

2015 -- S 0952 SUBSTITUTE A AS AMENDED

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LC002764/SUB A/2
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TAXATION

Introduced By: Senators Ruggerio, Goodwin, Miller, Ciccone, and Jabour

Date Introduced: May 28, 2015

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64.14-8 of the General Laws in Chapter 42-64.14 entitled "The
2 I-195 Redevelopment Act of 2011" is hereby amended to read as follows:

3 **42-64.14-8. Additional general powers.** -- In addition to the powers of the commission
4 otherwise provided herein, the commission shall have the powers set forth below and shall be
5 subject to the limitations herein set forth. Except as may be expressly limited by action of the
6 commission at a regular or special meeting, the commission shall have the powers necessary to
7 put into effect the powers of the commission as set forth below and as herein limited.

8 (a) The commission is authorized and empowered to fix, revise, charge, collect, and
9 abate fees, rates, assessments, delinquency charges, and other charges for its services, and other
10 services, facilities, and commodities furnished or supplied by it including penalties for violations
11 of such regulations as the commission may from time to time promulgate under this chapter.
12 Fees, rates, assessments, delinquency charges, and other charges of general application shall be
13 adopted and revised by the commission in accordance with procedures to be established by the
14 commission for assuring that interested persons are afforded notice and an opportunity to present
15 data, views, and arguments. The commission shall hold at least one public hearing on its schedule
16 of fees, rates, and charges or any revision thereof prior to adoption, notice of which shall be
17 published in a newspaper of substantial circulation in the district at least fifteen (15) days in
18 advance of the hearing, and notice of the hearing shall be provided to the city council of the city
19 of Providence. No later than the date of such publication the commission shall make available to

1 the public the proposed schedule of fees, rates, and charges. Fees, rates, rents, assessments,
2 abatements, and other charges established by the commission shall not be subject to supervision
3 or regulation by any department, division, district, board, bureau, or agency of the state or any of
4 its political subdivisions. In order to provide for the collection and enforcement of its fees, rates,
5 rents, assessments, and other charges, the commission is hereby granted all the powers and
6 privileges with respect to such collection and enforcement held by the city of liens for unpaid
7 taxes. Provided however that the commission shall be required to collect all project application
8 fees, zoning fees and charges, building permit fees, fire code compliance or other public safety
9 permit fees or charges, planning fees, historic district fees and charges, and other similar fees and
10 charges that would otherwise be payable to the city of Providence in connection with such
11 projects located in the city of Providence and remit the greater of one-half (1/2) of such fees
12 collected by the commission to the city of Providence, or one-half (1/2) of such fees the city of
13 Providence would have received from the project under the city's ordinances uniformly applied.
14 The city of Providence shall continue to be entitled to collect all other customary fees for
15 development and maintenance within the district as uniformly applied throughout the city of
16 Providence, including, but not limited to, utility tie-in, connection fees, maintenance fees and
17 assessments.

18 (b) Notwithstanding any provision of law to the contrary, in order to provide for the
19 consolidated, coordinated, efficient and effective exercise of public development powers affecting
20 or benefiting the city of Providence and the state within the boundaries of the district as defined
21 in § 37-5-8, the commission shall have the powers of:

22 (i) A special development district as provided for in chapter 45-24.4.

23 (ii) A redevelopment agency as provided for in chapters 45-31, 45-31.1, 45-31.2, 45-32,
24 and 45-33 within areas of the district which are part of an enterprise zone as provided for in
25 chapter 42-64.3. Within the district, the term "blighted area and substandard area" shall be
26 deemed to include areas where the presence of hazardous materials, as defined in § 23-19.14-2,
27 impairs the use, reuse, or redevelopment of impacted sites.

28 (iii) A municipal public buildings authority as provided for in chapter 45-50.

29 (iv) A subsidiary of the Rhode Island economic development corporation and the
30 enactment of this chapter shall constitute the approval of the general assembly as required by §
31 42-64-7.1.

32 (v) The city planning board as established pursuant to chapter 45-23.

