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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

RELATING TO TAXATION

Introduced By: Senators Seveney, Picard, DiPalma, Coyne, and Conley

Date Introduced: January 21, 2020

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
2 Tax 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
8 for 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
11 the United States, 26 U.S.C. § 1 et seq. When two (2) individuals of a household are able to meet
12 the qualifications for a claimant, they may determine between themselves as to who the claimant
13 is. If they are unable to agree, the matter is referred to the tax administrator and his or her
14 decision is final. If a homestead is occupied by two (2) or more individuals, and more than one
15 individual is able to qualify as a claimant, and some or all of the qualified individuals are not
16 related, the individuals may determine among themselves as to who the claimant is. If they are
17 unable to agree, 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 disability benefits paid by the federal government.

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

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

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

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

22 (7) "Income" means the sum of federal adjusted gross income as defined in the Internal
23 Revenue Code of the United States, 26 U.S.C. § 1 et seq., and all non-taxable income including,
24 but not limited to, the amount of capital gains excluded from adjusted gross income, alimony,
25 support money, non-taxable strike benefits, cash public assistance and relief (not including relief
26 granted under this chapter), the gross amount of any pension or annuity (including Railroad
27 Retirement Act (see 45 U.S.C. § 231 et seq.) benefits, all payments received under the federal
28 Social Security Act, 42 U.S.C. § 301 et seq., state unemployment insurance laws, and veterans'
29 disability pensions (see 38 U.S.C. § 301 et seq.), non-taxable interest received from the federal
30 government or any of its instrumentalities, workers' compensation, and the gross amount of "loss
31 of time" insurance. It shall not include gifts from nongovernmental sources, or surplus foods or
32 other relief in kind supplied by a public or private agency. For the purpose of this chapter, the
33 calculation of "income" shall not include any deductions for rental losses, business losses, capital
34 losses, exclusion for foreign income, and any losses received from pass-through entities.

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

23 (9) "Rent constituting property taxes accrued" means twenty percent (20%) of the gross
24 rent actually paid in cash or its equivalent in any calendar year by a claimant and his or her
25 household solely for the right of occupancy of their Rhode Island homestead in the calendar year,
26 and which rent constitutes the basis, in the succeeding calendar year, of a claim for relief under
27 this chapter by the claimant, but shall not include any part of the rent paid for occupancy of
28 premises which are legally exempt from the payment of property taxes.

29 SECTION 2. 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

- 1 This act would amend the definition of the term "disabled," for purposes of tax relief, to
- 2 include persons receiving veterans' affairs disability benefits paid by the federal government.
- 3 This act would take effect upon passage.

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