

## Special Districts in Rhode Island

*This RIPEC Comments presents information on special districts in Rhode Island with a focus on fire districts. It examines and discusses the difference in laws and regulations that apply to cities and towns, as compared to special districts. While there are some advantages to relying on special districts for service provision, it appears that these government entities do not have to adhere to all of the same laws and regulations that apply to cities and towns.*

### Introduction

The US Census Bureau defines special district governments as “independent, special-purpose governmental units (other than school district governments), that exist as separate entities with substantial administrative and fiscal independence from general-purpose local governments.” These governmental units usually perform a single function instead of having a general-purpose government unit perform the task. The services provided by these districts range from fire protection and water supply to tasks of mosquito abatement and upkeep of cemeteries.

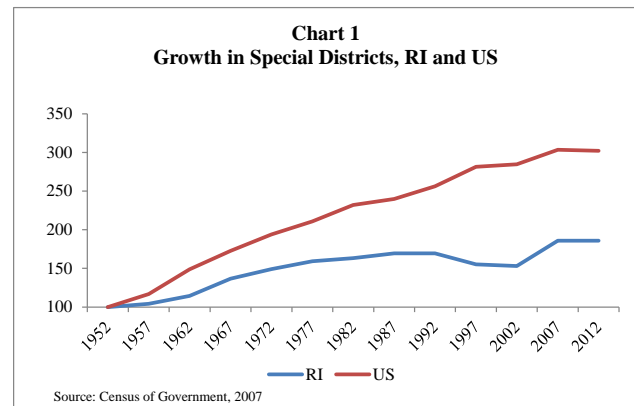
Special districts can be a solution to meeting the needs of a population separate from general-purpose government. They may possess an advantage over general government in terms of their technical ability and expertise to perform the specific service. Alternately, special districts have the potential to divert resources, reduce transparency and democratic controls, and increase government costs.

Over the past sixty years, the number of special districts in Rhode Island has nearly doubled from 49 in 1952 to an estimated 91 in 2012. The growth in special districts during this time indicates that they act as an important part of Rhode Island’s governmental structure, particularly with regard to fire districts. At the

same time, although the districts are granted authority similar to municipal governments – particularly in the case of taxation powers of some fire districts – they do not appear to be required to adhere to the same restrictions or reporting requirements as local governments. This raises questions of accountability and transparency, and, to a certain extent, equity. While many of these districts serve a critical role, there may be merit to more critically examining their operations.

### Overview of Special Districts

Chart 1 shows the growth in special districts, indexed to 1952, in the last sixty years in both the United States and Rhode Island.



Over this time period, special districts across the US have more than tripled. In 1952, the Census of Governments counted 12,319 special districts nationally. By 1972, there were 23,885 and by 1992 there were 31,555. The most

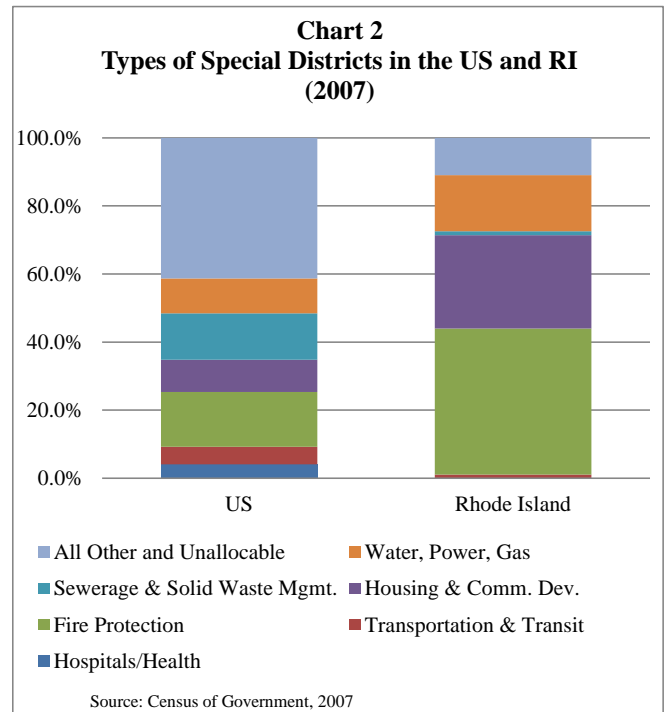
recently completed Census in 2007 reported that across the US there were 37,381 and the 2012 Census reports a preliminary count of 37,203.<sup>1</sup> Growth in Rhode Island has been relatively more modest during the same time frame. The state had 49 special districts in 1952. By 1972, this number had increased to 73. Both the 2007 and preliminary 2012 Census count 91 special districts in Rhode Island, almost twice the number in 1952. A comprehensive list of special districts in Rhode Island is included in an appendix.