33 (vi) The city zoning board as established pursuant to chapter 45-24, including, but not
34 limited to, the granting of any use or dimensional variances or special use permits.

1 (vii) The city historic district commission established pursuant to chapter 45-24.1.

2 (viii) Any other city board existing or created that exercises any of the authorities of a
3 planning board, zoning board, design review board or historic district commission. Provided,
4 however, and notwithstanding the foregoing, the commission shall at all times ensure that all
5 projects and development subject to the jurisdiction of the commission are consistent with and
6 subject to the city of Providence comprehensive plan adopted by the city pursuant to § 45-22-2.1
7 et seq. and the city of Providence zoning ordinances pursuant to § 45-24-27 et seq. as previously
8 enacted by the city of Providence, and as may be enacted and/or amended from time to time
9 through July 1, 2012, or enacted and/or amended thereafter with the consent of the commission.

10 (3) For the benefit of the district, the commission shall have the power to enter into
11 agreements with the city of Providence for:

12 (i) The exercise of powers for tax increment financing as provided for in chapter 45-
13 33.2;

14 (ii) The imposition of impact fees as provided for in chapter 45-22.4 in order to provide
15 infrastructure capacity to or make physical improvements within the district; or

16 (iii) Approval within the district of a district management authority as provided for in
17 chapter 45-59, for purposes of undertaking activities consistent with the approved plans for the
18 district adopted pursuant to § 42-64.14-8.

19 (4) Title and survey adjustments. The commission is authorized to adjust boundary lines,
20 survey lines and property descriptions of the parcels of land comprising the I-195 surplus land as
21 may be necessary or appropriate to facilitate or enhance project design plans and for the location
22 and/or relocation of city streets, utility corridors, easements and rights-of-way.

23 (5) The commission is authorized and empowered, in the name of and for the State of
24 Rhode Island, to enter into contracts for the sale, transfer or conveyance, in fee simple, by lease
25 or otherwise of the any of the I-195 Surplus lands identified in § 37-5-8 in order to achieve the
26 purposes of this chapter and customary terms for commercial real estate transactions of this
27 nature, and containing the following provisions:

28 (i) The terms for each parcel shall be the fair market value of such parcel at the time of
29 conveyance as determined by the commission.

30 ~~(ii) As a condition to the sale, lease or other transfer of each parcel or any portion~~
31 ~~thereof, any buyer, tenant or transferee that is a not for profit, organization or entity that is~~
32 ~~otherwise exempt from municipal real estate taxes, including, without limitation, any independent~~
33 ~~public instrumentality, governmental or quasi-governmental agency, body, division, or official, or~~
34 ~~any affiliate or subsidiary thereof, shall have entered into an agreement for payments to the city in~~

1 ~~accordance with § 42-64.14-14 relating to tax exempt parcels, or such other things acceptable to~~
2 ~~the city.~~

3 ~~(iii)~~(ii) Promptly after taking title to a parcel, the buyer shall cause such parcel to be
4 attractively landscaped and maintained for use as green space until such time as development of
5 the parcel in accordance with this section begins.

6 ~~(iv)~~(iii) Development of the parcels, as appropriate, shall be in accordance with the
7 findings set forth in this chapter and with the buyer's approved development plan for the
8 identified parcels, as the same may be amended from time to time with the approval of the
9 commission.

10 ~~(v)~~(iv) As a condition to the contract for the sale, lease, transfer or conveyance an
11 approved development plan shall include a construction schedule that shall commence within
12 twelve (12) months from the effective date of the contract and all construction shall be complete
13 within three (3) years from the commencement of said construction unless otherwise amended
14 and approved by the commission at a duly posted public meeting of the commission.

15 (6) Notwithstanding any provision of this chapter 42-64.14 or any other law to the
16 contrary, the commission shall exercise all powers authorized by §§ 42-64.14-7 and 42-64.14-8 in
17 a manner consistent with and subject to the city of Providence comprehensive plan adopted by the
18 city pursuant to 45-22-2.1 et seq. and the city of Providence zoning ordinances pursuant to 45-24-
19 27 et seq. as previously enacted by the city of Providence, and as may be enacted and/or amended
20 from time to time through July 1, 2012, or enacted thereafter with the consent of the commission.

