Received at Meeting

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Property Tax Category Modification

Purpose

To create owner-occupied property tax rate category to help optimize Bristol's limited housing stock.

Property Tax Category Modification

Purpose

Why now?

Bristol is required to revise its Tangible Tax rate.

Property Tax Category Modification

Current Condition

Across Rhode Island, cities and towns are experiencing a housing shortage.

In Bristol, the housing deficit for individuals and families who want to make this Town their home is amplified by:

- An increase in short-term rental properties
- An increase in RWU student off-campus housing
- Properties used as Air B and Bs
- Properties purchased by out-of-town entities to be used as second homes/seasonal rentals

Continuation of this trend will result in Bristol becoming a transient community, rather than a community known to be one of "the greatest communities in the United States to raise a family."

Intended Outcome of Property Tax Category Modification

The proposed structure creates two (2) tax rate categories:

- Residential - owner-occupied
- Residential - non-owner-occupied & Commercial (6 or more units)

Separate tax categories, modeled on strategies used in neighboring communities, incentivize residential property owners to use them as full-time residences.

Optimize limited housing stock.

Property Tax Categories in Other Communities

Middletown

Middletown
2022 Tax rates (per thousand)

- Residential/mixed **owner-occupied**: $12.02
  No more than 5 units
- Residential/mixed **non-owner-occupied**: $12.91
- Commercial/industrial/residential: $17.85
  More than 5 units
- Tangible: $17.85

Property Tax Categories in Other Communities

Newport

Newport
2022-2023 Tax rates (per thousand)

- Residential **owner-occupied** (less than 4 units): $ 9.61
- Mixed commercial/residential **owner-occupied**: $ 9.61
- Residential **non-owner-occupied /**
  Commercial/industrial/residential (4 units or more) $14.41
- Tangible Personal Property: $14.41

Proposed Property Tax Categories

BRISTOL

Bristol's Proposed Property Tax Structure

Tax rates (per thousand)

	Current	Proposed	% Change
Residential - **owner-occupied**:	$13.00	$12.31	5% dec.
Residential - **non-owner-occupied** / Commercial: -w/ State class code	$13.00	$14.02	7.3% inc.
Tangible:	$13.00 (Frozen per RIGL)		

Bristol's Proposed Property Tax Categories

Comparative Tax Rate Summary (per thousand)

Middletown (2022)

- Residential / mixed (owner-occupied): $12.02
- Residential / mixed (non-owner-occ): $12.91
- Commercial / industrial / residential: $17.85
  (more than 5 units)
- Tangible: $17.85

Newport (2022-2023)

- Residential / mixed (owner-occupied) $ 9.61
- Commercial / mixed $14.41
  (non-owner-occupied/four units of more)
- Tangible: $14.41

Bristol

	Current	Proposed	% Change
• Residential (owner-occupied):	$13.00	$12.31	5 % dec.
• Residential (non-owner-occupied): Commercial / mixed (6+ units)	$13.00	$14.02	7.3 % inc.
• Tangible:	$13.00	(Frozen per RIGL)	

Tax Rates RI Cities & Towns

FY 2023 Rhode Island Tax Rates by Class of Property
Assessment Date December 31, 2021
Tax Roll Year 2022

