

2024 -- H 8222

LC006022

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO TAXATION -- TAX SALES

Introduced By: Representatives Cruz, and Potter

Date Introduced: May 01, 2024

Referred To: House Municipal Government & Housing

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-9-8 and 44-9-8.3 of the General Laws in Chapter 44-9 entitled
2 "Tax Sales" are hereby amended to read as follows:

3 **44-9-8. Sale of undivided part or whole of land.**

4 (a) If the taxes are not paid, the collector shall, at the time and place appointed for the sale,
5 sell by public auction, to any eligible bidder, eligible tenant buyer or prospective owner-occupant,
6 as defined in this section, for the amount of the taxes, assessments, rates, liens, interest, and
7 necessary intervening charges, the smallest undivided part of the land which will bring the amount,
8 but not less than one percent (1%), or the whole for the amount if no person offers to take an
9 undivided part.

10 (b) For purposes of this section:

11 (1) "Eligible bidder" means any of the following:

12 (i) An eligible tenant buyer as defined in this section;

13 (ii) A prospective owner-occupant as defined in this section;

14 (iii) A nonprofit association, nonprofit corporation, or cooperative corporation in which an
15 eligible tenant buyer or a prospective owner-occupant is a voting member or director;

16 (iv) An eligible nonprofit corporation based in Rhode Island whose primary activity is the
17 development and preservation of affordable rental housing;

18 (v) A limited partnership in which the managing general partner is an eligible nonprofit
19 corporation based in Rhode Island whose primary activity is the development and preservation of

1 affordable housing;

2 (vi) A limited liability company in which the managing member is an eligible nonprofit
3 corporation based in Rhode Island whose primary activity is the development and preservation of
4 affordable rental housing;

5 (vii) A community land trust; or

6 (viii) The state, city, district, public authority, or public agency, and any other political
7 subdivision or public corporation in the state.

8 (2) “Eligible tenant buyer” means a natural person who at the time of the collector’s sale:

9 (i) Is occupying the real property as their primary residence;

10 (ii) Is occupying the real property under a rental or lease agreement entered into as the
11 result of an arm’s length transaction with the mortgagor or trustor on a date prior to the recording
12 of the notice of sale against the property; or

13 (iii) Is not the mortgagor, or the child, spouse, or parent of the mortgagor.

14 (3) “Prospective owner-occupant” means a natural person who presents to the collector an
15 affidavit that:

16 (i) They will occupy the property as their primary residence within sixty (60) days of the
17 collector’s deed being recorded;

18 (ii) They will maintain their occupancy for at least one year;

19 (iii) They are not the mortgagor, or the child, spouse, or parent of the mortgagor; and

20 (iv) They are not acting as the agent of any other person or entity in purchasing the real
21 property.

22 (c) Nothing in this section shall prevent an eligible tenant buyer who meets the conditions
23 set forth in subsection (b)(3) of this section from being deemed a prospective owner-occupant.

24 **44-9-8.3. Sale of owner-occupied residential property to housing agency.**

25 (a) Where the property subject to tax sale is owner-occupied residential and contains three
26 (3) or less units, the Rhode Island Housing and Mortgage Finance Corporation shall have a right of
27 first refusal to acquire the tax lien at tax sale, and may assist the owner to discharge the lien or take
28 title and acquire the property in its own name pursuant to regulations to be developed by the
29 corporation, consistent with its purposes. The corporation shall notify the collector of its intention
30 to exercise this right by the later of: (i) thirty (30) days from its receipt of the certified mail notice
31 set forth in § 44-9-10; or (ii) ten (10) days before the date of sale or any adjournment of the sale.
32 Failure of the corporation to notify the collector as provided herein shall extinguish the right of first
33 refusal provided in this section. The Rhode Island housing and mortgage finance corporation is
34 hereby authorized to use excess funds collected under § 34-27-3.2 to carry out the purpose of this

1 [section.](#)

2 (b) There shall be an advisory board consisting of six (6) members: one person appointed
3 by the Rhode Island League of Cities and Towns; one person appointed by the Consumer Credit
4 Counseling Services of Rhode Island; one person appointed by Rhode Island Legal Services; one
5 person appointed by the Housing Network of Rhode Island, one appointed by the Urban League of
6 Rhode Island and one appointed by the Center for Hispanic Policy and Advocacy. The advisory
7 committee shall provide advice and recommendations to the governing board of the Rhode Island
8 Housing and Mortgage Finance Corporation regarding that corporation's activities under this
9 section. The members of the advisory board shall receive no compensation for the performance of
10 their duties, but may be reimbursed for reasonable expenses incurred in carrying out their duties.

11 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 define who is eligible to bid at tax sales. This act would authorize Rhode
- 2 Island housing and mortgage finance corporation to use excess funds collected under § 34-27-3.2
- 3 to purchase tax sale owner-occupied residences.
- 4 This act would take effect upon passage.

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