property value for the assessment year
  - d. Estimated increase (decrease) in personal property exemptions for the assessment year.
  - e. Estimated increase (decrease) in motor vehicle excise values for the assessment year.
  - f. Estimated local non-property revenue.
  - g. Estimated state revenue to directly offset the proposed municipal budget
  - h. Estimated federal revenue to directly offset the proposed municipal budget.
  - i. All other estimated revenue (specify) to directly offset the proposed municipal budget
  - j. Percentage of current year property tax collections for the three most recent years (specify which years).
- 3. Within five (5) business days of receipt of the Notice of Proposed Property Tax Rate Change and required documentation, the Office of Municipal Finance will advise the Chief Elected Official whether the notice complies with state statutory standards for tax rate change notification.
- B. Procedures for Proposal to Amend Town or City Budgets
- C. Within five (5) business days of the receipt of the Notice of Proposal to Amend (Town or City) Budget, the Office of Municipal Finance will notify the Chief Elected Official whether it agrees with the methods upon which the notice was computed. The Chief Elected Official shall arrange for the above Notice of Proposal to Amend the Town or City Budgets to be published in a newspaper of general circulation at least ten (10) calendar days prior to formal action taken by a town or city to amend its adopted budget as prescribed by R.I. Gen. Laws § 44-35-8.
- D. Procedures for Publication of Town and City Budget Summaries

1. At least ten (10) calendar days prior to the financial town meeting or, for towns and cities without town meetings, the first hearing on the budget for the purpose of adopting the budget, the chief elected official in each town and city shall cause to be published a budget summary in a newspaper of general circulation in the town or city. The budget summary shall set out proposed expenditures by department or function and receipts by source for the proposed budget year, and comparisons of these with estimated expenditures and receipts for the current budget year. The published budget summary shall be in the form prescribed by R.I. Gen. Laws § 44-35-7.
- E. In complying with any of the publication requirements set forth in R.I. Gen. Laws Chapter 44-35, the Chief Elected Official shall not modify any publication format which is prescribed, however, he/she may expand said format to provide additional documentation or explanation.

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