

**STANDARDS AND PROCEDURES FOR PROPERTY
TAX AND FISCAL DISCLOSURE FOR RHODE ISLAND
CITIES AND TOWNS**

Department of Administration (Department of Revenue)
Office of Municipal Affairs (Division of Property Valuation)
One Capitol Hill
Providence, Rhode Island 02908-5873

Adopted May 2007

Introduction

These Standards and Procedures are promulgated under the authority of Chapters 42-35 and Section 44-35-4 of the General laws of Rhode Island, as amended, and are established for the purpose of describing the standards and procedures required by municipalities in disclosing and advertising the proposed municipal budget, tax rate, and tax levy on an annual basis.

These standards and procedures for municipalities shall supersede any and all *Standards and Procedures* relating to municipal budget and tax disclosure that were previously promulgated by the Office of Municipal Affairs, a division of the Department of Administration.*

Pursuant to the provisions of Section 42-35-3(C) of the General Laws of Rhode Island, as amended, consideration was given to (1) alternative approaches to the regulations, and (2) duplication or overlap with other state regulations. No alternative approach, overlap or duplication, nor any significant economic impact was identified, consequently these Standards and Procedures are adopted in the best interest of the public.

The attached Standards and Procedures were adopted by me as Chief of the Office of Municipal Affairs on the 25th of May 2007.

Peder A. Schaefer
Chief - Office of Municipal Affairs

* Based on Article 38 of Chapter 246 of the 2006 Public Laws, the Department of Revenue has been authorized. The Department shall consist of several divisions currently within the Department of Administration, including the Office of Municipal Affairs which has been redesignated as the Division of Property Valuation.

General:

The purpose of full disclosure of property taxes is to provide a system whereby taxpayers will be given notice of proposed tax rate changes and the proposed municipal budget. Such disclosure is intended to afford taxpayers an opportunity to express their views on these major municipal financial decisions in a timely manner.

Chapter 298 of the Public Laws of 1979 directed the Department of Community Affairs (now Department of Administration and recently redesignated as part of the Department of Revenue) to adopt standards and procedures for the implementation of the full disclosure provisions. Various amendments since that time, including the recent change in the property tax cap as enacted in Chapter 253 of the Public Laws of 2006, require an updating of those standards and procedures.

Standard:

- 101 Chief Elected Official means that person who holds the highest elective municipal office.
- 102 Official means the chief executive officer who has the primary responsibility for the conduct of the municipality's governmental affairs. An official may be the elected mayor, elected or appointed administrator, appointed manager, elected first warden, or town council president.
- 103 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.
- 104 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.
- 105 Net Assessed Values means the total values of real property, personal property and motor vehicles excise value, less personal property exemption.

- 106 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.
- 107 Adjusted Current Property Tax Rate shall mean the estimated property tax rate that would be necessary in the next fiscal year to raise the maximum levy authorized by Section 44-5-2 of the Rhode Island General Laws.*

* Section 44-5-2 of the Rhode Island General Laws specifies that the maximum tax levy increase in each year (subject to exemptions otherwise provided for) shall be:

- FY 2008 – 5.25%
- FY 2009 – 5.00%
- FY 2010 – 4.75%
- FY 2011 – 4.50%
- FY 2012 – 4.25%
- FY 2013 and thereafter – 4.00%

Procedure:

201 Proposed Property Tax Rate

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 the respective city or town shall submit to: Chief, Rhode Island Office of Municipal Affairs, One Capitol Hill, Providence, RI 02908-5873:

Notice of Proposed Property Tax Rate Change

The (City, Town) proposes to increase (decrease) its property tax levy to _____ in the _____ budget year; the property tax levy this year is _____, THIS IS A PROPOSED INCREASE (DECREASE) OF _____%.

It has been estimated that the proposed increase (decrease) in property tax revenue will result in a property tax rate of \$_____ (proposed property tax rate) per \$1,000 assessed valuation, as compared to the current property tax rate of \$_____ per \$1,000 assessed valuation.

