

2024 -- S 2571

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO TAXATION -- LEVY AND ASSESSMENT OF LOCAL TAXES

Introduced By: Senators McKenney, Valverde, Gu, Lauria, and Burke

Date Introduced: March 01, 2024

Referred To: Senate Finance

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.**

4 (a) All real property subject to taxation shall be assessed at its full and fair cash value, as
5 of December 31 in the year of the last update or revaluation, or at a uniform percentage thereof, not
6 to exceed one hundred percent (100%), to be determined by the assessors in each town or city;
7 provided, that:

8 (1) Any residential property encumbered by a covenant recorded in the land records in
9 favor of a governmental unit or the Rhode Island housing and mortgage finance corporation
10 restricting either or both the rents that may be charged or the incomes of the occupants shall be
11 assessed and taxed in accordance with § 44-5-13.11;

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

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

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

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

15 (5) Tangible property shall be assessed according to the asset classification table as defined
16 in § 44-5-12.1. Renewable energy resources shall only be taxed as tangible property under § 44-5-
17 3(c) and the real property on which they are located shall not be reclassified, revalued, or reassessed
18 due to the presence of renewable energy resources, excepting only reclassification of farmland as
19 addressed in § 44-27-10.1. Subject to the aforementioned exception for farmland, all assessments
20 of real property with renewable energy resources thereon shall revert to the last assessed value
21 immediately prior to the renewable developer’s purchasing, leasing, securing an option to purchase
22 or lease, or otherwise acquiring any interest in the real property. However, notwithstanding the
23 above, but without any limitation on taxpayer rights under § 44-5-26, no municipality shall be liable
24 or otherwise responsible for any rebates, refunds, or any other reimbursements for taxes previously
25 collected for real property with renewable energy resources thereupon.

26 (6) Provided, however, that, for taxes levied after December 31, 2015, new construction on
27 development property is exempt from the assessment of taxes under this chapter at the full and fair
28 cash value of the improvements, as long as:

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

31 (ii) The assessor shall then determine if the real property on which new construction is
32 located is development property. If the real property is development property, the assessor shall
33 exempt the new construction located on that development property from the collection of taxes on
34 improvements, until such time as the real property no longer qualifies as development property, as

1 defined herein.

2 For the purposes of this section, “development property” means: (A) Real property on
3 which a single-family residential dwelling or residential condominium is situated and said single-
4 family residential dwelling or residential condominium unit is not occupied, has never been
5 occupied, is not under contract, and is on the market for sale; or (B) Improvements and/or
6 rehabilitation of single-family residential dwellings or residential condominiums that the owner of
7 such development property purchased out of a foreclosure sale, auction, or from a bank, and which
8 property is not occupied. Such property described in subsection (a)(6)(ii) of this section shall
9 continue to be taxed at the assessed value at the time of purchase until such time as such property
10 is sold or occupied and no longer qualifies as development property. As to residential
11 condominiums, this exemption shall not affect taxes on the common areas and facilities as set forth
12 in § 34-36-27. In no circumstance shall such designation as development property extend beyond
13 two (2) tax years and a qualification as a development property shall only apply to property that
14 applies for, or receives, construction permits after July 1, 2015. Further, the exemptions set forth
15 in this section shall not apply to land.

16 (7) In assessing real estate that is classified as a low- and moderate-income housing under
17 § 45-53-3, the assessors shall use the last current sales price of the property, within the last five (5)
18 years, as the assessed value. Any property that has not been sold within the last five (5) years may
19 be assessed based upon the newly calculated maximum sales price, as determined by the property's
20 monitoring agent, which shall constitute the new assessed value for the next five (5) years, or until
21 the next resale, whichever occurs first.

22 (b) Municipalities shall make available to every land owner whose property is taxed under
23 the provisions of this section a document that may be signed before a notary public containing
24 language to the effect that they are aware of the additional taxes imposed by the provisions of § 44-
25 5-39 in the event that they use land classified as farm, forest, or open space land for another purpose.

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

32 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 limit real estate tax assessments for low- and moderate-income housing
2 units to the last current sales price within a five (5) year period. This act would also allow real
3 estate tax assessments for those properties with a last current sales price greater than five (5) years
4 to be calculated under an alternative assessment procedure.

5 This act would take effect upon passage.

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