

1. Please provide a narrative from the administration of why this legislation is being proposed.
 - a. **This legislation will allow the City to maintain existing tax levy amounts currently being generated from each class of property (Residential, Commercial & Tangible Personal Property). The State enabling statute that we currently utilize is a one-size fits all approach that could result in tax burden shifts between the different classes of property. The existing statute that we are using lumps small rural towns (like Foster with very little commercial property) into the same system as the City of Warwick and our large commercial tax base. In a small community, there is very little burden shift because the majority of properties are in the same class. More urban municipalities will see significant shifts in the tax burden between the classes of property and should have a different mechanism to deal with burden shifts that occur each revaluation. After delaying the revaluation last year, we took the opportunity to review and develop a tax classification system that was designed specifically for the City of Warwick. The end result was to go back to a Warwick statute that was already on the books, but to modernize the percentages. That statute was submitted to the General Assembly by a former Warwick City Council that saw the need for a Warwick specific tax classification plan.**
2. Please provide a narrative from the administration of the consequences of this legislation if it is not being passed by the city council.
 - a. **We will cross that bridge if and when the time comes. We would like your support in approving this resolution, which could avoid unnecessarily shifting the tax burden onto your constituents if passed.**
3. Please provide any analysis the administration has performed showing the benefits of this legislation.
 - a. **Please refer the other responses herein.**
4. Please provide any analysis the administration has performed showing the impact on existing small business owners in Warwick.
 - a. **Because we are not looking to increase the tax levy for any class of property, there will be little to no impact on the small business community. Some small business owners are actually still likely to see a reduction in their tax bills with this tax classification system.**
5. Please provide any analysis the administration has performed showing the impact of new small business development in the city.
 - a. **Warwick is and will continue to be an attractive place to do business (both large and small) due to our excellent highway location, the Airport, Train Station and other factors. We only need to look to the north at the State of Massachusetts to see that there will be no reduction in commercial development as a result of this change (All of the 351 communities in Massachusetts have the ability to set their commercial tax rates at 1.75 times the residential tax rates). Most of the larger Cities (and several**

smaller ones) are using that rate differential and have been for decades.

Massachusetts continues to have a robust commercial & industrial tax base with this same tax policy (mathematically, our class 1 rate being no less than 57% of our class 2 rate is the same thing as saying the Class 2 rate can be up to 1.75 times the Class 1 rate). This is true even in communities that don't enjoy the location and amenities that attract business to Warwick.

6. Has the administration studied similar proposals made in other RI communities and the impact the legislation had on small business? If not, why not?
 - a. **Yes, there are many communities that have enacted tax classification systems that are specifically designed for their unique location and tax base. One such example is Providence, which has very little restriction on how they set the tax rate of each class. However, just like the small town example above, not all large Cities have the same issues to consider. Providence has many more non-owner occupied properties and a much higher existing commercial tax rate. These factors necessitate a plan specific to their land uses and tax policy goals. The Higher Commercial tax rate in Providence vs. Warwick is another example that this proposal will not unduly burden our Commercial Tax Base.**
7. Has the administration reached out to the Chamber of Commerce, RI Builders Association, and other business associations seeking their opinion on this legislation? If not, why not?
 - a. **We are well aware of the impact of tax policy on the growth of our community and have fully factored that into our analysis. But again, we are not seeking to increase the commercial tax levy, simply to maintain the existing revenue from each class.**
8. Has the Warwick economic development department prepared an opinion of the merits of this legislation? If not, why not?
 - a. **Bruce Keiser, Director of Economic Development has been involved in the process of making this decision. You can reach out to him directly for any additional comments that he may have.**
9. Please provide the total number of commercial businesses in Warwick.
 - a. **There are roughly 3,500 taxable businesses and approximately 3,100 Class 2 Real Estate Parcels.**
10. Please provide the number of new commercial properties opened and closed in Warwick in the last 12 months.
 - a. **We do not currently have that information. The bulk of the calendar year 2022 business forms just came in the last few weeks (they weren't due until March 15th). So we are in the process of going through the approximately 3,500 accounts. But we have identified approximately 200 potential new business accounts from our field situs visits conducted at the end of the year.**
11. Please provide the total number of commercial properties exempt from property taxes.

- a. **There are approximately 2,300 tax exempt real estate parcels, however, not all would be considered “commercial” in nature.**
12. Please provide the total number of commercial properties assessed:
 - a. Under \$1 million – **approximately 2,600**
 - b. \$1 million and less than \$5 million – **approximately 350**
 - c. \$5 million and less than \$10 million – **approximately 75**
 - d. \$10 million and over.- **Approximately - 35**
13. Please provide an analysis of what the change in the current \$18.73 residential, \$28.10 commercial, and \$37.46 tangible tax rate will be if this legislation is enacted.
 - a. **Too soon to tell. That information will be estimated and submitted to the City Council during the upcoming budget hearings.**
14. Please provide a breakdown of the actual tax dollars that would be realized if this legislation were enacted based on the current fiscal 2023 tax rates. For example the residential tax dollars is set at \$138,120,375. Provide the change in those dollars and the new total that would be set. Use Table 4, titled “Property Tax Revenue” , proposed fiscal 2023 column from the 2023 fiscal year budget document as the format to provide this information. See attached picture.
 - a. **Again too soon for that type of data, but no increase in the commercial tax levy is being suggested. Approving this proposal will only allow the City additional options in setting the tax rates. By itself, it doesn’t change anything. However, if not enacted first, the City will not have the opportunity to address any burden shifts when final data is available. No changes have been proposed to change the way the City passes our annual budget or sets the tax rates. These issues would be more appropriate when we get to the budget hearings. This proposal JUST GIVES THE City more options. It doesn’t set the tax rates in any way.**