

RESOLUTION OF THE CITY COUNCIL

No. 23

Approved January 16, 2015

WHEREAS, In 2011, the General Assembly passed R.I.G.L. § 42-142-7 establishing the Income Tax Refund Offset Program (ITOP); and

WHEREAS, ITOP is a program where the Division of Taxation withholds income tax refunds from individuals who owe money to other government entities, such as cities and towns, and transfers the refunds to those entities until their debt balance reaches zero; and

WHEREAS, All Rhode Island cities and towns are eligible to participate in ITOP; and

WHEREAS, ITOP can be utilized to recoup any "outstanding liability," such as delinquent property taxes, motor vehicle taxes, tangible taxes, and sewer fees; and

WHEREAS, In 2012, East Providence became the first Rhode Island municipality to take part in ITOP, resulting in \$214,574 in direct offsets by April 2013; and

WHEREAS, In addition to direct offsets, by notifying delinquent taxpayers that they may lose their income tax refund, ITOP has increased direct collection efforts in participating cities and towns; and

WHEREAS, According to the Division of Taxation, as a result of notifications alone, from October 2012 to April 2013, the Town of East Providence collected an additional \$2.9 million beyond the direct offsets; and

WHEREAS, The Cities of Pawtucket and Woonsocket have also reduced their delinquent accounts through participation in ITOP; and

WHEREAS, By participating in ITOP, the City of Providence could collect much needed revenue from outstanding debts and delinquent taxpayers.

NOW, THEREFORE BE IT RESOLVED, That the Providence City Council does hereby encourage the City of Providence to participate in the Income Tax Refund Offset Program (ITOP).

BE IT FURTHER RESOLVED, That the Providence City Council does hereby request the Director of the Finance Department to study and report back to the City Council on the reasonableness and feasibility of participation in ITOP.

BE IT FURTHER RESOLVED, That, upon passage, copies of this resolution be sent to the Mayor and the Director of the Finance Department.

IN CITY COUNCIL

JAN 15 2015

READ AND PASSED


PRES.


CLERK

I HEREBY APPROVE


Mayor

Date: 1/16/15