

2025 -- S 0963

LC001613

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators Mack, Bissailon, Zurier, Quezada, and DiMario

Date Introduced: April 10, 2025

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-5-13.11 of the General Laws in Chapter 44-5 entitled "Levy and
2 Assessment of Local Taxes" is hereby amended to read as follows:

3 **44-5-13.11. Qualifying low-income housing — Assessment and taxation.**

4 (a) Any residential property that has been issued an occupancy permit on or after January
5 1, 1995, ~~after substantial rehabilitation as defined by the U.S. Department of Housing and Urban~~
6 ~~Development~~ and is encumbered by a covenant recorded in the land records in favor of a
7 governmental unit or Rhode Island housing and mortgage finance corporation restricting ~~either or~~
8 ~~both the rents that may be charged to tenants of the property or~~ the incomes of the occupants of ~~the~~
9 ~~property is:~~

10 (1) At least forty percent (40%) of the rental dwelling units in the property to levels
11 affordable to households at or below eighty percent (80%) statewide area median income, adjusted
12 for family size; or

13 (2) At least thirty percent (30%) of the rental dwelling units in the property to levels
14 affordable to households at or below sixty percent (60%) statewide area median income, adjusted
15 for family size, as established by § 45-53-3 are subject to a tax that equals eight percent (8%) of
16 the property's previous years' gross scheduled rental income or a lesser percentage as determined
17 by each municipality.

18 (b) Any residential rental housing that is created by converting an existing building, from
19 non-residential use, and is issued an occupancy permit, shall be subject to a fixed percentage of the

1 prior year's gross scheduled rental income for the following thirty (30) years as outlined below:

2	<u>Year</u>	<u>Schedule</u>
3	<u>1</u>	<u>8%</u>
4	<u>2</u>	<u>8%</u>
5	<u>3</u>	<u>8%</u>
6	<u>4</u>	<u>8%</u>
7	<u>5</u>	<u>8%</u>
8	<u>6</u>	<u>8%</u>
9	<u>7</u>	<u>8%</u>
10	<u>8</u>	<u>8%</u>
11	<u>9</u>	<u>8%</u>
12	<u>10</u>	<u>8%</u>
13	<u>11</u>	<u>8%</u>
14	<u>12</u>	<u>8%</u>
15	<u>13</u>	<u>8%</u>
16	<u>14</u>	<u>8%</u>
17	<u>15</u>	<u>8%</u>
18	<u>16</u>	<u>10%</u>
19	<u>17</u>	<u>10%</u>
20	<u>18</u>	<u>10%</u>
21	<u>19</u>	<u>10%</u>
22	<u>20</u>	<u>10%</u>
23	<u>21</u>	<u>12%</u>
24	<u>22</u>	<u>12%</u>
25	<u>23</u>	<u>12%</u>
26	<u>24</u>	<u>12%</u>
27	<u>25</u>	<u>12%</u>
28	<u>26</u>	<u>12%</u>
29	<u>27</u>	<u>12%</u>
30	<u>28</u>	<u>12%</u>
31	<u>29</u>	<u>12%</u>
32	<u>30</u>	<u>12%</u>

33 (c) The term "residential property" as used in this section shall not include any portion of
34 a mixed-use building that is not used as a residence or in service of a residence. In those instances,

1 property owners shall provide evidence deemed necessary by the local assessor to demonstrate the
2 fractional portion of each property that should be taxed at the appropriate non-residential rate. The
3 assessor shall then tax the residential portion at the appropriate rate set in subsections (a) or (b) of
4 this section, and the remainder at the appropriate non-residential rate.

5 (d) For those properties that have been approved for tax treatment under this section by an
6 assessor as of December 31, 2024, the manner in which the assessor has applied this statute in the
7 past may continue receiving any previously established tax rate agreed to by the municipality and
8 the property owner unless the property owner affirmatively rejects the same. Said prior tax
9 treatment is transferrable to any subsequent property owner if the conditions of the tax treatment
10 are met by the new owner to the satisfaction of the assessor.

11 (e) Creating low-income housing and creating new housing through adaptive reuse are
12 matters of state-wide concern. For that reason, no city or town shall have the authority to tax
13 properties qualifying for and utilizing this section at any rate higher than otherwise provided for in
14 this section.

15 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 provide an 8% tax rate for those properties that are encumbered by a deed
2 restriction for low-income housing set at 80% or 60% of adjusted median income established by
3 HUD, and would provide a tax stabilization schedule for those buildings which are converted to
4 residential properties starting at 8% of rent rolls and gradually increasing over thirty (30) years.

5 This act would take effect upon passage.

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