Recently, special districts have formed for two main reasons. First, as growth controls and environmental regulations impact urban development, special districts offer a relatively easy way to create, autonomous, politically isolated and administratively flexible environment. Secondly, due to increased fiscal pressure on state and local governments, the financial autonomy of special districts has become a popular vehicle for funding and administering expensive (and capital intensive) projects otherwise considered unaffordable by the general government: specifically, the districts' bonding powers may allow for capital that facilitates expensive infrastructure projects in water, sewer, lighting or similar development-oriented districts. Of note, studies have indicated that state statutes and limitations on general-purpose government (including tax and debt limits) tend to encourage the creation of special districts.<sup>2</sup>

**Special Districts in Rhode Island**

Special districts in Rhode Island serve a variety of purposes and function through various structures. Chart 2 shows the types of the districts in Rhode Island and the US as of the 2007 Census. Fire protection accounts for the

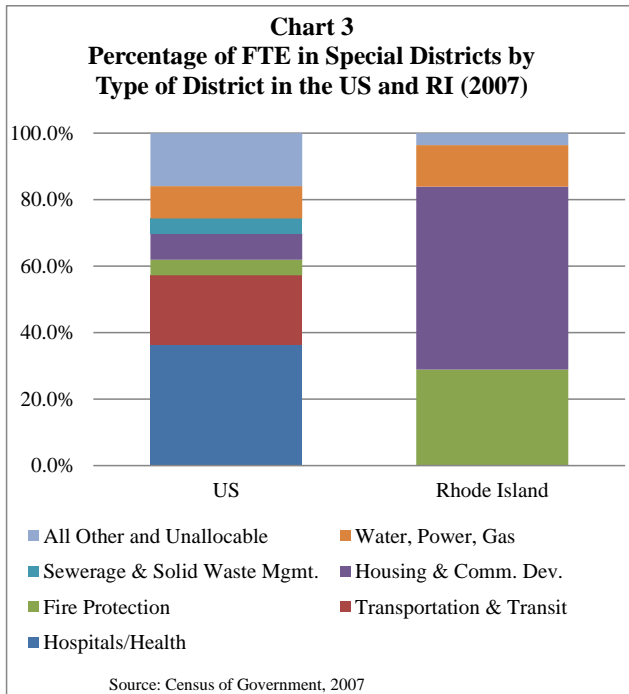
largest number of the 91 special districts in Rhode Island, accounting for 40.7 percent of all special districts, as compared to 15.9 percent nationally. Housing and community development districts make up the second largest group in Rhode Island, at 27.5 percent compared to 9.5 percent nationally. Another 16.5 percent of districts are tasked with providing water, as compared to 10.2 percent across the US.



There are 973 full-time equivalent (FTE) positions across the 91 special districts in Rhode Island. Chart 2 shows the distribution of these FTEs by function in Rhode Island and the US (683,981 FTEs). Special districts that perform health services make up, 36.4 percent of FTEs across the US, while there are no such special districts in Rhode Island. The largest share of FTEs in Rhode Island is employed in housing and community development at 55.1 percent of the total, compared to 7.9 percent nationally. The second largest share of employment in Rhode Island is for fire protection, at 28.9 percent compared to 4.6 percent nationally.

<sup>1</sup> The results of the 2012 Census of Government are still preliminary and the analysis is incomplete. As such, this report will predominantly use data from the 2007 Census.

<sup>2</sup> Bollens (1986), Examining the Link Between State Policy and the Creation of Local Special Districts



Special districts in Rhode Island are generally created by statute, although details may vary between types of districts.<sup>3</sup> Broadly, it appears that there are five different ways in which special districts have been created in Rhode Island in the past:

- By special act;
- By special act and local referendum;
- By petition by stakeholders;
- By local ordinance.

This section outlines the different types of special districts by type, and discusses how they are created. In addition, the varying types of governance structures and authority are discussed.

### Capital Center and Convention and Visitors' Bureau

The Capital Center Commission was created as a special district by a special act of the RI General Assembly. It provides urban services, such as transportation and parking within a

<sup>3</sup> More complete information is available from the [Census](#).

special development district in Providence. The commission consists of 16 members, appointed by and consisting of state and local officials. The committee has the authority to charge special assessments with the approval of property owners, receive revenue from leases, sales and loans, and issue bonds under certain conditions. Another special act was engaged to establish two convention and visitors' bureaus in Rhode Island. They are governed by a board of local and/or state appointees and are funded by the hotel tax.

### Water Authorities

Two county water authorities (Bristol County and Kent County) have been created, one by a special act and the other by a special act and a local referendum. The members of their governing bodies are appointed by the affected town or city councils. They are authorized to fix charges and issue bonds. The other thirteen water authorities, commissions and districts serve all or parts of one or more towns. They are generally established by special acts, though the Chopmist Water District additionally required voter petition and a vote of the town council. Boards of directors, whose members are either elected or appointed by the town administrators, govern these districts. They all have the authority to fix fees, rents, and other charges and issue bonds. In addition, voters may set and authorize taxes for some districts. Some districts have the authority to levy property taxes, which may require voter approval.

### Conservation Districts

Conservation districts are, in general, petitioned by land owners and created by the state conservation committee. According to the Census, there are three conservation districts in Rhode Island: the Northern, Eastern and Southern Rhode Island Conservation District. These districts are governed by five-member boards made up of two members elected by the

land owners, and three members appointed by the conservation committee. Primary sources of funding for conservation districts include grants, state and local government contributions and other sources.

