

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO TAXATION -- NON-OWNER OCCUPIED PROPERTY TAX ACT

Introduced By: Senators Kallman, DiMario, Lauria, Mack, Valverde, Pearson, Gallo, and Acosta

Date Introduced: February 26, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 72

4 NON-OWNER OCCUPIED PROPERTY TAX ACT

5 44-72-1. Short title.

6 This chapter shall be known and may be cited as the "Non-Owner Occupied Property Tax
7 Act".

8 44-72-2. Purpose.

9 (a) The state funds cities and towns pursuant to chapter 13 of title 45.

10 (b) There is a compelling state interest in protecting the tax base of its cities and towns.

11 (c) There are numerous non-owner occupied residential properties throughout the cities
12 and towns of Rhode Island assessed at values over one million dollars (\$1,000,000).

13 (d) The existence of such properties within a city or town has an impact on the value of
14 real property within the cities and towns and the tax base within these cities and towns.

15 (e) Non-owner occupied properties sometimes place a greater demand on essential state,
16 city or town services such as police and fire protection than do occupied properties comparably
17 assessed for real estate tax purposes.

18 (f) The residents of non-owner occupied properties are not vested with a motive to maintain
19 such properties.

1 (g) The owners of non-owner occupied properties do not always contribute a fair share of
2 the costs of providing the foregoing essential state, city or town services financed in part by real
3 estate tax revenues, which revenues are solely based on the assessed value of properties.

4 (h) Some properties are deliberately left vacant by their owners in the hope that real estate
5 values will increase, thereby enabling the owners to sell these properties at a substantial profit
6 without making any of the necessary repairs or improvements to the property.

7 (i) The non-owner occupation of such property whether for profit speculation, tax benefit,
8 or any other purposes is the making use of that property and as such, is a privilege incident to the
9 ownership of the property.

10 (j) Owners of non-owner occupied properties must be encouraged to use the properties in
11 a positive manner to stop the spread of deterioration, to increase the stock of viable real estate
12 within a city or town, and to maintain real estate values within communities.

13 (k) Owners of non-owner occupied properties must be required, through a state's power to
14 tax, to pay a fair share of the cost of providing certain essential state services to protect the public
15 health, safety, and welfare.

16 (l) For all of the reasons stated within this section, the purpose of this chapter is to impose
17 a statewide tax upon non-owner occupied residential property assessed at a value of eight hundred
18 thousand dollars (\$800,000) or more.

19 **44-72-3. Definitions.**

20 The following words and phrases as used in this chapter have the following meanings:

21 (1) "Administrator" means the tax administrator within the department of revenue.

22 (2) "Assessed value" means the assessed value of the real estate as returned by the tax
23 assessor of the city or town where the property is located.

24 (3) "Non-owner occupied" means that the residential property is not occupied by the owner
25 of the property for a majority of the privilege year. A seasonal or vacation occupancy is deemed
26 non-owner occupied residency for the purposes of this chapter.

27 (4) "Non-owner occupied tax" means the assessment imposed upon the non-owner
28 occupied residential property assessed at eight hundred thousand dollars (\$800,000) or more
29 pursuant to this chapter.

30 (5) "Person" means any individual, corporation, company, association, partnership, joint
31 stock association, and the legal successor thereof or any other entity or group organization against
32 which a tax may be assessed.

33 (6) "Taxable year" means July 1 through June 30.

34 **44-72-4. Imposition of tax.**

1 The tax administrator is empowered to impose a tax upon the privilege of utilizing property
2 as non-owner occupied residential property within the state during any privilege year commencing
3 with the privilege year beginning July 1, 2025 and every tax year thereafter. The non-owner
4 occupied tax shall be in addition to any other taxes authorized by the general or public laws.

5 **44-72-5. Exemptions.**

6 This chapter does not supersede any applicable exemption in the general or public laws;
7 provided; however that, the tax administrator shall be provided with the alleged basis for that
8 exemption in writing and may reject said alleged exemption if the administrator deems said
9 exemption is not applicable.

10 **44-72-6. Rate of tax.**

11 The tax authorized by this chapter shall be measured by the assessed value of the real estate:

12 (1) At the rate of four-tenths of one percent (0.4%) of the assessed value on properties
13 worth at least eight hundred thousand dollars (\$800,000) but less than one million dollars
14 (\$1,000,000);

15 (2) At the rate of one-half of one percent (0.5%) of the assessed value on properties worth
16 at least one million dollars (\$1,000,000) but less than two million dollars (\$2,000,000); and

17 (3) At the rate of six-tenths of one percent (0.6%) of the assessed value on properties worth
18 in excess of two million dollars (\$2,000,000).

19 **44-72-7. Returns.**

20 (a) The tax imposed by this chapter shall be due and payable in four (4) equal installments.
21 The first installment shall be paid on or before September 15 of the taxable year, the second
22 installment shall be paid on or before December 15 of the taxable year, the third installment shall
23 be paid on or before March 15 of the taxable year, and fourth installment shall be paid on or before
24 June 15 of the taxable year.

25 (b) The tax administrator is authorized to adopt rules, pursuant to this chapter, relative to
26 the form of the return and the data that it shall contain for the correct computation of the imposed
27 tax. All returns shall be signed by the taxpayer or by its authorized representative, subject to the
28 pains and penalties of perjury. If a return shows an overpayment of the tax due, the tax administrator
29 shall refund or credit the overpayment to the taxpayer.

