



## Tax Collections – Frequently Asked Questions

### General Information

#### **How are my taxes determined?**

The amount of taxes that you pay is determined by the budget and the levy. The proposed budget and tax rates are forwarded to the State of Rhode Island for their review and approval. The town, after public hearings, then adopts a budget that reflects what services will be provided and the cost to provide those services. The amount of revenue generated by property taxes is the levy. Property taxes are ad valorem, which means that they are based on value. Your share of the tax burden is based on the value of your property; the more that your property is worth, relative to other property in town, the higher your share of the tax burden.

#### **What year's taxes am I paying right now?**

Real Estate taxes cover the taxes incurred during the calendar year, except you are being taxed on the real estate value based on assessments from the previous year. While your motor vehicle tax will always be one year in arrears.

#### **Where can I pay my taxes?**

You can pay your taxes: - In person at Town Hall 8:30am to 4:30pm Monday- Friday - By mail: Town of Cumberland P.O. Box 7, Cumberland, RI 02864- Online at [www.riegov.com](http://www.riegov.com) with your account and pin number located at the top right hand corner of the bill.

#### **When are tax bills mailed?**

All tax bills are mailed once a year, approximately the first week of May. In accordance with Rhode Island General Law 44-7-7, "Failure by the collector to send or failure by the taxpayer to receive a notice shall not excuse the nonpayment of the tax or affect its validity or any proceedings for the collection of the tax".

#### **When are tax payments due?**

Tax bills (Real Estate, Personal Property and Motor Vehicle) are due in quarterly installments. The due dates are May 31, August 31, November 30, and February 28th. All due dates have a 5-business day grace period. If entire year bill (and any priors) is paid in full by May 31st, there will be a 2% discount available.

#### **Will I be charged interest if I pay my tax bills late?**

Yes. If any installment is not paid on or before the delinquent dates, the entire tax or any balance thereof shall become due and payable with interest. Interest will be applied at a rate



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14% per annum. If at any time, an account becomes delinquent, the interest policy goes into effect.

### **What type of payment options do I have for paying my taxes?**

You can pay your taxes: - In person at Town Hall 8:30am to 4:30pm Monday- Friday - By mail: Town of Cumberland P.O. Box 7, Cumberland, RI 02864- Online at [www.riegov.com](http://www.riegov.com) with your account and pin number located at the top righthand corner of the bill.

**If you pay in your taxes in person at Town Hall, you can pay by cash, check, money order, certified bank check, MasterCard, Visa or American Express.**

Credit Card payments can be made on-line for all tax and sewer payments. We are not able to take any form of payments over the telephone. If you need immediate clearance for DMV registration, payment must be certified check cash or credit card. There is a 3% processing fee for all credit card transactions.

### **I have a past due balance from a prior year. Can I pay the current years taxes first, then work on the prior years later?**

All payments are posted to the oldest balance first. Please include balances from prior years in the first quarterly payment. In order to receive the 2% pay-in-full discount, the payment must any prior balance.

### **How do I change my address for by tax bills and notices?**

Address changes are handled by the Tax Assessor's office. If you have any questions regarding address changes, please give the Assessor's Office a call at (401) 728-2400 ext. 165.

## **Property**

### **Who do I contact if I have a question regarding the assessment of my property?**

Please contact the Tax Assessor's office at (401) 728-2400 ext. 165

### **I'm a new owner of a piece of property - will I automatically receive a bill?**

Tax bills on newly acquired properties will be sent to the owner of record (as of December 31.) Only if requested by the new owner will it be mailed. Our normal schedule for mailing all bills is the first week of May. Any person requesting copy of a bill after this date must contact the tax assessor's department at 401-728-2400 ext. 165 and a copy will be mailed.



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### **I escrow my real estate taxes, why am I receiving a tax bill?**

You will receive a copy of your bill unless we received a request from your mortgage company, in which case, the mortgage company will be sent the bill automatically. We recommend contacting your mortgage company to verify they have received your tax bill.

### **What is the cost of a Municipal Lien Certificate?**

The cost for a Municipal Lien Certificate is \$25.00.

## **Vehicle Tax**

### **Why did I get a motor vehicle tax bill for a vehicle I do not own anymore?**

Motor vehicle excise taxes are charged for the period that the vehicle was registered during the previous calendar year. Once you no longer have a vehicle, the registration should be cancelled and the plates returned to the registry. Make sure to retain your TR-3 form which is your receipt for proof of cancellation. Should you retain your plates or simply allow the plates to expire, the vehicle will be taxed until the expiration date of the registration.