## Housing Authorities

Stakeholder petitions can also be used to create housing authorities. Pursuant to chapters 45-25 (City Housing Authorities) or 45-26 (Town Housing Authorities) of RI General Laws, housing authorities are petitioned by residents and created by the city or town council. The mayor or town council appoints a board of commissioners and the authority can issue bonds and determine charges and rents. City housing authorities are incorporated as housing authorities and the incorporation is filed with the Office of the Secretary of State. According to the Census, there were 25 housing districts in Rhode Island in 2007.

## Fire Districts

Special acts under mostly uniform provisions and occasionally a referendum are required for establishment of fire districts and fire districts that perform other functions (e.g. water). These entities typically provide fire protection, water or lighting, but may be expanded to further supply beach or street maintenance, garbage removal or electricity.<sup>4</sup> For instance, Bonnet Shores Fire District conducts garbage removal and street cleaning. It should be noted that Bonnet Shores and other similarly-situated districts, fall under the “other multi-function” classification by the Census. The governing officers of fire districts are elected by the voters in the district at an annual meeting. One exception is the board of the Exeter Fire District, which also includes members appointed by private entities. All fire districts

<sup>4</sup> This leads to entities that are considered fire districts by the state to be classified as either “fire protection”, “fire protection and water supply”, “water supply” or “other multi-function” by the Census of Government.

in the state have taxing authority. The taxes are set by either the board or the electorate, but in some cases voter approval is required to levy taxes or pass the budget. Some districts have the authority to issue bonds or fix charges for the sale of water.

## Fire Districts in Rhode Island

There are 43 fire districts<sup>5</sup> in 15 cities and towns in Rhode Island across municipalities, as shown in table 1. The table also provides an overview of the tax classification system across Rhode Island fire districts. Fire districts are granted taxing authority by the General Assembly through Special Acts, though 17 fire districts receive appropriations from towns but do not have taxing authority. Fire district taxes are assessed on residential, commercial, and industrial property, automobiles, and tangible property in addition to the municipal rate.<sup>6</sup> In FY 2012, the most recent year for which complete data is available, all districts assessed a tax on residential property<sup>7</sup>. Residential rates ranged from a low of \$0.32 in Dunns Corner Fire District in Westerly to a high of \$2.80 in Coventry Fire District.

Among districts taxing residential property, the average rate was \$1.28 per \$1,000. Sixteen fire districts only levy a tax on residential property, while the remaining 28 tax other classes of property, including automobiles (6), commercial property (17), industrial property (11) and tangible property (26). Of the fire districts that tax more than one class of property, 18 assess taxes at rates that differ from one class to another. Although state law

<sup>5</sup> Due to the reasons mentioned earlier (see previous footnote), this number is different from the Census count of fire districts. Table 1 lists Dunns Corner Fire District twice: once in Charlestown and once in Westerly.

<sup>6</sup> NOTE: according to [RIGL § 44-34.1-2](#), the authority of fire districts to levy a tax on motor vehicles was eliminated, effective tax year 2000.

<sup>7</sup> Tax rates for Stone Bridge Fire District were unavailable from the RI Division of Municipal Finance.

**Table 1  
Fire Districts by Community and Rate by Classification, FY 2012**

	Residential	Commercial	Industrial	Personalty
<b>Burrillville</b>	16.17	16.17		16.17
Harrisville Fire District	2.50	2.50	2.50	2.50
Nasonville Fire District	1.37	1.38	1.38	1.38
Oakland Mapleville Fire District 4	1.41			1.41
Pascoag Fire District	1.81	1.81		1.81
<b>Charlestown</b>	9.30	9.30		9.30
Charlestown Fire District	0.57			
Dunns Corner (Charlestown)	0.40	0.40	0.40	0.40
Quonochontaug Central Beach Fire District	0.98			
Shady Harbor Fire District	2.23			
<b>Coventry</b>	18.06	21.76		18.06
Central Coventry Fire District	1.82	3.62		1.82
Coventry Fire District	2.80	4.30	5.30	4.30
Hopkins Hill Fire District	1.74	3.48		1.74
Western Coventry Fire District	1.42	1.42	1.42	1.42
<b>Cumberland</b>	15.61	15.61		27.97
Cumberland Fire District*	2.28	3.58	5.43	3.58
Cumberland Hill Fire District	1.74	1.74	1.74	1.74
North Cumberland Fire District	1.68			1.68
Valley Falls Fire District	2.05			
<b>East Greenwich</b>	20.14	20.14		20.14
East Greenwich Fire District	2.10			2.10
<b>Exeter</b>	14.38	14.38		14.38
Exeter Fire District	1.50	1.50		1.50
<b>Glocester</b>	21.25	24.15		42.31
Chepachet Fire District	0.95			
Harmony Fire District	1.48			1.48
West Glocester Fire District	1.55		1.65	1.65
<b>Hopkinton</b>	19.98	19.98		19.98
Ashaway Fire District	1.12			
Hope Valley-Wyoming Fire District (1)	0.96			0.96
<b>Lincoln</b>	21.65	24.75		34.00
Albion Fire District*	1.37	1.62		3.00
Lime Rock Fire District	2.25			2.25
Lonsdale Fire District*	1.60			5.75
Manville Fire District	1.60	1.60		1.60
Quinnville Fire District	1.45			
Saylesville Fire District*	1.38			3.10
<b>Narragansett</b>	9.57	14.35		14.35
Bonnet Shores Fire District	0.51			
<b>Portsmouth</b>	14.24	14.24		14.24
Portsmouth Water And Fire District	0.18			
<b>Richmond</b>	19.02	19.02		19.02
Richmond Carolina Fire District	0.93	0.93	0.93	0.93
<b>South Kingstown</b>	14.50	14.50		14.50
Indian Lake Shores Fire District	1.02			
Kingston Fire District	0.83			
Union Fire District Of South Kingstown	0.62	0.62	0.62	0.62
<b>Tiverton</b>	18.99	18.99		18.99
North Tiverton Fire District	0.78			
Stone Bridge Fire District		0.40		0.40
<b>Westerly</b>	9.74	9.74		9.74
Bradford Fire District	0.72			
Dunns Corner Fire District	0.32	0.32	0.32	0.32
Misquamicut Fire District	0.70			
Shelter Harbor Fire District	1.04			
Watch Hill Fire District	0.40			
Weekapaug Fire District	0.50			
Westerly Fire District	0.55			

