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LC001109

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO TAXATION -- PROPERTY TAX RELIEF

Introduced By: Senators Felag, Raptakis, Gallo, Ciccone, DiPalma, and F. Lombardi

Date Introduced: February 01, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-33-3 of the General Laws in Chapter 44-33 entitled "Property Tax
2 Relief" is hereby amended to read as follows:

3 **44-33-3. Definitions.**

4 As used in this chapter:

5 (1) "Claimant" means a homeowner or renter, sixty-five (65) years of age or older, and/or
6 disabled, who has filed a claim under this chapter and was domiciled in this state for the entire
7 calendar year for which he or she files a claim for relief under this chapter. In the case of claim for
8 rent constituting property taxes accrued, the claimant shall have rented property during the
9 preceding year for which he or she files for relief under this chapter. Claimant shall not mean or
10 include any person claimed as a dependent by any taxpayer under the Internal Revenue Code of the
11 United States, 26 U.S.C. § 1 et seq. When two (2) individuals of a household are able to meet the
12 qualifications for a claimant, they may determine between themselves as to who the claimant is. If
13 they are unable to agree, the matter is referred to the tax administrator and his or her decision is
14 final. If a homestead is occupied by two (2) or more individuals, and more than one individual is
15 able to qualify as a claimant, and some or all of the qualified individuals are not related, the
16 individuals may determine among themselves as to who the claimant is. If they are unable to agree,
17 the matter is referred to the tax administrator, and his or her decision is final.

18 (2) "Disabled" means those persons who are receiving a social security disability benefit
19 or veterans' affairs benefits paid for by the federal government. More specifically, this exemption

1 shall include persons who have been declared disabled as they are unable to work due to a condition
2 such as a mental health condition, health ailment, or physical condition, or a combination thereof.
3 A person seeking to claim this exemption for property tax relief shall provide proof that the person
4 is receiving disability payments from either social security (e.g., SS-1099) or veterans' disability
5 compensation (e.g., VA Letter of Benefits). This proof shall be in addition to other materials and
6 information required pursuant to §44-33-11. This unearned income shall not exceed the set income
7 cap allowed.

8 (3) "Gross rent" means rental paid in cash or its equivalent solely for the right of occupancy
9 of a homestead, exclusive of charges for any utilities, services, furniture, furnishings, or personal
10 property appliances furnished by the landlord as a part of the rental agreement. If the landlord and
11 tenant have not dealt with each other at arm's length, and the tax administrator is satisfied that the
12 gross rent charged was excessive, he or she may adjust the gross rent to a reasonable amount for
13 purposes of this chapter. "Gross rent" includes the rental of space paid to a landlord for parking of
14 a mobile home, or docking or mooring a houseboat, exclusive of any charges for utilities, services,
15 furniture, furnishings, or personal appliances furnished by the landlord as a part of the rental.
16 Twenty percent (20%) of the annual gross rental plus the space rental fees paid during the year are
17 the annual "property taxes accrued."

18 (4) "Homestead" means the dwelling, whether owned or rented, and so much of the land
19 surrounding it, not exceeding one acre, as is reasonably necessary for use of the dwelling as a home,
20 and may consist of a part of the multi-dwelling or multi-purpose building and a part of the land
21 upon which it is built ("owned" includes a vendee in possession under a land contract and one or
22 more joint tenants or tenants in common). It does not include personal property such as furniture,
23 furnishings, or appliances, but a mobile home or a houseboat may be a homestead.

24 (5) "Household" means one or more persons occupying a dwelling unit and living as a
25 single nonprofit housekeeping unit. "Household" shall not include bona fide lessees, tenants, or
26 roomers, and boarders on contract.

27 (6) "Household income" means all income received by all persons of a household in a
28 calendar year while members of the household.

29 (7) "Income" means the sum of federal adjusted gross income as defined in the Internal
30 Revenue Code of the United States, 26 U.S.C. § 1 et seq., and all non-taxable income including,
31 but not limited to, the amount of capital gains excluded from adjusted gross income, alimony,
32 support money, non-taxable strike benefits, cash public assistance and relief (not including relief
33 granted under this chapter), the gross amount of any pension or annuity (including Railroad
34 Retirement Act (see 45 U.S.C. § 231 et seq.) benefits, all payments received under the federal

1 Social Security Act, 42 U.S.C. § 301 et seq., state unemployment insurance laws, and veterans'
2 disability pensions (see 38 U.S.C. § 301 et seq.), non-taxable interest received from the federal
3 government or any of its instrumentalities, workers' compensation, and the gross amount of "loss
4 of time" insurance. It shall not include gifts from nongovernmental sources, or surplus foods or
5 other relief in kind supplied by a public or private agency. For the purpose of this chapter, the
6 calculation of "income" shall not include any deductions for rental losses, business losses, capital
7 losses, exclusion for foreign income, and any losses received from pass-through entities.

8 (8) "Property taxes accrued" means property taxes (exclusive of special assessments,
9 delinquent interest, and charges for service) levied on a claimant's homestead in this state in 1977
10 or any calendar year thereafter. If a homestead is owned by two (2) or more persons or entities as
11 joint tenants or tenants in common, and one or more persons or entities are not a member of
12 claimant's household, "property taxes accrued" is that part of property taxes levied on the
13 homestead which reflects the ownership percentage of the claimant and his or her household. For
14 purposes of this subdivision, property taxes are "levied" when the tax roll is certified by the city or
15 town assessor. When a homestead is sold during the calendar year of the levy, the "property taxes
16 accrued" for the seller and buyer is the amount of the tax levy prorated to each in the closing
17 agreement pertaining to the sale of the homestead or, if not provided for in the closing agreement,
18 the tax levy is prorated between seller and buyer based upon the delivery date of the deed of
19 conveyance. When a household owns and occupies two (2) or more homesteads in the same
20 calendar year, "property taxes accrued" is the sum of the prorated taxes attributable to the household
21 for each of the homesteads. If the household owns and occupies the homestead for the part of the
22 calendar year and rents a household for part of the calendar year, it may include both the proration
23 of taxes on the homestead owned and "rent constituting property taxes accrued" with respect to the
24 months the homestead is rented, in computing the amount of the claim. All prorations are made on
25 the basis of the gross tax levy after all exemptions. If a homestead is an integral part of a larger unit
26 such as a farm, or a multi-purpose or multi-dwelling building, property taxes accrued is that
27 percentage of the total property taxes accrued as the value of the homestead is of the total value.
28 For the purposes of this subdivision, "unit" refers to the parcel of property covered by a single tax
29 statement of which the homestead is a part.

30 (9) "Rent constituting property taxes accrued" means twenty percent (20%) of the gross
31 rent actually paid in cash or its equivalent in any calendar year by a claimant and his or her
32 household solely for the right of occupancy of their Rhode Island homestead in the calendar year,
33 and which rent constitutes the basis, in the succeeding calendar year, of a claim for relief under this
34 chapter by the claimant, but shall not include any part of the rent paid for occupancy of premises

1 which are legally exempt from the payment of property taxes.

2 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 clarify the definition of the term "disabled" for purposes of obtaining
2 property tax relief. This act would further require that a person seeking to claim property tax relief
3 for a disability would need to file proof that the person is receiving disability payments from either
4 social security (SS-1099) or veterans' disability compensation (VA Letter of Benefits).

5 This act would take effect upon passage.

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