21 (7) Under no circumstances shall the commission establish, authorize, zone, plan, or
22 permit in the district a so-called "casino" or any form of gambling, including but not limited to
23 those activities governed by title 41 of the Rhode Island general laws, so-called "video-gambling"
24 or any lotteries whatsoever except for the sale of lottery tickets pursuant to title 42, section 61 of
25 the general laws. Furthermore, upon conveyance, but in any event before approving any project,
26 development, or redevelopment, the commission shall ensure that a deed restriction, running to
27 the benefit of the city of Providence and the state, is recorded against the subject property
28 effectuating and memorializing such restriction. The aforementioned restriction shall run with the
29 land and be binding upon all successors and assign. Any deed restriction conveyed to the state
30 pursuant to this subsection may be waived only by statute, resolution or other action by the
31 general assembly which complies with the constitutional requirements for the expansion of
32 gambling.

33 SECTION 2. Section 42-64.14-14 of the General Laws in Chapter 42-64.14 entitled "The
34 I-195 Redevelopment Act of 2011" is hereby repealed.

1 ~~**42-64.14-14. Payments.** -- The commission shall make as a condition to the sale or lease~~
2 ~~of any parcel of I-195 surplus land, as defined in § 37-5-8, or any portion thereof, to any not for-~~
3 ~~profit, organization or entity that is otherwise exempt from municipal real estate taxes including,~~
4 ~~without limitation, any independent public instrumentality, governmental or quasi-governmental~~
5 ~~agency, body, division, or official, or any affiliate or subsidiary thereof, that the purchaser or~~
6 ~~lessee, as applicable, shall make payments to the city relating to any parcel of I-195 surplus land~~
7 ~~to be purchased or leased by such not for profit, or tax exempt organization or institution. If no~~
8 ~~such agreement has been reached with the city of Providence, the commission is authorized to~~
9 ~~complete the sale; however, in consideration for the purchase or lease of any parcel of the I-195~~
10 ~~surplus land, the not for profit or tax exempt organization or institution shall make payments to~~
11 ~~the city of Providence equivalent to those that would be paid by a taxable institution with regard~~
12 ~~to the subject parcel including, but not limited to, any improvements constructed thereon by the~~
13 ~~purchaser or lessee; provided, however, that the obligation to make such payments shall cease in~~
14 ~~the event all or any portion of or any improvement on the subject parcel(s) is subject to any tax by~~
15 ~~the city of Providence, whether in the nature of a real estate tax, ad valorem tax, user fee, or~~
16 ~~otherwise (regardless of the basis on which such tax or fee is calculated) or any other obligation~~
17 ~~that has the effect of such tax.~~

18 SECTION 3. Chapter 42-64.14 of the General Laws entitled "The I-195 Redevelopment
19 Act of 2011" is hereby amended by adding thereto the following sections:

20 **42-64.14-14.1. Providence - I-195 Redevelopment District - Tax rates. --**
21 Notwithstanding any provision of the general or public laws to the contrary or any ordinance
22 adopted by the city of Providence, the property tax rate applicable to real property owned by a
23 for-profit organization or entity at least twenty-five percent (25%) of which real property is
24 located in the I-195 redevelopment district as set forth in §§ 37-5-8 and 42-64.14-5 ("I-195
25 redevelopment district") and the balance of which real property abuts such property located in the
26 I-195 redevelopment district, shall be assessed and stabilized in accordance with § 44-5-85.

27 **42-64.14-14.23. Transfer of exempt or stabilized property. --** (a) Tax benefits for
28 eligible properties under this chapter shall be transferable to new owners or tenants but the
29 duration of the tax stabilization agreement shall not be extended unless otherwise approved by the
30 commission.

