2015 -- H 6107 SUBSTITUTE A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Representatives Gallison, O’Grady, and Marshall

Date Introduced: April 17, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

SECTION 1. Section 44-5-12 of the General Laws in Chapter 44-5 entitled “Levy and Assessment of Local Taxes” is hereby amended to read as follows:

44-5-12. Assessment at full and fair cash value. -- (a) All real property subject to taxation shall be assessed at its full and fair cash value, or at a uniform percentage of its value, not to exceed one hundred percent (100%), to be determined by the assessors in each town or city; provided, that:

(1) Any residential property encumbered by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing and mortgage finance corporation restricting either or both the rents that may be charged or the incomes of the occupants shall be assessed and taxed in accordance with § 44-5-13.11 Any newly constructed or substantially rehabilitated residential property, as defined by the U.S. Department of Housing and Urban Development that has been issued an occupancy permit on or after January 1, 1995, and is encumbered by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing and mortgage finance corporation restricting either or both the rents that may be charged to tenants of the property or the incomes of the occupants of the property, is subject to a tax that equals eight percent (8%) of the property's previous years' gross scheduled rental income or a lesser percentage as determined by each municipality;

(2) In assessing real estate which is classified as farm land, forest, or open space land in accordance with chapter 27 of this title the assessors shall consider no factors in determining the
full and fair cash value of the real estate other than those which relate to that use without regard
to neighborhood land use of a more intensive nature;

(3) Warwick. - The city council of the city of Warwick is authorized to provide, by
ordinance, that the owner of any dwelling of one to three (3) family units in the city of Warwick
who makes any improvements or additions on his or her principal place of residence in the
amount up to fifteen thousand dollars ($15,000), as may be determined by the tax assessor of the
city of Warwick, is exempt from reassessment of property taxes on the improvement or addition
until the next general citywide reevaluation of property values by the tax assessor. For the
purposes of this section, "residence" is defined as voting address. This exemption does not apply
to any commercial structure. The property owner shall supply all necessary plans to the building
official for the improvements or addition and shall pay all requisite building and other permitting
fees as now are required by law; and

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

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

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

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

SECTION 2. Section 44-5-13.11 of the General Laws in Chapter 44-5 entitled "Levy and
Assessment of Local Taxes’ is hereby repealed.

44-5-13.11. Qualifying low-income housing — Assessment and taxation. Any residential property that has been issued an occupancy permit on or after January 1, 1995, after substantial rehabilitation as defined by the U.S. Department of Housing and Urban Development and is encumbered by a covenant recorded in the land records in favor of a governmental unit or Rhode Island housing and mortgage finance corporation restricting either or both the rents that may be charged to tenants of the property or the incomes of the occupants of the property, is subject to a tax that equals eight percent (8%) of the property's previous years' gross scheduled rental income or a lesser percentage as determined by each municipality.

SECTION 3. This act shall take effect upon passage.
EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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This act would clarify the statutory provisions providing that newly constructed or rehabilitated property, as defined by the U.S. Department of Housing and Urban Development, and encumbered by a rent restriction covenant, be subject to an eight percent (8%) tax of the property's previous years' gross scheduled rental income or a lesser percentage determined by the municipality.

This act would take effect upon passage.

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