### **Why is my motor vehicle assessed value higher than what it could be sold for?**

The value for excise tax purposes is mandated by law to be the clean retail value as determined by the Rhode Island Vehicle Value Commission (see RIGL 44-34-9 and RIGL 44-34-11). This determination is made by using the National Automobile Dealers Association (NADA) Used Car Guide and other recognized pricing guides. Condition, mileage, or so-called market value of individual cars is not a consideration in determining value for excise tax purposes.

### **I sold my Vehicle last year. Why did it still appear on my tax bill?**

Motor Vehicle tax bills are always paid in arrears. The Department of Motor Vehicles (DMV) maintains their records for the calendar year (January 1 through December 31). They then process their records and send them to each community in the early part of the year. In Cumberland, the bills are issued in May. A bill received in May is for the previous calendar year.

It is also important to remember that because the tax bill is generated by your registration, if you did not return your plates to the DMV, you will be continued to be taxed until you do so, or until the plates expire due to non-renewal.

### **I have a block at the registry on my registration. What do I have to do?**

All delinquent motor vehicle taxes must be paid IN FULL by cash, money order, or a certified bank check. Personal checks have a 10-business day hold on motor vehicle clearance. Credit cards can also be used, however a processing fee of 3% will be added. Once this is done, we



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can provide you with a clearance to bring to the registry, or we can notify the registry to remove the block.

### Water and Sewer Tax

#### Can I pay my tax bills and sewer bills on-line?

Yes, you can pay your Real Estate, Personal Property and Motor Vehicle taxes and Sewer taxes online. Please see [www.riegov.com](http://www.riegov.com) with the account and pin number at the top right-hand corner of your bill. A processing fee will be charged by the credit card companies for all credit card payments.

#### Can water bills be paid at Town Hall?

Water bills may be paid in person at the Cumberland Water Department's office located at 98 Nate Whipple Highway. Payments in the form of cash, money orders, personal checks and credit cards will be accepted during regular business hours, Monday through Friday from 7:00 am to 3:00 pm. Payments may also be mailed directly to the office on Nate Whipple Highway or to PO Box 666, Providence, RI 02901-0666.

### Fire Tax

#### Can I pay my Fire District Taxes at Town Hall?

No. The Town of Cumberland Tax Collection Office is not associated with the fire district in Cumberland. Please contact your Fire District with any fire tax questions. For further information on the Fire Districts please go to [cumberlandfire.org](http://cumberlandfire.org) or contact them at 401-658-1921.

### Definitions

**Ad Valorem:** Based solely on value. The property tax is an ad valorem tax. Your share of the tax burden is based on the value of the property.

**Equalization:** This is the process used to determine the new tax rate after a revaluation. The tax rate is determined by taking the new total assessed value and dividing it into the old levy amount for the appropriate classification (i.e. residential or commercial). No new revenue is generated by this procedure. When values go down, tax rates go up and when values go up, tax rates go down. However, due to shifting values, an individual property owner's tax bill may go up, go down or stay about the same. How much your tax bill will change, depends on how much your assessed value changed compared to the average assessed value change for the



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appropriate classification. For example: if residential property in Cumberland decreased to .95 of its previous assessed value (a 5% reduction); if your property was previously assessed at 300,000 and now has a new assessed value of 275,000, you divide 275,000 by 300,000 and get .916 (an 8.4%) decrease from the previous assessed value. You then divide .916 by the .95 average decrease and you get .964. This means your tax bill would be 3.6% ( $1.000 - .964 = .036$ ) lower than the previous year. Conversely, if your property was previously assessed at 300,000 and now has a new assessed value of 350,000, you divide 350,000 by 300,000 and get a current assessed value that is 1.16 of the previous value. You then divide 1.16 by the .95 average decrease and you get 1.221. This means your tax bill would be 22.1% higher than the previous year. If you need to raise a certain/specific amount of revenue and one group's value drops (this is a shift in values); the other groups have to share in the responsibility of picking up the shortfall. On the other hand, if one group's values go up, then the other group's share of the burden would decrease.

**Levy:** Amount of revenue generated by property taxes for the Municipal Budget.

**Mass Appraisal:** A systematic appraisal of grouped properties, using standardized procedures and statistical testing to accurately and uniformly estimate fair market value.

**Property Taxes:** Primary means by which local government pays for services it provides-i.e. education, police, rescue, roads, library, trash & recycling and parks.

**Revaluation:** State mandated process where property values are updated every three years to reflect current market conditions. This is done so there is a fair and equitable distribution of the tax burden.