31 (b) In the event that the tax stabilized property becomes exempt from real estate taxes
32 during the term of the tax stabilization through conveyance, or otherwise, to a real estate tax
33 exempt entity, the project owner agrees to pay the following:

34 (1) Fifty percent (50%) of full taxes retroactively if the property is thereby transferred in

- 1 years one through ten (10);
- 2 (2) Forty-five percent (45%) in year eleven (11);
- 3 (3) Forty percent (40%) in year twelve (12);
- 4 (4) Thirty-five percent (35%) in year thirteen (13);
- 5 (5) Thirty percent (30%) in year fourteen (14);
- 6 (6) Twenty-five percent (25%) in year fifteen (15);
- 7 (7) Twenty percent (20%) in year sixteen (16);
- 8 (8) Fifteen percent (15%) in year seventeen (17);
- 9 (9) Ten percent (10%) in year eighteen (18);
- 10 (10) Five percent (5%) in year nineteen (19); and
- 11 (11) Zero percent in year twenty (20) of said tax stabilization agreement.
- 12 (c) No exemption provided pursuant to this section shall be granted without verification
- 13 of full compliance with laws and procedures regarding the payment of all city and/or state taxes.
- 14 (d) Should, during the duration of the tax stabilization agreement, tax payments
- 15 established by the terms of this agreement become delinquent, the tax collecting entity shall, if
- 16 the property owner is eligible, secure a tax payment plan with the property owner that will bring
- 17 all taxes and interest current within twelve (12) months. Should the property owner not agree to
- 18 such plan, the tax stabilization agreement will be suspended, and the property will revert to full
- 19 taxation for the period in which the taxes are delinquent.
- 20 **42-64.14-14.24. Community workforce agreements.** – (a) Any development project
- 21 authorized pursuant to this chapter with a total construction valuation of ten million dollars
- 22 (\$10,000,000) or more shall be required to enter into a community workforce agreement with the
- 23 1-195 redevelopment commission.
- 24 (b) The community workforce agreement shall include, but not be limited to,
- 25 requirements of the project site owner to make a good faith effort to hire contractors and
- 26 subcontractors who:
- 27 (1) Employ Rhode Island and Providence residents;
- 28 (2) Hire in compliance with chapter 14.1 of title 37;
- 29 (3) Ensure that one hundred percent (100%) of the hours worked on the project be
- 30 performed by trade construction subcontractors who have affiliated with an apprenticeship
- 31 program as defined in 29 C.F.R. § 29 et seq., and that the developer or project owner shall make a
- 32 requirement in the contracts between its construction manager and general contractor and their
- 33 subcontractors who have apprenticeship programs as defined in 29 C.F.R. 29 et seq., that not less
- 34 than ten percent (10%) of the total hours worked by the subcontractors' employees on the project

1 [are completed by apprentices registered in the aforementioned apprenticeship programs; and](#)

2 [\(4\) Make a good faith effort to use city and state vendors.](#)

3 [\(c\) Reporting. The project site owner/developer shall report quarterly to the I-195](#)
4 [redevelopment commission on the progress of their compliance with the community workforce](#)
5 [agreement, and the provisions of this section.](#)

6 SECTION 4. Section 44-5-11.8 of the General Laws in Chapter 44-5 entitled "Levy and
7 Assessment of Local Taxes" is hereby amended to read as follows:

8 **44-5-11.8. Tax classification.** -- (a) Upon the completion of any comprehensive
9 revaluation or any update, in accordance with § 44-5-11.6, any city or town may adopt a tax
10 classification plan, by ordinance, with the following limitations:

11 (1) The designated classes of property shall be limited to the classes as defined in
12 subsection (b) of this section.

13 (2) The effective tax rate applicable to any class, excluding class 4, shall not exceed by
14 fifty percent (50%) the rate applicable to any other class, except in the city of Providence, and the
15 town of Glocester; however, in the year following a revaluation or statistical revaluation or
16 update, the city or town council of any municipality may, by ordinance, adopt tax rates for the
17 property class for all ratable tangible personal property no greater than twice the rate applicable to
18 any other class provided that the municipality documents to, and receives written approval from,
19 the office of municipal affairs that the rate difference is necessary to ensure that the estimated tax
20 levy on the property class for all ratable tangible personal property is not reduced from the prior
21 year as a result of the revaluation or statistical revaluation.