30 (c) The tax administrator, for good cause shown, may extend the time within which a
31 taxpayer is required to file a return. If the return is filed during the period of extension, no penalty
32 or late filing charge shall be imposed for failure to file the return at the time required by this chapter;
33 however, the taxpayer shall be liable for interest as prescribed in this chapter. Failure to file the
34 return during the period for the extension shall void the extension.

1 **44-72-8. Set-off for delinquent payment of tax.**

2 If a taxpayer shall fail to pay a tax within thirty (30) days of its due date, the tax
3 administrator may request any agency of state government making payments to the taxpayer to set-
4 off the amount of the delinquency against any payment due the taxpayer from the agency of state
5 government and remit the sum to the tax administrator. Upon receipt of the set-off request from the
6 tax administrator, any agency of state government is authorized and empowered to set-off the
7 amount of the delinquency against any payment or amounts due the taxpayer. The amount of set-
8 off shall be credited against the tax due from the taxpayer.

9 **44-72-9. Tax on available information – Interest on delinquencies – Penalties –**
10 **Collection powers.**

11 If any taxpayer shall fail to file a return within the time required by this chapter, or shall
12 file an insufficient or incorrect return, or shall not pay the tax imposed by this chapter when it is
13 due, the tax administrator shall assess the tax upon the information as may be available, which shall
14 be payable upon demand and shall bear interest at the annual rate provided by § 44-1-7, from the
15 date when the tax should have been paid. If any part of the tax not paid is due to negligence or
16 intentional disregard of the provisions of this chapter, a penalty of ten percent (10%) of the amount
17 of the determination shall be added to the tax. The tax administrator shall collect the tax with
18 interest in the same manner and with the same powers as are prescribed for collection of taxes in
19 this title.

20 **44-72-10. Claims for refund - Hearing upon denial.**

21 (a) Any taxpayer subject to the provisions of this chapter, may file a claim for refund with
22 the tax administrator at any time within two (2) years after the tax has been paid. If the tax
23 administrator determines that the tax has been overpaid, the administrator shall make a refund with
24 interest from the date of overpayment.

25 (b) Any taxpayer whose claim for refund has been denied may, within thirty (30) days from
26 the date of the mailing by the administrator of the notice of the decision, request a hearing and the
27 administrator shall, as soon as practicable, set a time and place for the hearing and shall notify the
28 taxpayer.

29 **44-72-11. Hearing by tax administrator on application.**

30 Any taxpayer aggrieved by the action of the tax administrator in determining the amount
31 of any tax or penalty imposed under the provisions of this chapter may apply to the tax
32 administrator, within thirty (30) days after the notice of the action is mailed to the taxpayer, for a
33 hearing relative to the tax or penalty. The tax administrator shall fix a time and place for the hearing
34 and shall so notify the taxpayer. Upon the hearing, the tax administrator shall correct manifest

1 errors, if any, disclosed at the hearing and thereupon assess and collect the amount lawfully due
2 together with any penalty or interest thereon.

3 **44-72-12. Appeals.**

4 (a) In any appeal from the imposition of the tax set forth in this chapter, the tax
5 administrator shall find in favor of an appellant who shows that the property assessed:

6 (1) Was actively occupied by the owner during the privilege year for more than six (6)
7 months; or

8 (2) Was exempt pursuant to the general laws or public laws from the imposition of the tax
9 set forth in this chapter.

10 (b) Appeals from administrative orders or decisions made pursuant to any provisions of
11 this chapter shall be to the sixth division district court pursuant to chapter 8 of title 8. The taxpayer's
12 right to appeal under this section shall be expressly made conditional upon prepayment of all
13 surcharges, interest, and penalties unless the taxpayer moves for and is granted an exemption from
14 the prepayment requirement pursuant to § 8-8-26. If the court, after appeal, holds that the taxpayer
15 is entitled to a refund, the taxpayer shall also be paid interest on the amount at the rate provided in
16 § 44-1-7.1.

17 **44-72-13. Taxpayer records.**

18 Every taxpayer shall:

19 (1) Keep records as may be necessary to determine the amount of its liability under this
20 chapter, including, but not limited to: rental agreements, payments for rent, bank statements for
21 payment of residential expenses, utility bills, and any other records establishing residency or non-
22 residency.

23 (2) Preserve those records for the period of three (3) years following the date of filing of
24 any return required by this chapter, or until any litigation or prosecution under this chapter is finally
25 determined.

26 (3) Make those records available for inspection by the administrator or authorized agents,
27 upon demand, at reasonable times during regular business hours.

28 **44-72-14. Rules and regulations.**

29 The tax administrator is authorized to make and promulgate rules, regulations, and
30 procedures not inconsistent with state law and fiscal procedures as the administrator deems
31 necessary for the proper administration of this chapter and to carry out the provisions, policies, and
32 purposes of this chapter.

33 **44-72-15. Severability.**

34 If any provision of this chapter or the application of this chapter to any person or

1 circumstances is held invalid, that invalidity shall not affect other provisions or applications of the
2 chapter that can be given effect without the invalid provision or application, and to this end the
3 provisions of this chapter are declared to be severable. It is declared to be the legislative intent that
4 this chapter would have been adopted had those provisions not been included or that person,
5 circumstance, or time period been expressly excluded from its coverage.

6 SECTION 2. This act shall take effect on January 1, 2026.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- NON-OWNER OCCUPIED PROPERTY TAX ACT

1 This act would impose a non-owner occupied property tax on residential properties
2 assessed in excess of eight hundred thousand dollars (\$800,000) at variable rates dependent on
3 values assessed by local tax assessors.

4 This act would take effect on January 1 2026.

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