A property tax rate of \$_____ (Adjusted current property tax rate) would be needed in the coming budget year to raise the maximum levy authorized by Section 44-5-2 of the Rhode Island General Laws.

The (City, Town) budget will be considered at (date, time, place).

The above property tax estimates have been computed in a manner approved by the Rhode Island Office of Municipal Affairs.

(Signature)
Chief Elected Official
(Town or City)

202 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:

1. Estimated increase (decrease) in real property value for the assessment year.
2. Estimated increase (decrease) in real property tax exemptions for the assessment year.
3. Estimated increase (decrease) in personal property value for the assessment year.
4. Estimated increase (decrease) in personal property exemptions for the assessment year.
5. Estimated increase (decrease) in motor vehicle excise values for the assessment year.
6. Estimated local non property revenue.
7. Estimated state revenue to directly offset the proposed municipal budget.
8. Estimated federal revenue to directly offset the proposed municipal budget.
9. All other estimated revenue (specify) to directly offset the proposed municipal budget.
10. % of current year property tax collections for the three most recent years (specify which years).

203 Within five (5) business days of receipt of the Notice of Proposed Property Tax Rate Change and required documentation, the Office of Municipal Affairs will advise the Chief Elected Official whether the notice complies with state statutory standards for tax rate change notification.

204 Proposal to Amend Town or City Budget

No later than fifteen (15) business days prior to the first formal action taken by a town or city to amend its adopted budget, when said amendment would result in an accumulated increase in total property tax expenditures of five (5) percent, the Chief Elected Official of the respective city or town shall submit the following Notice to the Chief, Rhode Island Office of Municipal Affairs, One Capitol Hill, Providence, RI 02908-5873:

Notice of Proposal to Amend (town or City) Budget

The (City, Town of) proposed to amend its current budget by increasing the appropriation for (department or function as previously published under Section 44-35-7 Publication of Town and City Budget Summary) from \$_____ to \$_____. The purpose of this increase is to (specify reasons). If approved, this amendment would increase the current property tax rate from \$_____ per \$1,000 of assessed valuation to \$_____ per \$1,000 of assessed valuation.

The proposed amendment to the (City, Town) budget will be considered at (date, time, place).

(Signed)
Chief Elected Official
(Town or City)

- 205 The computation of property tax rates shall be consistent with that prepared under Rule 201 Proposed Property Tax Rate. Any updated information which was not a part of the documentation accompanying the Proposed Property Tax Rate submission should be included with this notice.

Within five (5) business days of the receipt of the Notice of Proposal to Amend (Town or City) Budget, the Office of Municipal Affairs 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 (Town or City) Budget 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 Section 44-35-8 of the Rhode Island General Laws.

- 206 Publication of Town and City Budget Summary

At least ten (10) calendar days prior to the financial town meeting, or for towns and cities without financial town meetings, the first hearing for the purpose of adopting the town or city 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 published budget summary shall be in the following form:

(City, Town) of (Name)

REPORT TO TAXPAYERS ON CURRENT AND PROPOSED BUDGET

<u>Function or Purpose of Expenditures</u>	<u>Amounts Actually Budgeted for Current Year</u>		<u>Proposed Budget Year</u>	
	<u>Operating</u>	<u>Capital</u>	<u>Operating</u>	<u>Capital</u>
<u>Expenditures</u>				
1. Education				
2. General Financial Administration				
3. Public Works				
4. Police Protection				
5. Fire Protection				
6. Sewerage				
7. Other Sanitation				
8. Parks and Recreation				
9. Interest on General Debt				
10. Principal on General Debt				
11. All Other (Specify)				
TOTAL EXPENDITURES				

Revenues

1. Local Property
2. Local Non-Property
3. Federal
4. State
5. All Other (Specify)

TOTAL REVENUES

Certification: This is to certify that the data contained in this report is accurate to the best of my knowledge.

Date: _____

Signature of Official

In complying with any of the publication requirements set forth in Section 44-35 of the RI General Laws, 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.