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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: Senators McCaffrey, Conley, Lombardi, Lynch, and Walaska

Date Introduced: March 03, 2015

Referred To: Senate Housing & Municipal Government

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;

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

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

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

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

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

16 (6) Provided, however, that for taxes levied after December 31, 2014, new construction  
17 on development property is exempt from the assessment of taxes under this chapter at the full and  
18 fair cash value of the improvements, as long as:

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

21 (ii) The assessor then determines that the real property on which new construction is  
22 located is development property. If the real property is development property, the assessor shall  
23 exempt the new construction located on that development property from the collection of taxes on  
24 improvements, until such time as the real property no longer qualifies as development property,  
25 as defined herein;

26 (iii) For the purposes of this section, "development property" means: (A) Real property  
27 on which a single family residential dwelling or residential condominium is situated and said  
28 single family residential dwelling or residential condominium unit is not occupied, has never been  
29 occupied, is not under contract, and is on the market for sale; or (B) Improvements and/or  
30 rehabilitation of single family residential dwellings or residential condominiums which the owner  
31 of such development property purchased out of a foreclosure sale, auction, or from a bank, and  
32 which property is not occupied. Such property described in § 44-5-12(a)(6)(ii), shall continue to  
33 be taxed at the assessed value at the time of purchase, until such time as such property is sold or  
34 occupied, and no longer qualifies as development property. As to residential condominiums, this

1 exemption shall not affect taxes on the common areas and facilities as set forth in § 34-36-27. In  
2 no circumstance shall such designation as development property extend beyond two (2) tax years,  
3 and a qualification as a development property shall only apply to property which had applied for  
4 or received construction permits after July 1, 2014; provided, that the exemptions set forth in this  
5 section shall not apply to land; and

6 (iv) The exemptions set forth in this subsection (a)(6) of this section for development  
7 property shall expire on December 31, 2021.

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

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

19 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 create an exemption from taxation, on or after December 31, 2014, for  
2 certain residential property developments which have not been completed or, if completed, have  
3 not been sold and occupied. The exemption would not affect taxes on common areas and facilities  
4 for residential condominiums. The exemption would expire on December 31, 2021.

5           This act would take effect upon passage.

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