

2023 -- H 5759

LC001447

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO TAXATION -- TAX SALES

Introduced By: Representatives P. Morgan, Morales, Roberts, Rea, Messier, Cruz,
Handy, and Sanchez

Date Introduced: February 21, 2023

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-9-8.3, 44-9-27 and 44-9-49 of the General Laws in Chapter 44-
2 9 entitled "Tax Sales" are hereby amended to read as follows:

3 **44-9-8.3. Sale of owner-occupied residential property to housing agency.**

4 (a) Where the property subject to tax sale is owner-occupied residential and contains three
5 (3) or less units, the Rhode Island Housing and Mortgage Finance Corporation shall have a right of
6 first refusal to acquire the tax lien at tax sale, and may assist the owner to discharge the lien or take
7 title and acquire the property in its own name pursuant to regulations to be developed by the
8 corporation, consistent with its purposes. The corporation shall notify the collector of its intention
9 to exercise this right by the later of: (i) thirty (30) days from its receipt of the certified mail notice
10 set forth in § 44-9-10; or (ii) ten (10) days before the date of sale or any adjournment of the sale.
11 Failure of the corporation to notify the collector, as defined in §44-9-4, as provided herein shall
12 extinguish the right of first refusal provided in this section.

13 (1) Additionally, the corporation shall send the taxpayer two (2) separate notices, by
14 certified mail, return receipt requested, that the corporation intends to exercise its right of first
15 refusal to acquire the tax lien at tax sale. The first notice shall be sent within thirty (30) days prior
16 to the tax sale; and, the second notice shall be sent within seven (7) business days prior to the tax
17 sale.

18 (2) Actual notice – Meeting – In person or zoom. In all cases, the corporation shall not be
19 allowed to exercise its right of first refusal to acquire the tax lien at tax sale unless the corporation

1 has completed, with the taxpayer, a face to face, in-person meeting, or, if the circumstances dictate,
2 a zoom meeting, whereby the taxpayer is provided actual notice and remediation measures to help
3 settle the tax liability. A schedule for payment of the tax liability that has been negotiated and
4 agreed to by the taxpayer and taxing authority, shall prevent a tax sale from proceeding.

5 (3) The taxing authority shall demonstrate and detail, in writing, the attempts to locate and
6 meet the taxpayer before pursuing a tax sale. The attempts are not limited to mail notices and shall
7 include the assistance of any bank or mortgagee, the division of taxation, the department of revenue,
8 and any other state agency that may assist in locating the taxpayer.

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

18 **44-9-27. Examination of title — Notice to interested parties of foreclosure petition.**

19 (a) Upon the filing of a petition, the petitioner shall, at his or her own cost, select, with the
20 approval of the court, a title company or an attorney familiar with the examination of land titles.
21 This company or attorney shall make an examination of the title sufficient only to determine the
22 persons who may be interested in the title, and the petitioner shall, upon the filing of the examiner's
23 report, notify all persons appearing to be interested, whether as equity owners, mortgagees, lienors,
24 attaching creditors, or otherwise, as well as the tax collector in the municipality where the subject
25 property is located, of the pendency of the petition, the notice to be sent to each by registered or
26 certified mail and return of receipt required. In the event that any item mailed by certified mail is
27 returned unopened, the petitioner shall ~~send that notice to the addressee at the same address by first~~
28 ~~class regular mail, postage prepaid, and also, if the subject property is residential, petition the court~~
29 ~~for leave to serve the addressee by tacking said notice to the front door of the subject property~~
30 contact the department of revenue, division of taxation and any other state agency that may help in
31 locating the taxpayer. Other and further notice by publication or otherwise shall be given as the
32 court may at any time order.

33 (b) The notice, to be addressed "To all whom it may concern," shall contain the name of
34 the petitioner, the names of all known respondents, a description of the land, and a statement of the

1 nature of the petition, shall fix the time when appearance may be entered, and shall contain a
2 statement that, unless the notified party shall appear within the fixed time, a default will be
3 recorded, the petition taken as confessed, and the right of redemption forever barred (Form 6).

4 (c) Notwithstanding the provisions of subsections (a) and (b) of this section, the taxpayer
5 shall receive two (2) separate notices, by certified mail, return receipt requested, that a court date
6 has been scheduled. The first notice shall be sent within thirty (30) days prior to the court date; and,
7 the second notice shall be sent within seven (7) business days prior to the court date.

8 (d) Actual notice – Meeting – In person or zoom. In all cases, no court hearing shall be
9 allowed unless the taxing authority has completed, with the taxpayer, a face to face, in-person
10 meeting, or, if the circumstances dictate, a zoom meeting, whereby the taxpayer is provided actual
11 notice and remediation measures to help settle the tax liability. A schedule for payment of the tax
12 liability that has been negotiated and agreed to by the taxpayer and taxing authority, shall prevent
13 a tax sale from proceeding.

14 **44-9-49. Notice of lien — Taxpayer.**

15 (a) Prior to the lien being filed with the secretary of state, the taxpayer shall ~~be notified~~
16 receive two (2) separate notices, by certified mail, return receipt requested, that a lien will be filed
17 against all goods situated in the state if the outstanding tax is not paid ~~within seven (7) business~~
18 ~~days of receipt of this notice.~~ The first notice shall be sent within thirty (30) days prior to the lien
19 being filed and, the second notice shall indicate that the lien shall be filed within seven (7) business
20 days of receipt of this notice, if the outstanding tax is not paid.

21 (b) Actual notice – Meeting – In person or zoom. Notwithstanding the provisions of
22 subsections (a) and (b) of this section, in all cases, no lien shall be filed until the taxing authority
23 has completed, with the taxpayer, a face to face, in-person meeting, or, if the circumstances dictate,
24 a zoom meeting, whereby the taxpayer is provided actual notice and remediation measures to help
25 settle the tax liability. A schedule for payment of the tax liability that has been negotiated and
26 agreed to by the taxpayer and taxing authority shall prevent a tax sale from proceeding.

27 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION -- TAX SALES

1 This act would require two (2) notices to be sent to the taxpayer before a tax lien can be
2 filed, a court date scheduled, or the exercise of the right of first refusal by the Rhode Island housing
3 and mortgage corporation. This act would also require actual notice by in-person meeting or zoom.
4 This act would further require notification to and attempts by the department of revenue, division
5 of taxation and any other state agency to assist in locating the taxpayer. Finally, this act would
6 prevent a tax sale from occurring if there is a negotiated payment schedule between the taxpayer
7 and the taxing authority.

8 This act would take effect upon passage.

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