

2016 -- H 7326

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

RELATING TO TAXATION - LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Representatives Shekarchi, Ackerman, Hull, Bennett, and Lima

Date Introduced: January 27, 2016

Referred To: House Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-5-12 of the General Laws in Chapter 44-5 entitled "Levy and
2 Assessment of Local Taxes" is hereby amended to read as follows:

3 **44-5-12. Assessment at full and fair cash value.** -- (a) All real property subject to
4 taxation shall be assessed at its full and fair cash value, or at a uniform percentage of its value,
5 not to exceed one hundred percent (100%), to be determined by the assessors in each town or
6 city; provided, that:

7 (1) Any residential property encumbered by a covenant recorded in the land records in
8 favor of a governmental unit or Rhode Island housing and mortgage finance corporation
9 restricting either or both the rents that may be charged or the incomes of the occupants shall be
10 assessed and taxed in accordance with § 44-5-13.11;

11 (2) In assessing real estate that is classified as farm land, forest, or open space land in
12 accordance with chapter 27 of this title, the assessors shall consider no factors in determining the
13 full and fair cash value of the real estate other than those that relate to that use without regard to
14 neighborhood land use of a more intensive nature;

15 (3) Warwick. - The city council of the city of Warwick is authorized to provide, by
16 ordinance, that the owner of any dwelling of one to three (3) family units in the city of Warwick
17 who makes any improvements or additions on his or her principal place of residence in the
18 amount up to fifteen thousand dollars (\$15,000), as may be determined by the tax assessor of the
19 city of Warwick, is exempt from reassessment of property taxes on the improvement or addition

1 until the next general citywide reevaluation of property values by the tax assessor. For the
2 purposes of this section, "residence" is defined as voting address. This exemption does not apply
3 to any commercial structure. The property owner shall supply all necessary plans to the building
4 official for the improvements or addition and shall pay all requisite building and other permitting
5 fees as now are required by law; and

6 (4) Central Falls. - The city council of the city of Central Falls is authorized to provide,
7 by ordinance, that the owner of any dwelling of one to eight (8) units who makes any
8 improvements or additions to his or her residential or rental property in an amount not to exceed
9 twenty-five thousand dollars (\$25,000), as determined by the tax assessor of the city of Central
10 Falls, is exempt from reassessment of property taxes on the improvement or addition until the
11 next general citywide reevaluation of property values by the tax assessor. The property owner
12 shall supply all necessary plans to the building official for the improvements or additions and
13 shall pay all requisite building and other permitting fees as are now required by law.

14 (5) Tangible property shall be assessed according to the asset classification table as
15 defined in § 44-5-12.1.

16 (6) Provided, however, that, for taxes levied after December 31, 2015, new construction
17 on development property is exempt from the assessment of taxes under this chapter at the full and
18 fair cash value of the improvements, as long as:

19 (i) An owner of development property files an affidavit claiming the exemption with the
20 local tax assessor by December 31 each year; and

21 (ii) The assessor shall then determine if the real property on which new construction is
22 located is development property. If the real property is development property, the assessor shall
23 exempt the new construction located on that development property from the collection of taxes on
24 improvements, until such time as the real property no longer qualifies as development property,
25 as defined herein.

26 ~~For the purposes of this section, "development property" means: (A) Real property on~~
27 ~~which a single family residential dwelling or residential condominium is situated and said single~~
28 ~~family residential dwelling or residential condominium unit is not occupied, has never been~~
29 ~~occupied, is not under contract, and is on the market for sale; or (B) Improvements and/or~~
30 ~~rehabilitation of single family residential dwellings or residential condominiums that the owner~~
31 ~~of such development property purchased out of a foreclosure sale, auction, or from a bank, and~~
32 ~~which property is not occupied. Such property described in § 44-5-12(a)(6)(ii) shall continue to~~
33 ~~be taxed at the assessed value at the time of purchase until such time as such property is sold or~~
34 ~~occupied and no longer qualifies as development property. As to residential condominiums, this~~

1 ~~exemption shall not affect taxes on the common areas and facilities as set forth in § 34-36-27. In~~
2 ~~no circumstance shall such designation as development property extend beyond two (2) tax years~~
3 ~~and a qualification as a development property shall only apply to property that applies for, or~~
4 ~~receives, construction permits after July 1, 2015. Further, the exemptions set forth in this section~~
5 ~~shall not apply to land.~~

6 ~~The exemptions set forth in this subsection (a)(6) for development property shall expire~~
7 ~~as of December 31, 2021.~~

8 For purposes of this section, "development property" means commercial real estate which
9 shall be defined as any real estate other than:

10 (A) Real estate containing one to four (4) residential units;

11 (B) Real estate on which no buildings or structures are located and which is zoned for
12 single-family residential use; or

13 (C) Single-family residential units such as condominiums, town houses, or homes singly
14 or in a subdivision when sold, leased or otherwise conveyed on a unit basis, even though these
15 units may be part of a larger building or parcel of real estate containing more than four (4)
16 residential units.

17 (iii) Property described in §44-5-12(a)(6)(ii) shall continue to be taxed at the assessed
18 value at the time of purchase until such time as such property is sold or occupied and no longer
19 qualifies as development property. As to condominiums, this exemption shall not affect taxes on
20 the common areas and facilities as set forth in §34-36-27. In no circumstance shall such
21 designation as development property extend beyond two (2) tax years and a qualification as a
22 development property shall only apply to property which applies for or receives a construction
23 permit after July 1, 2016. Further, the exemptions set forth in this section shall not apply to land.

24 (b) Municipalities shall make available to every land owner whose property is taxed
25 under the provisions of this section a document that may be signed before a notary public
26 containing language to the effect that they are aware of the additional taxes imposed by the
27 provisions of § 44-5-39 in the event that they use land classified as farm, forest, or open space
28 land for another purpose.

29 (c) Pursuant to the provisions of § 44-3-29.1, all wholesale and retail inventory subject to
30 taxation is assessed at its full and fair cash value, or at a uniform percentage of its value, not to
31 exceed one hundred percent (100%), for fiscal year 1999, by the assessors in each town and city.
32 Once the fiscal year 1999 value of the inventory has been assessed, this value shall not increase.
33 The phase-out rate schedule established in § 44-3-29.1(d) applies to this fixed value in each year
34 of the phase out.

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would amend the definition of "developmental property" in connection with the
2 exemption from taxation for new construction to provide that such property shall mean
3 commercial real estate, subject to certain listed exceptions.

4 This act would take effect upon passage.

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