

2019 -- S 0421

LC001844

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO TAXATION

Introduced By: Senators Archambault, Sosnowski, Rogers, Coyne, and Conley

Date Introduced: February 27, 2019

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-3-32.2 of the General Laws in Chapter 44-3 entitled "Property  
2 Subject to Taxation" is hereby amended to read as follows:

3 **44-3-32.2. Cities and towns -- Tax exemption for farmland, forestland or open space**  
4 **land.**

5 (a) Cities and towns in the state of Rhode Island may, by ordinance, exempt from  
6 taxation any real property situated in the town classified and utilized as farmland, forestland or  
7 open space land pursuant to the provisions of chapter 27 of this title. The amount of the  
8 exemption shall be provided for by ordinance. Cities and towns may, from time to time, by  
9 amendment to the ordinance, make those changes in the amount of exemption granted.

10 (b) Cities and towns in the state of Rhode Island shall exempt in full from taxation any  
11 real property situated in the city or town classified and utilized as dairy farmland pursuant to the  
12 provisions of chapter 27 of title 44.

13 ~~(b)~~(c) Cities and towns of Rhode Island are authorized by ordinance to provide that any  
14 person who obtains an exemption pursuant to the ordinance to which the person is not entitled, by  
15 the filing or making of any false statement, or the proffering of any document or other writing  
16 known by the person to have been altered, forged, or to contain any false or untrue information, is  
17 liable for an amount equal to double the amount of reductions in taxes resulting from the  
18 exemption, which amount is recoverable by the city or town in a civil action.

19 ~~(c)~~(d) Cities and towns in the state of Rhode Island are authorized by ordinance to

1 exempt from taxation any real property situated in the town classified and utilized as farmland on  
2 which the development rights have been sold or donated and will remain farmland in perpetuity.  
3 The amount of the exemption shall be provided for by ordinance. Cities and towns may, from  
4 time to time, by amendment to the ordinance, make those changes in the amount of exemption  
5 granted.

6 SECTION 2. Section 44-5-39 of the General Laws in Chapter 44-5 entitled "Levy and  
7 Assessment of Local Taxes" is hereby amended to read as follows:

8 **44-5-39. Land use change tax.**

9 (a) After May 15, 1980, when land classified as farm, [dairy farm](#), forest, or open space  
10 land and assessed and taxed under the provisions of § 44-5-12 is applied to a use other than as  
11 farm, [dairy farm](#), forest, or open space, or when the land owner voluntarily withdraws that  
12 classification, it shall be subject to additional taxes, subsequently referred to as a land use change  
13 tax. The tax is at the following rate:

14 (1) Ten percent (10%) of the then fair market value of the land if the use is changed or  
15 classification is withdrawn during the first six (6) years of classification.

16 (2) Nine percent (9%) of the then fair market value of the land if the use is changed or  
17 classification is withdrawn during the seventh (7th) year of classification.

18 (3) Eight percent (8%) of the then fair market value of the land if the use is changed or  
19 classification is withdrawn during the eighth (8th) year of classification.

20 (4) Seven percent (7%) of the then fair market value of the land if the use is changed or  
21 classification is withdrawn during the ninth (9th) year of classification.

22 (5) Six percent (6%) of the then fair market value of the land if the use is changed or  
23 classification is withdrawn during the tenth (10th) year of classification.

24 (6) Five percent (5%) of the then fair market value of the land if the use is changed or  
25 classification is withdrawn during the eleventh (11th) year of classification.

26 (7) Four percent (4%) of the then fair market value of the land if the use is changed or  
27 classification is withdrawn during the twelfth (12th) year of classification.

28 (8) Three percent (3%) of the then fair market value of the land if the use is changed or  
29 classification is withdrawn during the thirteenth (13th) year of classification.

30 (9) Two percent (2%) of the then fair market value of the land if the use is changed or  
31 classification is withdrawn during the fourteenth (14th) year of classification.

32 (10) One percent (1%) of the then fair market value of the land if the use is changed or  
33 classification is withdrawn during the fifteenth (15th) year of classification. No tax shall be  
34 imposed by the provisions of this section following the end of the fifteenth (15th) year of

1 classification.

2 (b) Owners of land classified as farmland [or dairy farmland](#) who have held title to the  
3 land, and where the land has been farmed [or used as a dairy farm](#) for five (5) years previous to  
4 classification, are liable for a land use change tax of:

5 (1) Ten percent (10%) of the then fair market value of the land if the use is changed or  
6 classification is withdrawn during the first (1st) year of classification.

7 (2) Nine percent (9%) of the then fair market value of the land if the use is changed or  
8 classification is withdrawn during the second (2nd) year of classification.

9 (3) Eight percent (8%) of the then fair market value of the land if the use is changed or  
10 classification is withdrawn during the third (3rd) year of classification.

11 (4) Seven percent (7%) of the then fair market value of the land if the use is changed or  
12 classification is withdrawn during the fourth (4th) year of classification.

13 (5) Six percent (6%) of the then fair market value of the land if the use is changed or  
14 classification is withdrawn during the fifth (5th) year of classification.

15 (6) Five percent (5%) of the then fair market value of the land if the use is changed or  
16 classification is withdrawn during the sixth (6th) year of classification.

17 (7) Four percent (4%) of the then fair market value of the land if the use is changed or  
18 classification is withdrawn during the seventh (7th) year of classification.

19 (8) Three percent (3%) of the then fair market value of the land if the use is changed or  
20 classification is withdrawn during the eighth (8th) year of classification.

21 (9) Two percent (2%) of the then fair market value of the land if the use is changed or  
22 classification is withdrawn during the ninth (9th) year of classification.

