

**2021 -- S 0364 SUBSTITUTE A**

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LC001024/SUB A  
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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

Introduced By: Senators Archambault, Euer, Lombardo, and Coyne

Date Introduced: February 25, 2021

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 taxation  
6 any real property situated in the town classified and utilized as farmland, forestland or open space  
7 land pursuant to the provisions of chapter 27 of this title. The amount of the exemption shall be  
8 provided for by ordinance. Cities and towns may, from time to time, by amendment to the  
9 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 real**  
11 **property utilized in the production of dairy products by a licensed dairy in Rhode Island, current**  
12 **and future, pursuant to the department of health rules and regulations, including cow, sheep and**  
13 **goat dairies. Said real property shall include, grazing land, cropland, outbuildings and any other**  
14 **facility used in the direct production and processing of dairy products.**

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

1 which amount is recoverable by the city or town in a civil action.

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

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

9 **44-5-39. Land use change tax.**

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

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

17 (2) Nine percent (9%) 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 (3) Eight percent (8%) 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 (4) Seven percent (7%) 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 (5) Six percent (6%) 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.

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

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

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

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

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

1 by the provisions of this section following the end of the fifteenth (15th) year of classification.

2 (b) Owners of land classified as farmland [or dairy farmland](#) who have held title to the land,  
3 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 [or](#)  
7 [dairy farmland](#), the director shall issue a certificate canceling his or her designation of the land as  
8 farmland [or dairy farmland](#), and shall furnish one copy to the owner and file one in the office of the  
9 assessor. Loss of designation by action of the director of environmental management makes the  
10 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](#) as  
18 of a date at or prior to the date of the assessment, the assessor shall classify the land as farmland [or](#)  
19 [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 is  
22 still used in farming [or dairy farming](#). The assessor shall in the first notification mail the forms by  
23 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 may  
26 waive this requirement for good cause.

27 (3) Notwithstanding the preceding subsections, whenever the owner of land designated and  
28 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 the  
6 time limit prescribed in subsection (c) of this section and in the manner and form prescribed in  
7 subsection (d) of this section shall be construed as a waiver of the right to that classification on the  
8 assessment list.

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

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

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

28 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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