



Consideration of Policy Options

Presented by Peder Schaefer
Chief, Division of Municipal Finance
Department of Revenue

October 23, 2008



Property Tax Profiles in RI vs. MA

City or Town	Office Space - 279,000 sq ft			Home - \$400,000		
	Assessed Value	Tax Rate	Property Tax Levy	Assessed Value	Tax Rate	Property Tax Levy
Warwick (85,808)	\$45,246,000	\$19.13	\$865,556	\$400,000	\$12.75	\$5,100
Attleboro (43,113)	45,246,000	15.55	703,575	400,000	9.44	3,776
Fall River (90,905)	45,246,000	16.31	737,962	400,000	7.67	3,068
North Attleborough (27,907)	45,246,000	9.07	410,381	400,000	9.07	3,628
Seekonk (13,593)	45,246,000	20.09	908,992	400,000	8.98	3,592

City or Town	Home - \$250,000			Retail - 196,000 sq ft		
	Assessed Value	Tax Rate	Property Tax Levy	Assessed Value	Tax Rate	Property Tax Levy
Warwick (85,808)	\$250,000	\$12.75	\$3,188	\$26,783,000	\$19.13	\$512,359
Attleboro (43,113)	250,000	9.44	2,360	26,783,000	15.55	416,476
Fall River (90,905)	250,000	7.67	1,918	26,783,000	16.31	436,831
North Attleborough (27,907)	250,000	9.07	2,268	26,783,000	9.07	242,922
Seekonk (13,593)	250,000	8.98	2,245	26,783,000	20.09	538,070

City or Town	Hospitality - 113,000 sq ft			Manufacturing - 204,000 sq ft		
	Assessed Value	Tax Rate	Property Tax Levy	Assessed Value	Tax Rate	Property Tax Levy
Warwick (85,808)	\$18,869,000	\$19.13	\$360,964	\$8,164,000	\$19.13	\$156,177
Attleboro (43,113)	18,869,000	15.55	293,413	8,164,000	15.55	126,950
Fall River (90,905)	18,869,000	16.31	307,753	8,164,000	16.31	133,155
North Attleborough (27,907)	18,869,000	9.07	171,142	8,164,000	9.07	74,047
Seekonk (13,593)	18,869,000	20.09	379,078	8,164,000	20.09	164,015



Consideration of Policy Options

Tax Classification

- Limit the range of tax classification or homestead exemption plans in future years.

And / Or

- Standardize commercial property taxes to assure an even playing field for commercial properties.
- Require municipalities to comply with tax classification limitations in order to qualify for state aid.
- Reinstate equivalent percent tax rate changes for each class of property from one year to the next for all municipalities.
- Require disclosure after a revaluation as to what tax rates would be required to support the same total tax levy as before the revaluation.



Consideration of Policy Options

Tax Treaties

- Limit special treaty agreements to a benchmark such as the average state tax rate.
- Limit newly locating businesses to a tax rate no greater than 50% more than the effective residential rate (generic classification).
- Include Economic Development Corporation Treaties as a part of the property tax levy.



Consideration of Policy Options

Personal Exemptions

- Require qualifying for the state circuit breaker credit as a prerequisite for municipally offered exemptions.
- Eliminate tax freeze programs with no income qualifiers.
- Require municipalities to comply with limitations in order to qualify for state aid.



Consideration of Policy Options

Tax Appeals

- Establish a tax court similar to Massachusetts.
- Reduce the number of appeal opportunities prior to going to tax court.
- Standardize the valuation of public utility property.





Consideration of Policy Options

Tax Exempt Property

- Eliminate or reduce exemption for not for profit entities with high non business related income which compete with profit making entities.
- Eliminate exemptions by Charter where tax exempt institutions are identified by name rather than purpose.





Consideration of Policy Options

State Aid

- Reallocate state aid to those municipalities which accept state standards on tax classification and personal exemptions and reduce or reallocate state aid from others who do not comply.
- Reevaluate the formula methods of distributing state aid to make sure low tax capacity, high tax effort municipalities benefit the most.
- Consider other revenue sources available to municipalities which could replace a portion of the property tax.