



June 1, 2014

Dear Fellow East Siders:

This week's letter discusses the 2014-15 budget, a proposal to shift the tax burden between landlords and homeowners, and next week's meeting to discuss River Road.

Last month, the City Council reviewed the City budget in the Ways and Means Committee, and the School Department in the Education Committee. Those reviews will conclude this week. The Ways and Means Committee holds a public hearing and possibly a vote on Monday, June 2 at 5:30. The Education Committee will hold a hearing the next day at 5:30, and likely a vote on the School Department budget that evening. If that occurs, the City Council may review the budget this Thursday night, June 5. This year's budget will be the easiest to compare with the prior year, as there is no impending fiscal crisis or revaluation. The Mayor's budget has modest expenditure increases funded without a tax increase. The budget includes some initiatives, including the funding of an increase of 60 police officers graduating from the Police Academy. The budget is fairly tight, but to date City officials have assured the City Council they believe their fiscal plans are realistic.

On May 1, a group of City Council members introduced legislation to narrow the spread between tax rates between homeowners (which currently is at \$19.25) and owners of rental properties of 1-5 units (currently \$33.75), a differential of 75%. As described in a [worksheet](#) prepared by the Internal Auditor, the legislation would reduce that differential to 60% beginning with the 2015-16 budget. Because the commercial rate is fixed, the ordinance would raise the homeowner rate to \$20.14 and the property owner rate to \$32.22 under a revenue-neutral scenario. For the homeowner with a \$400,000 house, the ordinance would increase taxes by \$356, while the owner of \$400,000 rental property would see taxes reduce by \$612. The sponsors of this legislation introduced to correct partially a change in the City's tax structure that occurred in 2010. At that time, the differential between the two rates was at 50%, but the tax levy for that year changed the differential to 100% in order to raise additional revenue to balance the budget. When the current City Council took office in 2011, it approved a partial abatement of the previous tax increase, changing it to 70%. The current differential resulted from the 2013 revaluation. The Providence differential is among the highest in the State, and landlords claim that the economics resulting from the current tax rate are not viable. Opponents of the legislation note that it will generate a tax increase for homeowners without any corresponding change in services.

A week from Thursday (June 12) at 6:00-8:00 p.m., I will host a community meeting at Nathan Bishop Middle School to discuss a neighborhood group's proposal to reconfigure River Road. The group wishes to restrict vehicular traffic on the road to benefit visitors on foot and bicycles. Opponents to the change support the current configuration's access for motorists. Last year, we tried a compromise under which the street would be closed to cars on a weekend. The test was not successful because the vehicle barriers were moved during the first day. The neighborhood group has revised its proposal to permit one-way southbound traffic on River Road at all times. A number of you have sent me emails (some of you on multiple occasions) stating your position on this issue, but I am hopeful next Thursday's discussion will advance beyond conclusions to a substantive discussion of the impacts of this proposal. The public is invited to attend.

Sincerely,

A handwritten signature in blue ink that reads 'Samuel D. Zurier'.