\*Greater than 50% variation between classes of property

(1) The Hope Valley-Wyoming Fire District in Hopkinton covers part of the Town of Richmond.

SOURCE: Data are self-reported by fire districts and compiled by the RI Division of Municipal Finance

controlling local government taxation prohibits a rate variance of greater than 50 percent between classes of property for cities and towns<sup>8</sup>, four fire districts have a variation of greater than 50 percent: Cumberland Fire District, Albion Fire District, Lonsdale Fire District and Saylesville Fire District.

Cities and towns that provide fire service account for the costs for the provision of this service in their levy. In contrast, fire districts collect a tax separate and distinct from the municipal rate in order to fund operations. While this provides a clear “price tag” to residents for the cost of fire protection and associated services, it distorts comparisons of the relative tax burden between municipalities if the fire tax rate is not taken into account. Similarly, as rates vary within towns that have multiple districts, the total tax burden for similarly-situated properties may vary even within the same community.

Table 2 shows the estimated total tax burden, including the fire tax rate, for a property valued at \$350,000 in every Rhode Island city and town. The table also includes whether the community has a homestead exemption and the value of the exemption in order to show the effective tax rate. As shown on the table, the inclusion of the fire district tax can have a significant impact on both the total tax burden and on each community’s relative ranking

<sup>8</sup> Levy and Assessment of Local Taxes - [RIGL 44-5-11.8](#)

within the state. For example, Coventry's municipal tax burden for a home valued at \$350,000 is ranked the 9<sup>th</sup> highest in the state (\$6,321). However, including the fire district rate for the Coventry Fire District of \$2.80 per \$1,000 increases the total burden by \$980, and the relative rank to 4<sup>th</sup> highest in the state.

single community. For example, a resident in the Western Coventry Fire District, which has the lowest rate of the four fire districts in Coventry, pays an additional \$497 in fire district taxes for a property valued at \$350,000, roughly half of the fire district tax burden borne by the hypothetical taxpayer in the Coventry Fire District.

As noted earlier, rates within communities also vary in the case of multiple districts within a

