

Full Disclosure

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

Effective: November 1, 1979

Department of Administration
Office of Municipal Affairs
One Capitol Hill
Providence, Rhode Island 02908-5873

DCA-FDP-1

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

General:

The purpose of full disclosure of property taxes is to provide a system whereby taxpayers may be better informed regarding how tax rates are set and what their local budgets propose. Such disclosure is intended to afford taxpayers an opportunity to express their views on these major fiscal considerations in a timely manner.

Chapter 298 of the Public Laws of 1979 directs the Department of Community Affairs (Office of Municipal Affairs) to adopt standards and procedures for the implementation of the full disclosure provisions. On September 14, 1979, the Department held a public hearing to discuss proposed rules for Property Tax Disclosure. The results of that hearing have been reviewed and are discussed in a report which is appended to these rules for clarification purposes.

In accordance with Chapter 298 of the Public Laws of 1979, Section 44-35, the Department of Community Affairs (Office of Municipal Affairs) hereby adopts the following standards and procedures which became effective on November 1, 1979:

Standard:

- 301 Chief Elected Official means that person who holds the highest elective municipal office.
- 302 Official means the chief executive officer who has the primary responsibility for the conduct of the municipality's governmental affairs. Examples of official may be the elected mayor, elected or appointed administrator, appointed manager, elected first warden, or town council president.
- 303 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 who 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 hearing, first hearing would be the first in the series. First hearing, for purposes of this Act and Procedures 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.

Standard:

- 304 Proposed Property Tax Levy means that estimated revenue which is to be derived from the assessed values of real property, personal property (including manufacturers' machinery and equipment) and motor vehicles excise value, for support of the proposed municipal budget. Estimated revenue shall include adjustments for the municipality's historical rate of tax collections.
- 305 Net Assessed Values means the total values of real property, personal property (excluding manufacturers' machinery and equipment) and motor vehicles excise value less personal property exemption.
- 306 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's or city's next fiscal year. The proposed property tax rate represents the municipality's best estimate of the actual tax rate that property owners' would pay and therefore it would exclude the special tax rate for manufacturers' machinery and equipment.

The proposed property tax rate is computed as:

$$\frac{\text{(Excluding Manufacturers') Proposed Property Tax Levy (Machinery \& Equipment)}}{\text{Net Assessed Values}} \times 1,000 = \text{Proposed Property Tax Rate}$$

- 307 Adjusted Current Property Tax Rate shall mean the estimated property tax rate that would be necessary in the next fiscal year to raise one hundred and six percent (106%) of the property tax revenues in the next fiscal year that were levied in the town's or city's current fiscal year. The adjusted current property tax rate is computed as:

$$\frac{\text{Current Property Tax Levy X 106\%}}{\text{Net Assessed Values}} \times 1,000 = \text{Adjusted Current Property Tax Rate}$$

Procedure:

201 Proposed Property Tax Rate

No later than fifteen (15) working 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 the following documentation to the Chief, Rhode Island Office of Municipal Affairs, One Capitol Hill, Providence, RI 02908-5873:

Procedure:

201 Notice of Proposed Property Tax Rate Change

(Cont.)

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 six percent (6%) more, as an adjustment for increased costs, than the property revenues being raised in the current budget year.

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.

(Signed)
Chief Elected Official
(Town or City)

202 It is possible that net assessed values for the proposed property tax levy will not have been certified by the city or town assessor at the time of filing the Notice of Proposed Property Tax Rate Change. In this case, assessed values shall be estimated and the following documentation shall support the Notice of Proposed Property Tax Rate Change:

--Estimated increase (decrease) in personal property value for the assessment year.

--Estimated increase (decrease) in personal property exemptions for the assessment year.

--Estimated increase (decrease) in motor vehicles excise values for the assessment year.

--Estimated local nonproperty revenue.

Procedure:

202 --Estimated state revenue directly offset the proposed municipal budget.

(Cont.)

--Estimated federal revenue to directly offset the proposed municipal budget.

--All other estimated revenue (specify) to directly offset the proposed municipal budget.

--% of current year property tax collections for the three most recent years (specify which years).

203 Within five (5) working day of receipt of the Notice of Proposed Property Tax Rate Change and required documentation, the Office of Municipal Affairs will notify the Chief Elected Official of its concurrence or nonconcurrence in the manner upon which the tax rate changes were computed.

204 Waiver

Any municipality which believes it cannot meet the procedures outlined above must notify the Chief, Rhode Island Office of Municipal Affairs, One Capitol Hill, Providence, Rhode Island 02908-5873 no later than thirty (30) working days prior to the first hearing for the purpose of adopting the town or city budget. Said notice shall specify the reasons the municipality cannot meet the procedures and shall propose an alternative method of preparation of the Proposed Property Tax Rate and Adjusted Current Property Tax Rate. The Office of Municipal Affairs shall indicate concurrence or nonconcurrence by the Department, specific reasons and suggested alternative shall be included in the response. If the response indicates concurrence with the municipality's method, the municipality shall use such method to meet the requirements specified in Procedure 201 and 202 of these regulations.

205 Proposal to Amend Town or City Budget

No later than fifteen (15) working 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 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)

The computation of property tax rates shall be consistent with that prepared under (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.

206 Within five (5) working day 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 of its concurrence or nonconcurrence in the manner upon which the notice was computed. The Chief Elected Official shall utilized 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 Chapter 298, Public Laws of 1979.

207 Publication of Town and City Budget Summary

At least ten (10) calendar days prior to the financial town meeting, or for towns and cities within town meeting, 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 are accurate to the best of my knowledge.

Date: _____

Signature of Official

Procedure:

- 207 In complying with any of the publication requirements of Chapter 298 of the Public Laws of 1979 listed under Section 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.