



June 7, 2015

Dear Fellow East Siders:

I hope you are enjoying your weekend. This week's letter discusses the City Council's review of the budget, as well as two upcoming neighborhood meetings.

Last Friday, I was told the City Council leadership was working with the administration to find around \$2 million in additional revenues and/or savings to fund a tax cut for nonresident landlords. On Monday, they announced they had found almost \$1.9 million in savings. In response, I joined the Providence Student Union in asking why there was money for landlord tax relief, but no money to expand the student bus pass program. On Thursday afternoon, the Mayor and City Council leadership announced the landlord tax cut would be reduced by \$680,000 to fund the bus passes, leaving \$1.2 million in tax cuts for the nonresident landlords.

On Thursday night, the Finance Committee reviewed the revised budget for final consideration and recommendation to the City Council. The new budget included the \$1.2 million tax cut for landlords. At the hearing, I suggested alternatives to this tax cut. The premise of the tax cut was that nonresident landlords had seen their tax rate rise to 75% above the homeowner's rate, and they wished to reduce the differential to 70%. I asked the Committee to consider data the Internal Auditor reviewed that demonstrated that although the differential between homeowner's and nonresident landlord's tax rates increased from 70% to 75% in 2013, the differential in taxes paid between the two classes of taxpayers declined from 27% to 23% that year because of the revaluation. I suggested that a \$1.2 million tax cut for nonresident landlords would send the wrong message to the General Assembly, where the City is currently asking for a \$2.5 million increase in unrestricted State aid.

I then presented to the Finance Committee ten alternative ways to spend the \$1.2 million of "new money" that was presented to reduce nonresident landlord taxes. They were as follows:

1. Increase the contribution to the City's pension fund to reach 100% of the actuary's annual recommended contribution (*i.e.* including the extra interest payments required due the City's late payment schedule).
2. Add to reserves to make up for the City's failure to meet its required reduction under State law of the accumulated deficit. (The administration obtained a waiver from the State Auditor General of this requirement, but the \$1 million would help return us to the law's actual schedule.)
3. Increase the City's appropriation to the School Department for the first time in six years.
4. Provide relief for taxpayers penalized by the current late-payment rules, which cause the entire bill to become due and interest to accrue thereon if any quarterly payment is late by as little as one day (an item supported by a unanimous City Council resolution I introduced in April).
5. Provide the \$250,000 budget increase requested by the Providence Community Library (and also supported by a unanimous City Council resolution I introduced in April).
6. Provide \$25,000 to create a clear funding line for middle school sports (also supported by a unanimous City Council resolution I introduced in April).
7. Reduce the automobile tax by \$2 per thousand, from \$60 per thousand to \$58 per thousand.

8. Add between 8 and 10 new police officers to the force.
9. Repair approximately 200 sidewalks, reducing a current backlog of more than 3,000 unrepaired sidewalks from requests dating back as many as 10 years.
10. Increase the funding to the City's nine community centers, a program the Finance Committee members have identified as a paramount priority for the past five years, but have failed to find funding to address.

The Finance Committee rejected all of these alternatives and approved the budget that night, including the \$1.2 million targeted tax cut for nonresident landlords. Because the City Council leadership and administration refused my requests to provide the new budget's details until the actual meeting, I was not able to review it completely. I will try to do that prior to Monday night's special meeting of the City Council, the first of two for review and passage of the budget.

In the meantime, please remember the opportunity to meet to discuss the Seekonk River this Saturday (June 13) and with the Mayor at Nathan Bishop Middle School next Monday (June 15). I describe both meetings more extensively in [last week's Ward letter](#).

Sincerely,



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