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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 - PROPERTY SUBJECT TO TAXATION - NORTH  
SMITHFIELD

Introduced By: Senators E O'Neill, Cote, and P Fogarty

Date Introduced: May 28, 2015

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-3-16.2 of the General Laws in Chapter 44-3 entitled "Property  
2 Subject to Taxation" is hereby amended to read as follows:

3 **44-3-16.2. North Smithfield -- Tax stabilization for certain persons age sixty-five**  
4 **(65) and over.** -- (a) Definitions:

5 (1) "Qualified senior" for the purpose of this section means any person who shall satisfy  
6 the criteria in subsection (A)(i) or (ii) or (iii); and all of the criteria of subsections (B) -- (J)  
7 inclusive:

8 (A) (i) who is age sixty-five (65) or more if single or widowed;

9 (ii) who, if married, at least one taxpayer who has attained age sixty-five (65) as long as  
10 the taxpayers' spouse is at least fifty (50) years of age;

11 (iii) who, if widowed, over age fifty (50) whose spouse was at least age sixty-five (65)  
12 prior to death and either spouse was a participant under this ordinance prior to death;

13 (B) whose home is a single family home (condominium ownership not eligible);

14 (C) whose North Smithfield home is the taxpayer's ~~principle~~ principal residence and that  
15 of the spouse (if living);

16 (D) who is a resident of the State of Rhode Island for income tax purposes, as is the  
17 spouse (if living);

18 (E) who is not a registered voter of any other city, town or political subdivision of Rhode

1 Island or any other state, nor is the spouse (if living);

2 (F) who has resided in the ~~principle~~ principal residence for the past seven (7) years, as  
3 has the spouse (if living);

4 (G) whose real estate tax previously billed is not delinquent by more than four (4)  
5 quarters;

6 (H) who would otherwise qualify but has been forced to relocate residence through no  
7 fault of the taxpayer (e.g., in cases of fire, natural disaster or taking of property by eminent  
8 domain by a state or local government);

9 (I) whose real estate tax bill is more than five percent (5%) of the total income of the  
10 taxpayer, or, if living, of both spouses. "Total income" means the total of adjusted gross income  
11 per US individual income tax return, Form 1040, 1040-A (or the like) plus non-taxable income  
12 such as non-taxed social security benefits, welfare benefits, child support receipts, municipal  
13 bond interest receipts and other non-taxable items of income;

14 (J) who completes the application process and who attests that the individual meets, or, if  
15 living, both spouses meet all of the qualifications as outlined above.

16 (2) "~~Frozen~~ Deferred Yearly Tax" for the purpose of this section means the amounts  
17 otherwise due for the assessment date of the year in which the taxpayer turned age sixty-four  
18 (64), or the year of the date of first application to the program whichever is later in time, and the  
19 tax assessed the following July.

20 (3) "Deferred Amount" for the purpose of this section means as the difference between  
21 the ~~frozen~~ yearly tax and the amount of tax that would otherwise be due and payable if the  
22 applicant did not qualify under this program.

23 (4) "Disqualifying Event" for the purpose of this section means to include any and all of  
24 the following:

25 (A) Sale of the property;

26 (B) Transfer of the property to a family member without life tenancy;

27 (C) The point in time when the property ceases to be the taxpayer's principle residence;

28 (D) Written request by the applicant to be removed from the program; or

29 (E) Any property whose square footage living space is increased since application and  
30 acceptance under this ordinance.

31 (b) ~~Freeze on rate and valuation, and deferral~~ Deferral of tax:

32 (1) The town council of the town of North Smithfield may, by ordinance, establish a  
33 ~~freeze on the rate and valuation~~ deferral of taxes on the ~~principle~~ principal residence of a qualified  
34 senior located in the town of North Smithfield.

1 (2) Upon proper application, approved by the administrator or his/her designee, the  
2 assessment and tax will be ~~frozen at the frozen yearly tax~~ deferred. The deferred amount will be  
3 deferred, without the accumulation of interest, until the occurrence of a disqualifying event.

4 (3) A deferral under this ordinance shall not be disallowed if the owner applicant has  
5 only a life estate in the property or if the property is in the name of a parent or one or more  
6 children or in a trust for the benefit of the otherwise qualified resident and the owners submit an  
7 affidavit that the qualified resident is the principle owner or present beneficiary and title is held in  
8 that manner for estate planning purposes only.

9 (4) A deferral is not allowed for any improvement for outbuildings such as garages or  
10 storage sheds, attached or not, to the principle residence once application and acceptance into the  
11 tax freeze program occurs.

12 (c) Application Process:

13 (1) The taxpayer shall initially apply for eligibility in the tax stabilization program  
14 between the dates of January 1 and March 31, for taxes assessed the following July of that year.  
15 After initial approval, the taxpayer must sign each year thereafter a statement attesting to the fact  
16 that the taxpayer and the spouse continue to qualify under the ordinance provisions.

17 (2) Participation is optional at the taxpayer's option.

18 (3) Failure to file subsequent statements of eligibility; or the occurrence of a  
19 disqualifying event of a temporary nature; or the elimination of a disqualifying event that no  
20 longer applies, shall require re-entry into the program and full reapplication and recertification,  
21 and shall nullify the freeze and any deferral for the tax year in which the disqualifying event  
22 occurred, and past deferred amounts shall be due under subsection (e). In such case, the frozen  
23 yearly tax shall be calculated as of the year of re-entry into the program.

24 (d) Recording of deferral; Lien:

25 (1) All properties subject to the ~~tax freeze and~~ deferral program will have the deferral  
26 noted on the deed and the deferral will be registered and recorded with the North Smithfield town  
27 clerk. Normal recording fees will apply.

28 (2) All taxes deferred shall constitute a lien on the real estate for which the deferment  
29 was granted until paid in accordance with the provisions ordinance.

30 (e) Payment of deferral:

31 (1) All deferrals must be paid in full within six (6) months of a disqualifying event in the  
32 case of a death of the legal owner of the property, at closing and conveyance in the event of a sale  
33 and within three (3) months of any other disqualifying event.

34 (2) Failure to report the disqualifying event, and/or to pay the deferral tax when due, will

1 carry a maximum penalty of one hundred dollars (\$100) per month, or portion thereof, and  
2 applicable interest on the currently assessed tax without regard to the freeze provisions contained  
3 herein. Interest will be assessed and due in the same manner as other past due tax receivables and  
4 will apply to all amounts previously deferred as well as current amounts due.

5 (f) Appeal: - Appeals of all decisions as to the application, administration, eligibility or  
6 other matter relating to this ordinance shall be made in writing to the North Smithfield town  
7 council.

8 (g) Severability: - If any provision of this chapter or the application thereof to any person  
9 or circumstances is held invalid, such invalidity shall not affect other provisions or applications of  
10 the chapter, which can be given effect without the invalid provision or application, and to this end  
11 the provisions of this chapter are declared to be severable.

12 SECTION 2. 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 - PROPERTY SUBJECT TO TAXATION - NORTH  
SMITHFIELD

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- 1           This act would convert the North Smithfield real estate tax freeze program for the elderly
- 2 into a deferral program.
- 3           This act would take effect upon passage.

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