**Table 2  
FY 2012 Rhode Island Estimated Property Tax Burdens - \$350,000 Home**

Community	Assessed Value	Homestead Exemption (1)	Net Taxable Value	Residential Rate	Estimated Tax Burden	Rank	Estimated Fire Rate (2)	Estimated Fire Tax	Estimated Total Burden	Rank
Barrington	\$350,000	0	\$350,000	\$17.95	\$6,283	10	\$0.00	\$0	\$6,283	12
Bristol	350,000	0	350,000	12.43	4,351	32	0.00	0	4,351	32
Burrillville	350,000	0	350,000	16.15	5,653	20	2.50	875	6,528	11
Central Falls	350,000	25,000	325,000	22.03	7,160	4	0.00	0	7,160	6
Charlestown	350,000	0	350,000	9.06	3,171	36	2.23	781	3,952	33
Coventry	350,000	0	350,000	18.06	6,321	9	2.80	980	7,301	4
Cranston	350,000	0	350,000	20.26	7,091	5	0.00	0	7,091	7
Cumberland	350,000	0	350,000	15.34	5,369	24	2.28	798	6,167	15
East Greenwich	350,000	0	350,000	17.49	6,122	14	2.10	735	6,857	8
East Providence	350,000	52,500	297,500	20.09	5,977	17	0.00	0	5,977	19
Exeter	350,000	0	350,000	13.44	4,704	31	1.50	525	5,229	28
Foster	350,000	0	350,000	17.58	6,153	13	0.00	0	6,153	16
Glocester	350,000	0	350,000	21.66	7,581	2	1.55	543	8,124	2
Hopkinton	350,000	0	350,000	19.34	6,769	6	1.12	392	7,161	5
Jamestown	350,000	0	350,000	9.21	3,224	35	0.00	0	3,224	37
Johnston	350,000	0	350,000	24.75	8,663	1	0.00	0	8,663	1
Lincoln	350,000	122,500	227,500	21.65	4,925	27	2.25	512	5,437	25
Little Compton	350,000	0	350,000	5.33	1,866	38	0.00	0	1,866	38
Middletown	350,000	0	350,000	13.73	4,806	30	0.00	0	4,806	31
Narragansett	350,000	0	350,000	8.97	3,140	37	0.51	179	3,318	36
New Shoreham	350,000	0	280,000	4.74	1,327	39	0.00	0	1,327	39
Newport	350,000	0	350,000	9.93	3,476	33	0.00	0	3,476	35
North Kingstown	350,000	0	350,000	17.26	6,041	15	0.00	0	6,041	17
North Providence	350,000	70,000	280,000	24.15	6,762	7	0.00	0	6,762	10
North Smithfield	350,000	0	350,000	15.32	5,362	25	0.00	0	5,362	27
Pawtucket	350,000	0	350,000	17.78	6,223	11	0.00	0	6,223	13
Portsmouth	350,000	0	350,000	13.91	4,869	28	0.18	63	4,932	29
Providence	350,000	175,000	175,000	31.89	5,581	21	0.00	0	5,581	23
Richmond	350,000	0	350,000	18.46	6,461	8	0.93	326	6,787	9
Scituate	350,000	0	175,000	32.73	5,728	18	0.00	0	5,728	21
Smithfield	350,000	0	350,000	15.85	5,548	22	0.00	0	5,548	24
South Kingstown	350,000	0	350,000	14.51	5,079	26	1.02	357	5,436	26
Tiverton	350,000	0	350,000	15.71	5,499	23	0.78	273	5,772	20
Warren	350,000	0	350,000	17.18	6,013	16	0.00	0	6,013	18
Warwick	350,000	0	350,000	17.69	6,192	12	0.00	0	6,192	14
West Greenwich	350,000	94,500	255,500	22.30	5,698	19	0.00	0	5,698	22
West Warwick	350,000	0	350,000	21.40	7,490	3	0.00	0	7,490	3
Westerly	350,000	0	350,000	9.74	3,409	34	1.04	364	3,773	34
Woonsocket	350,000	157,500	192,500	25.10	4,832	29	0.00	0	4,832	30
<b>Estimated Average</b>	<b>\$350,000</b>	<b>\$17,872</b>	<b>\$332,128</b>	<b>\$16.28</b>	<b>\$5,408</b>	<b>-</b>	<b>\$0.58</b>	<b>\$194</b>	<b>\$5,602</b>	<b>-</b>

(1) Homestead provisions represent current law for FY 2012

(2) Estimated Fire District Tax represents the highest tax rate in the community in FY 2012

(3) New Shoreham is assessed at 80.0 percent of full value, Scituate is assessed at 50.0 percent of full value

Source: RIPEC calculations based on Rhode Island Office of Municipal Affairs data.



