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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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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:

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

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

18 (2) In assessing real estate which is classified as farm land, forest, or open space land in
19 accordance with chapter 27 of this title the assessors shall consider no factors in determining the

1 full and fair cash value of the real estate other than those which relate to that use without regard
2 to neighborhood land use of a more intensive nature;

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

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

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

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

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

34 SECTION 2. Section 44-5-13.11 of the General Laws in Chapter 44-5 entitled "Levy and

1 Assessment of Local Taxes" is hereby repealed.

2 ~~44-5-13.11. Qualifying low income housing -- Assessment and taxation. -- Any~~
3 ~~residential property that has been issued an occupancy permit on or after January 1, 1995, after~~
4 ~~substantial rehabilitation as defined by the U.S. Department of Housing and Urban Development~~
5 ~~and is encumbered by a covenant recorded in the land records in favor of a governmental unit or~~
6 ~~Rhode Island housing and mortgage finance corporation restricting either or both the rents that~~
7 ~~may be charged to tenants of the property or the incomes of the occupants of the property, is~~
8 ~~subject to a tax that equals eight percent (8%) of the property's previous years' gross scheduled~~
9 ~~rental income or a lesser percentage as determined by each municipality.~~

10 SECTION 3. 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 -- LEVY AND ASSESSMENT OF LOCAL TAXES

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

6 This act would take effect upon passage.

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