

**State of Rhode Island
Department of Revenue**

Tax Policy Strategy Work Group

Property Tax Sub Group Meeting Minutes –August 28, 2008

I. Committee Members – The following were present:

Committee – Bob Walsh, Karen Grande, John Simmons, John Gregory, John Gelati, Bruce Keiser

Staff – Peder Schaefer, James Savage, Jill Barrette, Marsha Crecelius, Gerard Michaud, James Neary
Others – Gary Sasse, Director – Department of Revenue, Laurie Brayton – Senate Finance, Chantelle Sarrasin – House Finance

Presenters – John Robertson, Deputy Director – Massachusetts Municipal Association, James Finley Executive Director – Connecticut Conference of Municipalities

II. Introduction

Peder Schaefer, Chief, Division of Municipal Finance, introduced John Robertson of the Massachusetts Municipal Association (MMA) and Jim Finley of the Connecticut Conference of Municipalities (CCM)

III. New Presentation

- Massachusetts - John Robertson provided the following information:

There are 351 municipalities in MA with a property tax levy of \$11 billion. Of the \$1.1 trillion in assessed value approximately \$128 billion (11%) is tax exempt. He also discussed the property tax cap of 2.5% both as it applies to a ceiling relative to assessed value and the growth in the levy. He summarized the tax classification scheme in Massachusetts which allows for higher classified rates on commercial property now limited to 175% of residential rates. With regards to personal exemptions, he indicated that elderly exemptions resulted in a loss in tax levy of \$40 million in FY 2004 of which \$10 million was reimbursed by the state. Finally he summarized the motor vehicle levy which

generates \$650 million annually based upon a \$25 per thousand rate applied in all municipalities.

- Connecticut – Jim Finley provided the following information in his presentation which included a comprehensive handout:

There are 159 municipalities in Connecticut with a tax levy of \$9 billion. 13% of assessed value is exempt and partial state reimbursement is provided for eligible properties. There is no property tax cap in CT although the Governor has introduced proposals to enact one. He indicated that there is virtually no tax classification except in Hartford. Personal exemptions for the elderly and veterans are provided with partial state reimbursement. A tax levy of \$570 million (FY 06) was applied to motor vehicles with the tax rate set by each city or town.

After a question and answer period the meeting was adjourned. The state presentation on state aid and local government financing was continued to the next meeting on September 11.