**Table 3**  
**Municipal and Fire District Levy and Increase FY 2010 - FY 2013**

	FY 2010	FY 2011	FY 2012	FY 2013	Change		
					FY 10-11	FY 11-12	FY 12-13
<b>Burrillville</b>	\$33,449,298	\$32,320,310	\$35,697,780	\$35,907,363	-3.4%	10.4%	0.6%
Harrisville Fire District	769,331	769,331	857,574	889,637	0.0%	11.5%	3.7%
Nasonville Fire District	316,223	325,331	279,880	283,158	2.9%	-14.0%	1.2%
Oakland Mapleville Fire District 4	369,776	368,987	311,190	321,698	-0.2%	-15.7%	3.4%
Pascoag Fire District	958,950	959,780	941,511	949,095	0.1%	-1.9%	0.8%
<b>Charlestown</b>	20,395,658	21,015,696	21,611,447	22,244,817	3.0%	2.8%	2.9%
Charlestown Fire District	810,663	815,992	766,958	767,036	0.7%	-6.0%	0.0%
Dunns Corner (Charlestown)*	281,190	230,065	267,009	260,447	-18.2%	16.1%	-2.5%
Quonochontaug Central Beach Fire District	220,270	227,290	227,311	235,167	3.2%	0.0%	3.5%
Shady Harbor Fire District	111,929	110,711	128,973	132,727	-1.1%	16.5%	2.9%
<b>Coventry</b>	59,014,126	57,044,768	61,860,355	62,327,613	-3.3%	8.4%	0.8%
Central Coventry Fire District	4,124,054	5,180,488	N/D	5,180,488	25.6%	N/D	N/D
Coventry Fire District	1,844,899	1,990,713	2,116,804	2,113,268	7.9%	6.3%	-0.2%
Hopkins Hill Fire District	678,440	725,156	769,005	822,567	6.9%	6.0%	7.0%
Western Coventry Fire District	464,492	490,630	510,783	517,737	5.6%	4.1%	1.4%
<b>Cumberland</b>	52,119,987	54,482,011	57,890,766	59,560,610	4.5%	6.3%	2.9%
Cumberland Fire District	1,408,783	1,617,661	1,617,359	1,628,419	14.8%	0.0%	0.7%
Cumberland Hill Fire District	1,625,390	1,768,022	1,775,671	1,859,108	8.8%	0.4%	4.7%
North Cumberland Fire District	1,721,314	1,721,314	1,917,738	1,864,653	0.0%	11.4%	-2.8%
Valley Falls Fire District	1,489,831	1,649,295	1,508,811	1,480,975	10.7%	-8.5%	-1.8%
<b>East Greenwich</b>	41,524,344	43,145,369	44,015,850	45,381,128	3.9%	2.0%	3.1%
East Greenwich Fire District	4,114,965	4,163,061	4,283,936	4,515,718	1.2%	2.9%	5.4%
<b>Exeter</b>	11,763,351	12,280,009	12,619,379	12,699,098	4.4%	2.8%	0.6%
Exeter Fire District	1,011,940	1,035,934	1,090,239	1,122,148	2.4%	5.2%	2.9%
<b>Glocester</b>	20,380,911	20,960,378	20,971,276	20,666,156	2.8%	0.1%	-1.5%
Chepachet Fire District	393,149	395,904	394,119	399,652	0.7%	-0.5%	1.4%
Harmony Fire District	445,315	446,183	441,704	444,077	0.2%	-1.0%	0.5%
West Glocester Fire District	366,863	363,636	368,502	372,351	-0.9%	1.3%	1.0%
<b>Hopkinton</b>	15,794,049	17,550,424	17,630,988	18,300,511	11.1%	0.5%	3.8%
Ashaway Fire District	483,311	494,231	501,633	480,695	2.3%	1.5%	-4.2%
Hope Valley-Wyoming Fire District	615,425	633,388	662,320	693,372	2.9%	4.6%	4.7%
<b>Lincoln</b>	50,599,475	52,359,144	51,960,896	51,933,416	3.5%	-0.8%	-0.1%
Albion Fire District	940,918	955,876	1,021,284	1,013,498	1.6%	6.8%	-0.8%
Lime Rock Fire District	1,956,890	2,105,121	2,077,666	2,079,654	7.6%	-1.3%	0.1%
Lonsdale Fire District	458,287	492,977	545,248	530,345	7.6%	10.6%	-2.7%
Manville Fire District	309,976	381,128	379,242	375,773	23.0%	-0.5%	-0.9%
Quinnville Fire District	65,298	80,209	83,778	84,747	22.8%	4.4%	1.2%
Saylesville Fire District	486,870	663,324	663,324	667,649	36.2%	0.0%	0.7%
<b>Narragansett</b>	42,106,773	43,979,133	44,732,180	45,045,014	4.4%	1.7%	0.7%
Bonnet Shores Fire District	245,901	245,888	245,888	245,917	0.0%	0.0%	0.0%
<b>Portsmouth</b>	42,275,881	44,174,990	45,807,376	46,892,274	4.5%	3.7%	2.4%
Portsmouth Water And Fire District	487,255	493,808	507,254	514,371	1.3%	2.7%	1.4%
<b>Richmond</b>	14,376,803	15,073,977	15,705,615	16,192,073	4.8%	4.2%	3.1%
Richmond Carolina Fire District	456,350	459,388	460,849	455,958	0.7%	0.3%	-1.1%
<b>South Kingstown</b>	64,504,174	65,499,433	66,120,832	66,399,782	1.5%	0.9%	0.4%
Indian Lake Shores Fire District	28,278	26,276	N/D	28,227	-7.1%	N/D	N/D
Kingston Fire District	190,296	194,698	201,711	201,711	2.3%	3.6%	0.0%
Union Fire District Of South Kingstown	2,185,886	2,110,815	2,088,924	2,518,961	-3.4%	-1.0%	20.6%
<b>Tiverton</b>	30,826,548	33,248,891	34,276,381	36,705,787	7.9%	3.1%	7.1%
North Tiverton Fire District	634,506	638,851	648,322	653,690	0.7%	1.5%	0.8%
Stone Bridge Fire District	146,534	160,703	163,963	172,099	9.7%	2.0%	5.0%
<b>Westerly</b>	59,205,119	63,600,553	64,028,047	64,733,264	7.4%	0.7%	1.1%
Bradford Fire District	149,306	140,610	107,919	105,717	-5.8%	-23.2%	-2.0%
Dunns Corner Fire District*	335,806	283,294	322,660	318,325	-15.6%	13.9%	-1.3%
Misquamicut Fire District	537,264	464,906	453,763	485,174	-13.5%	-2.4%	6.9%
Shelter Harbor Fire District	189,299	191,544	183,844	191,666	1.2%	-4.0%	4.3%
Watch Hill Fire District	427,098	440,451	442,418	460,391	3.1%	0.4%	4.1%
Weekapaug Fire District	273,609	284,597	298,847	299,505	4.0%	5.0%	0.2%
Westerly Fire District	1,182,274	1,198,755	1,198,640	1,209,241	1.4%	0.0%	0.9%

\*FY 2012 data shows one rate for both communities; figure shown assumes a consistent share of the total for both communities; N/D = No data  
Indicates a community or district that exceeded the levy cap for that year.

