

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

Introduced By: Senators Kallman, Lombardo, Euer, Acosta, Seveney, Mack, Goldin, and DiMario

Date Introduced: March 04, 2021

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-3-9 of the General Laws in Chapter 44-3 entitled "Property
2 Subject to Taxation" is hereby amended to read as follows:

3 **44-3-9. Exemption or stabilizing of taxes on property used for manufacturing,**
4 **commercial, or residential purposes.**

5 (a)(1) Except as provided in this section, the electors of any city or town qualified to vote
6 on a proposition to appropriate money or impose a tax when legally assembled, may vote to
7 authorize the city or town council, for a period not exceeding twenty (20) years, and subject to the
8 conditions as provided in this section, to exempt from payment, in whole or in part, real and
9 personal property which has undergone environmental remediation, is historically preserved, or is
10 used for affordable housing, manufacturing, commercial, or residential purposes, or to determine a
11 stabilized amount of taxes to be paid on account of the property, notwithstanding the valuation of
12 the property or the rate of tax; provided, that after public hearings, at least ten (10) days' notice of
13 which shall be given in a newspaper having a general circulation in the city or town, the city or
14 town council determines that:

15 (i) Granting of the exemption or stabilization will inure to the benefit of the city or town
16 by reason of:

17 (A) The willingness of the manufacturing or commercial concern to locate in the city or
18 town, or of individuals to reside in such an area; or

19 (B) The willingness of a manufacturing firm to expand facilities with an increase in

1 employment or the willingness of a commercial or manufacturing concern to retain or expand its
2 facility in the city or town and not substantially reduce its work force in the city or town; or

3 (C) An improvement of the physical plant of the city or town which will result in a long-
4 term economic benefit to the city or town and state; or

5 (D) An improvement which converts or makes available land or facility that would
6 otherwise be not developable or difficult to develop without substantial environmental remediation;
7 or

8 (ii) Granting of the exemption or stabilization of taxes will inure to the benefit of the city
9 or town by reason of the willingness of a manufacturing or commercial or residential firm or
10 property owner to construct new or to replace, reconstruct, convert, expand, retain or remodel
11 existing buildings, facilities, machinery, or equipment with modern buildings, facilities, fixtures,
12 machinery, or equipment resulting in an increase or maintenance in plant, residential housing or
13 commercial building investment by the firm or property owned in the city or town;

14 (2) Provided that should the city or town council make the determination in subparagraph
15 (1)(i)(B) of this subsection, any exemption or stabilization may be granted as to new buildings,
16 fixtures, machinery, or equipment for new buildings, firms or expansions, and may be granted as
17 to existing buildings, fixtures, machinery and equipment for existing employers in the city or town.

18 (b) Cities shall have the same authority as is granted to towns except that authority granted
19 to the qualified electors of a town and to town councils shall be exercised in the case of a city by
20 the city council.

21 (c) For purposes of this section, "property used for commercial purposes" means any
22 building or structures used essentially for offices or commercial enterprises.

23 (d) Except as provided in this section, property, the payment of taxes on which has been so
24 exempted or which is subject to the payment of a stabilized amount of taxes, shall not, during the
25 period for which the exemption or stabilization of the amount of taxes is granted, be further liable
26 to taxation by the city or town in which the property is located so long as the property is used for
27 the manufacturing or commercial, or residential purposes for which the exemption or stabilized
28 amount of taxes was made.

29 (e) Notwithstanding any vote of the qualified electors of a town and findings of a town
30 council or of any vote and findings by a city council, the property shall be assessed for and shall
31 pay that portion of the tax, if any, assessed by the city or town in which the real or personal property
32 is located, for the purpose of paying the indebtedness of the city or town and the indebtedness of
33 the state or any political subdivision of the state to the extent assessed upon or apportioned to the
34 city or town, and the interest on the indebtedness, and for appropriation to any sinking fund of the

1 city or town, which portion of the tax shall be paid in full, and the taxes so assessed and collected
2 shall be kept in a separate account and used only for that purpose.

3 (f) Nothing in this section shall be deemed to permit the exemption or stabilization
4 provided in this section for any manufacturing or commercial concern relocating from one city or
5 town within the state of Rhode Island to another.

6 (g) Renewable energy resources, as defined in § 39-26-5, qualify for tax stabilization
7 agreements pursuant to § 44-3-9(a).

8 (h)(1) Pursuant to subsection (a) of this section, tax exemption or stabilization granted to
9 residential development projects, shall require, as a condition of the agreement between the city or
10 town and the entity seeking relief, that:

11 (i) Residential development projects of five (5) to nine (9) housing units include a number
12 of affordable housing units not less than a number equal to eighteen percent (18%) of the market-
13 rate units developed, or contribute an amount equal to eighteen percent (18%) of the total value of
14 the development project;

15 (ii) Residential development projects of ten (10) or more housing units shall include a
16 number of affordable housing units not less than a number equal to eighteen percent (18%) of the
17 market-rate units developed; and

18 (iii) Any such affordable housing units created, whether on-site or off-site, must be
19 comparable in size and quality to the average of all market-rate housing units in the development.

20 (2) In the event that the calculation set forth in subsections (h)(1)(i) through (ii) of this
21 section results in a remainder, a city or town granting tax exemption or stabilization for a residential
22 development project may establish payment terms requiring the developer to contribute an amount
23 reasonably equivalent to the remainder to a city or town account.

24 (3) For the purposes of the section, affordable housing shall be defined as housing for sale
25 or rent with combined rental costs or combined mortgage loan debt service, property taxes, and
26 required insurance that do not exceed thirty percent (30%) of the gross annual income of a
27 household earning up to eighty percent (80%) of the Providence-Fall River, RI-MA metropolitan
28 area median income, as defined annually by the United States Department of Housing and Urban
29 Development.

30 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would require cities and towns to implement affordable housing requirements
2 upon all developers of tax stabilization applications for developments of five (5) or more housing
3 units based upon median income as defined by the federal Department of Housing and Urban
4 Development (HUD).

5 This act would take effect upon passage.

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