22 (3) Any tax rate changes from one year to the next shall be applied such that the same
23 percentage rate change is applicable to all classes, excluding class 4, except in the city of
24 Providence and the town of Glocester.

25 (4) Notwithstanding subdivisions (2) and (3) of this subsection, the tax rates applicable
26 to wholesale and retail inventory within Class 3 as defined in subsection (b) of this section are
27 governed by § 44-3-29.1.

28 (5) The tax rates applicable to motor vehicles within Class 4 as defined in subsection (b)
29 of this section are governed by § 44-34.1-1.

30 (6) The provisions of chapter 35 of this title relating to property tax and fiscal disclosure
31 applies to the reporting of and compliance with these classification restrictions.

32 (b) Classes of Property.

33 (1) Class 1: Residential real estate consisting of no more than five (5) dwelling units,
34 land classified as open space, and dwellings on leased land including mobile homes. In the city of

1 Providence, this class may also include residential properties containing partial commercial or
2 business uses and residential real estate of more than five (5) dwelling units.

3 (i) A homestead exemption provision is also authorized within this class; provided
4 however, that the actual effective rate applicable to property qualifying for this exemption shall
5 be construed as the standard rate for this class against which the maximum rate applicable to
6 another class shall be determined, except in the town of Gloucester.

7 (ii) In lieu of a homestead exemption, any city or town may divide this class into non-
8 owner and owner occupied property, and adopt separate tax rates in compliance with the within
9 tax rate restrictions.

10 (2) Class 2: Commercial and industrial real estate, residential properties containing
11 partial commercial or business uses, and residential real estate of more than five (5) dwelling
12 units. In the city of Providence, properties containing partial commercial or business uses and
13 residential real estate of more than five (5) dwelling units may be included in Class 1.

14 (3) Class 3: All ratable, tangible personal property.

15 (4) Class 4: Motor vehicles and trailers subject to the excise tax created by chapter 34 of
16 this title.

17 (c) The city council of the city of Providence and the town council of the town of
18 Gloucester may, by ordinance, provide for, and adopt, a tax rate on various classes as they shall
19 deem appropriate; provided, however, that notwithstanding the provisions of subsections (a), (b)
20 and (c) of this section, the property tax rate applicable to real property owned by a for-profit
21 organization or entity at least twenty-five percent (25%) of which real property is located in the I-
22 195 redevelopment district as set forth in §§ 37-5-8 and 42-64.14-5 ("I-195 redevelopment
23 district") and the balance of which real property abuts such property located in the I-195
24 redevelopment district, shall be assessed in accordance with the provisions of § 44-5-85.
25 Provided, further, that the tax rate for Class 2 shall not be more than two (2) times the tax rate of
26 Class 1; the tax rate applicable to Class 3 shall not exceed the tax rate of Class 1 by more than
27 two hundred percent (200%). Gloucester shall be able to establish homestead exemptions up to
28 fifty percent (50%) of value and the calculation provided in subsection (b)(1)(i) shall not be used
29 in setting the differential tax rates.

30 (d) Notwithstanding the provisions of subsection (a) of this section, the town council of
31 the town of Middletown may hereafter, by ordinance, adopt a tax classification plan in
32 accordance with the provisions of subsections (a) and (b) of this section, to be applicable to taxes
33 assessed on or after the assessment date of December 31, 2002.

34 (e) Notwithstanding the provisions of subsection (a) of this section, the town council of

1 the town of Little Compton may hereafter, by ordinance, adopt a tax classification plan in
2 accordance with the provisions of subsections (a) and (b) of this section and the provisions of §
3 44-5-79, to be applicable to taxes assessed on or after the assessment date of December 31, 2004.