SOURCE: RI Division of Municipal Finance

While municipalities face an annual cap for property tax levy increases, popularly known as S 3050, this cap is not mandated for fire districts. Between FY 2010 and FY 2013, a number of fire districts increased their levies beyond the cap set for Rhode Island's general-purpose municipal governments (table 3). Thirteen of the state's 43 fire districts increased their levies over the cap between FY 2010 and FY 2011. Twelve did so the next fiscal year (including three that also exceeded the cap the previous year). From FY 2012 to FY 2013, at least eight fire districts increased their levy over the cap (data is missing for two districts), including two from the previous fiscal year. The largest increases occurred between FY 2010 to FY 2011, when four districts increased their levies by over 20 percent – one of which, Saylesville Fire District, increased its levy by 36.2 percent. Of note, Hopkins Hill Fire District in Coventry has increased its levy over the cap in each year. Conversely, the Bradford fire district decreased its levy each year over the same timeframe.

### Comments

By operating as entities distinct from general government, special districts can be more flexible, autonomous structures to facilitate municipal services. Moreover, the independence of special districts can be an attractive alternative for financially strained municipalities interested in financing capital-intensive projects. While the debate about the efficiency of special district operations compared to general government continues, the three-fold growth among national special districts and near doubling in Rhode Island since 1952 indicates the functional importance and attractiveness of these units.

Despite the widespread adoption of special districts to address local services, concerns about fiscal accountability and transparency remain. A 2008 report from The Governmental Accounting Standards Board (GASB) estimated

that special districts have the lowest rate of compliance with US Generally Accepted Accounting Principles (GAAP) among all state and local governments: between 43.3 and 57.7 percent. In addition, the special district response rate of 7.0 percent was lowest among entities studied.<sup>9</sup> In Rhode Island, many special districts – such as fire and water districts – act in place of local services, or serve as a complement to existing municipal services. However, these entities are not subject to the same fiscal controls as municipalities. Although many districts with taxing authority must receive voter approval for either the levy or their budget, this may not provide an adequate level of fiscal accountability, particularly in the districts in which this is not a requirement. It appears that Rhode Island special districts do not report to the Auditor General. Adding this as a specified requirement may increase accountability and transparency.

Similarly, there is little centralized oversight of these districts. Without mandated reporting and only General Assembly approval for taxation authority, there is no over-arching governance for these entities like the Division of Municipal Finance. In some cases, such as tourism districts, which are funded through an appropriation of the hotel tax, or conservation districts, which are funded through grants and appropriations, there may be adequate controls. However, in the case of districts with taxing authority – specifically fire districts – many of which also have pension and other long-term obligations, additional oversight and reporting requirements may be merited. The 2002 Census published response data that is consistent with this finding. Special districts responded to the Census at the lowest rate of all local government units at a rate of 61.0 percent. Municipal governments, for example, had significantly higher response rates at 79.3

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<sup>9</sup> It should be noted, however, that response rates were low in general, with counties responding at the highest rate at 14.0 percent.



percent.<sup>10</sup> This evidence may indicate that there is a need for greater oversight of special districts.

### **Pending Legislation**

#### *[SB611/HB5791](#): An Act Relating to Taxation - Maximum Tax Levy and Fire Districts*

These bills amend Sections 44-5-2, 44-5-22 and 44-5-69 of the Rhode Island General Laws. They expand the annual cap for property tax levy increases, popularly known as S 3050, to apply to fire districts in addition to cities and towns. Furthermore, the bills would require fire districts to have annual financial statements prepared and audited by an independent auditor. A copy of this audit would have to be filed with the town clerk for the town in which the district is located, the Auditor General and the RI Division of Municipal Finance in the Department of Revenue. The Senate Bill has been referred to Senate Finance and the House version is currently being held for further study in House Municipal Government.

A similar bill, [HB5930](#) has been scheduled for a hearing in House Finance on May 9, 2013. In addition, [SB124](#), which provides for a levy cap for the four fire districts in the town of Coventry beginning in FY 2013, has been referred to Senate Finance.

#### *[SB739/HB5901](#): An Act Authorizing the Town of East Greenwich to Acquire the Property, Assets and Personnel of the East Greenwich Fire District*

These bills pertain to the acquisition of the East Greenwich Fire District by the Town of East Greenwich. They would authorize the town to take over the property, assets, personnel and responsibilities of the fire district. In order to sustain these operations, the town would be allowed to combine its levy with that of the fire district and in so doing exceed the limitations on levy increases as stipulated in Rhode Island General Laws section 44-5-2 for its first year of

operation. In all subsequent years, the town would again be subject to the above mentioned limitations. The bill has been passed by the House and is on the Senate calendar.

Of note, the Town of Lincoln is currently studying the consolidation of the six fire districts within its borders. In addition, voters in Cumberland mandated the town council to study the consolidation of the four fire districts within the town's area in 2010. After a process that included a feasibility assessment, drafting a course of action for consolidation and public hearings, the Town Council is ready to vote on asking the General Assembly to consolidate the four existing districts into one single district.

