

2023 -- S 0708

LC001851

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senator V. Susan Sosnowski

Date Introduced: March 22, 2023

Referred To: Senate Finance

(Dept. of Environmental Management)

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, as  
5 of December 31 in the year of the last update or revaluation, or at a uniform percentage thereof, not  
6 to exceed one hundred percent (100%), to be determined by the assessors in each town or city;  
7 provided, that:

8 (1) Any residential property encumbered by a covenant recorded in the land records in  
9 favor of a governmental unit or the Rhode Island housing and mortgage finance corporation  
10 restricting either or both the rents that may be charged or the incomes of the occupants shall be  
11 assessed and taxed in accordance with § 44-5-13.11;

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

16 (3) Warwick. The city council of the city of Warwick is authorized to provide, by  
17 ordinance, that the owner of any dwelling of one to three (3) family units in the city of Warwick  
18 who makes any improvements or additions on his or her principal place of residence in the amount  
19 up to fifteen thousand dollars (\$15,000), as may be determined by the tax assessor of the city of

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

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

15 (5) Tangible property shall be assessed according to the asset classification table as defined  
16 in § 44-5-12.1. Renewable energy resources shall only be taxed as tangible property under § 44-5-  
17 3(c) and the real property on which they are located shall not be reclassified, revalued, or reassessed  
18 due to the presence of renewable energy resources, ~~excepting only reclassification of farmland as~~  
19 ~~addressed~~ Notwithstanding the foregoing, real property that is enrolled in farm, forest or open space  
20 classification addressed in chapter 27 of title 44, which is developed to include the presence of  
21 renewable energy resources on such real property shall have that acreage, which is used for  
22 renewable energy removed from enrollment in farm, forest, or open space, and revert back to its  
23 classification immediately preceding enrollment as farm, forest, or open space, subject to the partial  
24 and dual use provisions set forth in § 44-27-10.1. Subject to the aforementioned exception for  
25 ~~farmland~~ farm, forest, and open space, all assessments of real property with renewable energy  
26 resources thereon shall revert to the last assessed value immediately prior to the renewable  
27 developer’s purchasing, leasing, securing an option to purchase or lease, or otherwise acquiring  
28 any interest in the real property. However, notwithstanding the above, but without any limitation  
29 on taxpayer rights under § 44-5-26, no municipality shall be liable or otherwise responsible for any  
30 rebates, refunds, or any other reimbursements for taxes previously collected for real property with  
31 renewable energy resources thereupon.

32 (6) Provided, however, that, for taxes levied after December 31, 2015, new construction on  
33 development property is exempt from the assessment of taxes under this chapter at the full and fair  
34 cash value of the improvements, as long as:

1 (i) An owner of development property files an affidavit claiming the exemption with the  
2 local tax assessor by December 31 each year; and

3 (ii) The assessor shall then determine if the real property on which new construction is  
4 located is development property. If the real property is development property, the assessor shall  
5 exempt the new construction located on that development property from the collection of taxes on  
6 improvements, until such time as the real property no longer qualifies as development property, as  
7 defined herein.

8 For the purposes of this section, "development property" means: (A) Real property on  
9 which a single-family residential dwelling or residential condominium is situated and said single-  
10 family residential dwelling or residential condominium unit is not occupied, has never been  
11 occupied, is not under contract, and is on the market for sale; or (B) Improvements and/or  
12 rehabilitation of single-family residential dwellings or residential condominiums that the owner of  
13 such development property purchased out of a foreclosure sale, auction, or from a bank, and which  
14 property is not occupied. Such property described in subsection (a)(6)(ii) of this section shall  
15 continue to be taxed at the assessed value at the time of purchase until such time as such property  
16 is sold or occupied and no longer qualifies as development property. As to residential  
17 condominiums, this exemption shall not affect taxes on the common areas and facilities as set forth  
18 in § 34-36-27. In no circumstance shall such designation as development property extend beyond  
19 two (2) tax years and a qualification as a development property shall only apply to property that  
20 applies for, or receives, construction permits after July 1, 2015. Further, the exemptions set forth  
21 in this section shall not apply to land.

22 (b) Municipalities shall make available to every land owner whose property is taxed under  
23 the provisions of this section a document that may be signed before a notary public containing  
24 language to the effect that they are aware of the additional taxes imposed by the provisions of § 44-  
25 5-39 in the event that they use land classified as farm, forest, or open space land for another purpose.

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

32 SECTION 2. Section 44-27-10.1 of the General Laws in Chapter 44-27 entitled "Taxation  
33 of Farm, Forest, and Open Space Land" is hereby amended to read as follows:

34 **44-27-10.1. Land withdrawn from classification for commercial renewable energy**

1 **production — Effect on obligation and the land use change tax.**

2 (a) Farmlands classified in the farm, forest, or open-space program in this chapter shall not  
3 be subject to a land use change tax if the landowner converts no more than twenty percent (20%)  
4 of the total acreage of land that is actively devoted to agricultural or horticultural use to install a  
5 renewable energy system. Any acreage used for a renewable energy system that is designated for  
6 dual use under subsection (c) of this section shall not be included in the calculation of the twenty  
7 percent (20%) restriction. For purposes of this section, land that is actively devoted to agricultural  
8 or horticultural use shall be defined by rules and regulations established by the department of  
9 environmental management in consultation with the office of energy resources and shall include,  
10 at a minimum, any land that is actively devoted to agricultural or horticultural use that was  
11 previously used to install a renewable energy system. Those rules shall also define renewable  
12 energy system to include, at a minimum, any buffers, access roads, and other supporting  
13 infrastructure associated with the generation of renewable energy.

14 (b) The tax assessor shall only withdraw from farmland classification the actual acreage of  
15 the farmland used for a renewable energy system that is not concurrently used as farmland. The  
16 rest of the farmland shall remain eligible as long as it still meets the program qualification criteria.  
17 This reclassification of farmlands shall not be considered an exception to the tax treatment for  
18 renewable energy systems prescribed by § 44-5-3(c) and reclassified farmland shall only be  
19 reclassified, revalued, and taxed to the classification and tax that immediately predated the farmland  
20 classification.

21 (c) The dual purpose designation for installing a renewable energy system and utilizing the  
22 land below and surrounding the system for agriculture purposes, shall be determined pursuant to  
23 rules and regulations that will be established by the department of environmental management in  
24 consultation with the office of energy resources. The regulations shall be adopted no later than  
25 December 30, 2017.

26 SECTION 3. 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, for assessment of property tax purposes, provide that real property enrolled  
2 in farm, forest or open space, which has acreage used for renewable energy resources, have that  
3 acreage used for renewable energy removed from enrollment in farm forest or open space  
4 immediately preceding its enrollment as such.

5           This act would take effect upon passage.

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