

2021 -- S 0288

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators McCaffrey, and Ruggerio

Date Introduced: February 18, 2021

Referred To: Senate Housing & 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.**

4 (a) All real property subject to taxation shall be assessed at its full and fair cash value, or  
5 at a uniform percentage of its value, not to exceed one hundred percent (100%), to be determined  
6 by the assessors in each town or 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 restricting  
9 either or both the rents that may be charged or the incomes of the occupants shall be assessed and  
10 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 amount  
18 up to fifteen thousand dollars (\$15,000), as may be determined by the tax assessor of the city of  
19 Warwick, is exempt from reassessment of property taxes on the improvement or addition until the

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

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

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

16 (6) Provided, however, that, for taxes levied after December 31, 2015, new construction on  
17 development property is exempt from the assessment of taxes under this chapter at the full and fair  
18 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, as  
25 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 of  
31 such development property purchased out of a foreclosure sale, auction, or from a bank, and which  
32 property is not occupied. Such property described in § 44-5-12(a)(6)(ii) shall continue to be taxed  
33 at the assessed value at the time of purchase until such time as such property is sold or occupied  
34 and no longer qualifies as development property. As to residential condominiums, this exemption

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

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

8 (b) Municipalities shall make available to every land owner whose property is taxed under  
9 the provisions of this section a document that may be signed before a notary public containing  
10 language to the effect that they are aware of the additional taxes imposed by the provisions of § 44-  
11 5-39 in the event that they use land classified as farm, forest, or open space land for another purpose.

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

18 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 -- LEVY AND ASSESSMENT OF LOCAL TAXES

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1           This act would make permanent the exemption from taxation for certain residential  
2 property developments which have not been completed or, if completed, have not been sold and  
3 occupied.

4           This act would take effect upon passage.

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