23 (10) One percent (1%) of the then fair market value of the land if the use is changed or  
24 classification is withdrawn during the tenth (10th) year of classification. No tax shall be imposed  
25 by the provisions of this section following the end of the tenth year of classification.

26 SECTION 3. Section 44-27-3 of the General Laws in Chapter 44-27 entitled "Taxation of  
27 Farm, Forest, and Open Space Land" is hereby amended to read as follows:

28 **44-27-3. Classification of farmland. Classification of farmland or dairy farmland.**

29 (a) An owner of land may file a written application with the director of environmental  
30 management, for its designation by the director as farmland [or as dairy farmland](#). When the  
31 application is made and after a filing fee of ten dollars (\$10.00) is paid, the director shall examine  
32 the land and, if the director determines that it is farmland [or as dairy farmland](#), the director shall  
33 issue a certificate in his or her office, furnish a copy to the owner of the land, and file one copy in  
34 the office of the assessor of the city or town in which the land is located.

1 (b) When requested to do so by the assessor or whenever the director deems it necessary,  
2 the director of environmental management shall re-examine land designated by the director as  
3 farmland or as dairy farmland. If the director finds that this land is no longer farmland or dairy  
4 farmland, the director shall send a notice to the landowner that the landowner has thirty (30) days  
5 either to bring the land into compliance or to request a formal hearing before the director. If after  
6 the thirty (30) days or after the hearing, the director confirms that the land is no longer farmland  
7 or dairy farmland, the director shall issue a certificate canceling his or her designation of the land  
8 as farmland or dairy farmland, and shall furnish one copy to the owner and file one in the office  
9 of the assessor. Loss of designation by action of the director of environmental management  
10 makes the land subject to the land use change tax provided for in § 44-5-39.

11 (c)(1) An owner of land designated as farmland or dairy farmland by the director of  
12 environmental management may apply for its classification as farmland or dairy farmland on any  
13 assessment list of the city or town where it is located by filing a written application for that  
14 classification with the assessor of the city or town not earlier than thirty (30) days before nor later  
15 than thirty (30) days after the date of assessment, except that in years of revaluation not later than  
16 thirty (30) days after written notice of revaluation or in its absence after receipt of the tax bill, and  
17 if the director has not cancelled his or her designation of that land as farmland or dairy farmland  
18 as of a date at or prior to the date of the assessment, the assessor shall classify the land as  
19 farmland or dairy farmland and include it as farmland or dairy farmland on the assessment list.

20 (2) In order to maintain this classification, each year thereafter, the property owner shall  
21 submit to the assessor a certificate on a form prescribed by the assessor confirming that the land  
22 is still used in farming or dairy farming. The assessor shall in the first notification mail the forms  
23 by first class mail not later than the thirtieth of November and if a second notification is needed, it  
24 shall be mailed certified. Failure to submit the certificate by thirty (30) days after the date of  
25 assessment is construed as voluntary withdrawal of the classification, except that the assessor  
26 may waive this requirement for good cause.

27 (3) Notwithstanding the preceding subsections, whenever the owner of land designated  
28 and classified as farmland or dairy farmland is a municipal land trust, municipal conservation  
29 commission, or private nonprofit land trust, annual certification is not required, and the  
30 classification continues until the voluntary withdrawal of the classification by the owner, or the  
31 transfer of the land by the owner in fee simple.

32 (d) Application to the director of environmental management for designation as farmland  
33 or dairy farmland shall be made upon a form prescribed by the director and shall present a  
34 description of the land and any other information that he or she may require to aid the director in

1 determining whether the land qualifies for that designation. An application to an assessor for  
2 classification of land as farmland [or dairy farmland](#) shall be made upon a form prescribed by the  
3 assessor and shall present a description of the land and the date of issuance by the director of  
4 environmental management of his or her certificate designating it as farmland [or dairy farmland](#).

5 (e) Failure to file an application for classification of farmland [or dairy farmland](#) within  
6 the time limit prescribed in subsection (c) of this section and in the manner and form prescribed  
7 in subsection (d) of this section shall be construed as a waiver of the right to that classification on  
8 the assessment list.

9 (f) Any landowner aggrieved by: (1) the cancellation of a designation under subsection  
10 (b) of this section or the denial of an application, filed in accordance with the provisions of  
11 subsections (c) and (d) of this section, by the assessor of a city or town for a classification of land  
12 as farmland [or dairy farmland](#); or (2) the use value assessment placed on land classified as  
13 farmland [or dairy farmland](#) by the assessor; has the right to file an appeal within ninety (90) days  
14 of receiving notice, in writing, of the denial or the use value assessment with the board of  
15 assessment review of the city or town. Should the city or town not have a board of assessment  
16 review, the city or town council reviews the appeal. The assessor shall be given the opportunity to  
17 explain either his or her refusal to classify the land or the assessment placed on the classified  
18 land. The board of review, or city or town council, shall also consider the testimony of the  
19 landowner and the city or town's planning board and conservation commission, if they exist. They  
20 shall also seek and consider the advice of the office of state planning, the department of  
21 environmental management, the dean of the college of resource development, and the  
22 conservation district in which the city or town is located.

23 (g)(1) The board of assessment review, or city or town council, shall not disturb the  
24 designation of the director issued pursuant to subsection (a) of this section, unless the tax assessor  
25 has shown by a preponderance of the evidence that that designation was erroneous.

26 (2) The board of assessment review, or city or town council, shall render a decision  
27 within forty-five (45) days of the date of filing the appeal. Decisions of the board of assessment  
28 review, or city or town council, may be appealed to the superior court pursuant to § 44-27-6.

29 SECTION 4. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION

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- 1           This act would entitle dairy farms to the exemptions from taxation granted to farmland,
- 2 forestland, or open space.
- 3           This act would take effect upon passage.

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