4 (f) Notwithstanding the provisions of subsection (a) of this section, the town council of
5 the town of Scituate may hereafter, by ordinance, change its tax assessment from fifty percent
6 (50%) of value to one hundred percent (100%) of value on residential and
7 commercial/industrial/mixed-use property, while tangible property is assessed at one hundred
8 percent (100%) of cost, less depreciation; provided, however, the tax rate for Class 3 (tangible)
9 property shall not exceed the tax rate for Class 1 (residential) property by more than two hundred
10 thirteen percent (213%). This provision shall apply whether or not the fiscal year is also a
11 revaluation year.

12 SECTION 5. Chapter 44-5 of the General Laws entitled "Levy and Assessment of Local
13 Taxes" is hereby amended by adding thereto the following section:

14 **44-5-85. Providence - I-195 redevelopment district - Tax rates.** – (a) Notwithstanding
15 any provision of the general or public laws to the contrary or any ordinance adopted by the city of
16 Providence and subject to the requirements of this section, the property tax rate applicable to real
17 property owned by a for-profit organization or entity at least twenty-five percent (25%) of which
18 real property is located in the I-195 redevelopment district as set forth in §§ 37-5-8 and 42-64.14-
19 5 ("I-195 redevelopment district") and the balance of which real property abuts such property
20 located in the I-195 redevelopment district, shall be assessed in accordance with the following tax
21 exemption schedule:

<u>Year(s)</u>	<u>Percent Exempt From Tax</u>
<u>1-4</u>	<u>100</u>
<u>5</u>	<u>90</u>
<u>6</u>	<u>85</u>
<u>7</u>	<u>80</u>
<u>8</u>	<u>75</u>
<u>9</u>	<u>70</u>
<u>10</u>	<u>65</u>
<u>11</u>	<u>60</u>
<u>12</u>	<u>55</u>
<u>13</u>	<u>50</u>
<u>14</u>	<u>45</u>
<u>15</u>	<u>40</u>

1	<u>16</u>	<u>35</u>
2	<u>17</u>	<u>25</u>
3	<u>18</u>	<u>20</u>
4	<u>19</u>	<u>10</u>
5	<u>20 and thereafter</u>	<u>0</u>

6 Except that, to the extent that the real property owned by the for-profit organization or
7 entity includes land outside of the I-195 redevelopment district, the amount paid in years 1
8 through 4 shall be equal to the amount of taxes owed on such property for the year preceding date
9 of the agreement required under subsection (b).

10 (b) A property shall only have the benefit of the exemption herein provided if the owner
11 thereof shall have entered into an agreement with I-195 redevelopment district commission
12 acknowledging its receipt of such benefits and that the use and development of its land shall be
13 subject to the terms and conditions of the permits and approvals issued by the commission. Such
14 exemption shall become effective for the real estate tax year next beginning upon the delivery of
15 an executed counterpart thereof to the city of Providence tax assessor. To the extent such property
16 includes abutting land not located in the I-195 redevelopment district but otherwise subject to the
17 provisions of this § 44-5-85, such land shall be subject to and shall have the benefit of the
18 provisions of § 42-64.14-15 notwithstanding the provisions of § 42-64.14-15(a).

19 (c) Except as provided in this section, real property, the payment of taxes on which has
20 been so exempted, shall not be liable to further taxation by the city so long as the owner of said
21 property is in compliance with the terms and conditions of the agreement between the
22 commission and the owner of the property required under subsection (b) of this section.

23 (d) In determining the value of real estate subject to exemption under this § 44-5-85, the
24 tax assessor, in establishing the property's value, shall give preference to the nationally
25 recognized assessment practice of determining value based on the percentage of rent or revenues
26 that real estate taxes represent across user classes on a national basis.

27 SECTION 6. This act shall take effect upon passage.

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LC002764/SUB A/2
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION

1 This act would establish a tax assessment schedule and conditions for development of
2 land located within the I-195 Redevelopment District and would provide for the transfer of
3 exempt or stabilized property. The act would also provide for a twelve (12) month payment plan
4 for delinquent tax payments, and would require that projects costing ten million dollars
5 (\$10,000,000) or more to enter into community workforce agreements with the I-195
6 redevelopment commission.

7 This act would take effect upon passage.

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