MUNICIPALITY	NOTES	RRE	COMM	PP	MV
BARRINGTON	2	$19.65	$19.65	$19.65	
BRISTOL		13.00	13.00	13.00	
BURRILLVILLE		13.91	13.91	13.91	
CENTRAL FALLS	7	17.46	28.75	38.33	
CHARLESTOWN		8.17	8.17	8.17	
COVENTRY	6	19.57	23.59	19.57	
CRANSTON	2	18.51	27.77	27.77	
CUMBERLAND		14.99	14.99	29.98	
EAST GREENWICH	2	21.42	24.16	31.77	
EAST PROVIDENCE	1, 7	21.86	26.89	56.33	20.00
EXETER	2	13.94	13.94	13.94	
FOSTER	2	21.96	21.96	30.15	
GLOCESTER		18.69	22.43	37.38	
HOPKINTON		18.53	18.53	18.53	
JAMESTOWN		6.79	6.79	6.79	
JOHNSTON	7	23.24	28.34	64.34	
LINCOLN	7	16.45	24.68	30.00	
LITTLE COMPTON		4.90	4.90	9.80	
MIDDLETOWN	2	12.02	17.85	17.85	
NARRAGANSETT	2, 7	9.00	12.14	12.14	
NEW SHOREHAM	5	7.08	7.08	7.08	
NEWPORT	2	9.61	14.41	14.41	
NORTH KINGSTOWN		14.06	15.96	17.50	
NORTH PROVIDENCE	7	22.81	29.55	64.78	
NORTH SMITHFIELD	6	13.91	18.94	42.62	
PAWTUCKET	2	16.58	29.02	52.09	
PORTSMOUTH	6	15.65	15.65	15.65	
PROVIDENCE	7	17.80	35.40	53.40	
RICHMOND		20.58	20.58	20.58	
SCITUATE		16.38	24.01	34.88	
SMITHFIELD		13.36	18.70	59.74	
SOUTH KINGSTOWN		10.95	10.95	10.95	
TIVERTON	2	14.63	14.63	14.63	
WARREN		18.01	18.01	18.01	
WARWICK		18.73	28.10	37.46	
WEST GREENWICH	3, 7	24.51	24.51	34.80	
WEST WARWICK	4	18.04	30.88	46.26	
WESTERLY		9.56	9.56	11.52	
WOONSOCKET	2, 7	13.98	25.94	46.58	

Source: Division of Municipal Finance   Represents tax rate per thousand dollars of assessed value.

Proposed
Property
Tax Categories

BRISTOL

Owner-occupied description

Bristol's Proposed

Owner-occupied description

Bristol to define "**owner-occupied**"

(Examples)

- Registered voter in Bristol
- Hold a valid RI driver's or State ID
- Motor vehicle registered in Bristol
- PO Boxes DO NOT qualify as proof of residence
- Must NOT be receiving a similar owner-occupied tax rate from another jurisdiction in RI or out-of-state
- Owner must reside in the dwelling for no less than seven months of the year
- Number of rentable units in dwelling must not exceed five (5)
- If all units (5 or less) are leased for one-year or longer

Proposed Property Tax Categories

BRISTOL

Property Class Description

Bristol's Proposed Property Classes

Bristol's Property Tax Classes to be determined based on the following criteria:

Class 1

- Residential real estate consisting of 5 or less units (owner-occupied);

Class 2

- Residential/commercial/industrial (non-owner-occupied); six (6) or more dwelling units.

Class 3:

- All ratable, tangible personal property.

Proposed Property Tax Categories

BRISTOL

- Summary -

Bristol's **Proposed Property Tax Categories**

Summary

PURPOSE
To optimize Bristol's limited housing stock and encourage full-time residency

DESIGN
Create tax rates based on use.

RESULT
Owner-occupied properties will incur a lower tax rate.

Proposed Property Tax Categories

BRISTOL

- Summary -

Bristol's Proposed Property Tax Categories

Sample Worksheet

	AVG Assessment	2022 Tax Rate	Total Tax	Proposed Tax Rate	Proposed Total Tax	Difference
Resident	$443,700.00	$13.00	$5,768.10	$12.31	$5,461.95	-$306.15
Non-Resident/Commercial	$341,800.00	$13.00	$4,443.40	$14.02	$4,792.04	$348.64

	Assessed Value	2022 Tax Rate	Total Tax	Proposed Tax Rate	Proposed Total Tax	Difference
Resident		$13.00	$0.00	$12.31	$0.00	$0.00
Non-Resident/ Commercial		$13.00	$0.00	$14.02	$0.00	$0.00

Tax totals DO NOT include sewer use fees

Proposed
Property Tax
Categories

BRISTOL

Next steps …