### **Conclusion**

A special district's independence from other state and local government entities is what many consider to be the attribute that makes special districts attractive in fiscal and political affairs. Special districts may offer greater flexibility than general-purpose governments, but that flexibility must also be responsive to resident needs. Although they frequently act either in place of or as complements to municipal services, they are not subject to the same laws and regulations that apply to cities and towns. This may lead to a lack of oversight and fiscal accountability that could be addressed by implementing fiscal controls and reporting requirements for certain special districts.

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<sup>10</sup> 2002 Census of Governments, Volume 1, Number 1, Government Organization

**Table 4**  
**List of Special Districts in Rhode Island - Fire Districts**

<b>District Name</b>	<b>Function</b>
Albion Fire District	Fire Protection
Ashaway Fire District	Fire Protection
Bradford Fire District	Fire Protection
Central Coventry Fire District	Fire Protection
Charlestown Fire District	Fire Protection
Chepachet Fire District	Fire Protection
Coventry Fire District	Fire Protection
Cumberland Fire District	Fire Protection
Cumberland Hill Fire District	Fire Protection
Dunns Corner Fire District	Fire Protection
East Greenwich Fire District	Fire Protection
Exeter Fire District	Fire Protection
Harmony Fire District	Fire Protection
Hope Valley-Wyoming Fire District	Fire Protection
Hopkins Hill Fire District	Fire Protection
Indian Lake Shores Fire District	Fire Protection
Kingston Fire District	Fire Protection
Lime Rock Fire District	Fire Protection
Lonsdale Fire District	Fire Protection
Manville Fire District	Fire Protection
Misquamicut Fire District	Fire Protection
Nasonville Fire District	Fire Protection
North Cumberland Fire District	Fire Protection
Oakland Mapleville Fire District 4	Fire Protection
Pascoag Fire District	Fire Protection
Quinnville Fire District	Fire Protection
Quonochontaug Central Beach Fire District	Fire Protection
Richmond Carolina Fire District	Fire Protection
Saylesville Fire District	Fire Protection
Shady Harbor Fire District	Fire Protection
Union Fire District Of South Kingstown	Fire Protection
Valley Falls Fire District	Fire Protection
Watch Hill Fire District	Fire Protection
Weekapaug Fire District	Fire Protection
West Glocester Fire District	Fire Protection
Westerly Fire District	Fire Protection
Western Coventry Fire District	Fire Protection
Harrisville Fire District	Fire Protection And Water Supply
Shelter Harbor Fire District *	Fire Protection And Water Supply
Bonnet Shores Fire District	Other Multi-Function

\* Contrary to the Census classification, there is no indication that Shelter Harbor Fire District provides water services.

Source: Census of Government, 2007

**Table 5**  
**List of Special Districts in Rhode Island -**  
**Housing and Community Development**

**District Name**

Bristol Housing Authority  
Burrillville Town Housing Authority  
Central Falls Housing Authority  
Coventry Town Housing Authority  
Cranston Housing Authority  
Cumberland Housing Authority  
East Greenwich Housing Authority  
East Providence Housing Authority  
Jamestown Housing Authority  
Johnston Town Housing Authority  
Lincoln Town Housing Authority  
Narragansett Housing Authority  
Newport City Housing Authority  
North Providence Housing Authority  
Pawtucket City Housing Authority  
Portsmouth Town Housing Authority  
Providence Housing Authority  
Smithfield Town Housing Authority  
South Kingstown Housing Authority  
Tiverton Housing Authority  
Warren Housing Authority  
Warwick Housing Authority  
West Warwick Town Housing Authority  
Westerly Town Housing Authority  
Woonsocket City Housing Authority

Source: Census of Government, 2007

**Table 6**  
**List of Special Districts in Rhode Island - Other**

<b>District Name</b>	<b>Function</b>
Eastern Rhode Island Conservation District	Conservation
Northern Rhode Island Conservation District	Conservation
Southern Rhode Island Conservation District	Conservation
Boone Lake Dam Management District	Dam Management
Capital Center Commission	Other And Unallocable
East Providence Special Development District Commission	Other And Unallocable
Greater Providence-Warwick Convention And Visitors Bureau	Other And Unallocable
Newport County Convention And Visitors Bureau	Other And Unallocable
Pascoag Utility District	Other Multi-Function
Winnisimmet Farm Road District	Regular Highways
Pawtuxet River Authority	Sewerage
Block Island Water District	Water Supply
Bristol County Water Authority	Water Supply
East Smithfield Water District	Water Supply
Echo Lake Water District	Water Supply
Greenville Water District	Water Supply
Kent County Water Authority	Water Supply
Kingston Water District	Water Supply
Nasonville Water District	Water Supply
North Tiverton Fire District *	Water Supply
Portsmouth Water And Fire District *	Water Supply
Prudence Island Water District	Water Supply
Quonochontaug East Beach Water District	Water Supply
Shannock Water District	Water Supply
Stone Bridge Fire District *	Water Supply
West Greenwich Water District	Water Supply

\* Three special districts with "fire district" in their name do not perform fire protection services, though they are included in the RI Division of Municipal Services lists of fire districts.

Source: Census of Government, 2007