

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER

No. **AN ORDINANCE IN AMENDMENT OF ARTICLE X, SECTION 21-182 OF THE CODE OF ORDINANCES, ENTITLED “PROPERTY TAX CLASSIFICATION”**

Approved

Be it ordained by the City of Providence:

SECTION 1. Section 21-182 of the Code of Ordinance of the City of Providence is hereby amended as follows:

Sec. 21-182. – Apportionment of taxes.

a) *Limited adoption.* The tax classification plan is hereby adopted with the following limitations:

- (1) The designated classes of property shall be limited to the four (4) classes as defined in subsection (b) hereof.
- (2) The tax rate for Class 2 shall not exceed the tax rate of Class 1 by more than two hundred percent (200%), without regard to the owner-occupied status; the tax rate applicable to Class 3 shall not exceed the non-owner occupied tax rate of Class 1 by more than two hundred (200%) percent.
- (3) Notwithstanding subsection (a)(2) hereof, the tax rate applicable to wholesale and retail inventory within Class 3 as defined in subsection (b) hereof, are governed by R.I.G.L. § 44-3-19.1.
- (4) Notwithstanding subsection (a)(2) hereof, tax rates applicable to motor vehicles within Class 4 as defined in subsection (b) hereof, are governed by R.I.G.L. § 44-34.1-1.
- (5) The provisions of Rhode Island General Laws, chapter 35 of title 44 relating to property tax and fiscal disclosure applies to the reporting of and compliance with these classifications.

(b) *Classes of property.*

(1) *Class 1.* Residential real estate consisting of no more than five (5) dwelling units, land classified as open space, and dwellings on leased land including mobile homes. This class may also include residential properties containing partial commercial or business uses with no more than five (5) dwelling units. For the properties with both residential and commercial or business uses, the residential tax rate will be applied to the residential portion and the commercial tax rate will be applied to the commercial portion. This class shall be further subdivided into (a) owner-occupied and (b) non-owner occupied properties.

The granting of an application for an owner-occupied or non-owner-occupied rate as referenced above as type (a) or (b) is subject to the following limitations:

- a. To be eligible for a type (a) or (b) rate, effective as to the assessment date of December 31 at midnight, an applicant must file with the city assessor no later than March 15 a homestead application, together with a declaration, and present evidence, under oath, as to the owner-occupied or non-owner-occupied status together with any other proof of residency or ownership and the ownership of all motor vehicles registered either with the State of Rhode Island or with any foreign state, and to provide that information in any manner which may be required by the city assessor; except, that in the case of new construction of, or renovation of no less than thirty (30) percent of the prior year's assessment of improvements, as certified by the Providence building official, of foreclosed upon existing structures for affordable owner-occupied residential property, eligibility for the owner-occupied rate shall be determined upon application on or after the date of the execution of a purchase and sales agreement for a specific property, but no later than sixty (60) days of its sale, applied on a pro rata basis for the remainder of the current tax year as if the owner-occupied rate had been granted as of the prior December 31st assessment date. "Affordable residential property" shall mean property

determined to be affordable under the rules and regulations of the department of planning and development. For good cause, the city assessor may, with advice of the Board of Tax Assessment Review, accept applications for ~~homestead declarations~~ owner-occupied status after the filing deadline for the current or previous year's taxes only.

- b. Only natural person(s) are qualified to receive a type (a) owner-occupied residential real estate rate. Real property which is partially or wholly owned by a business, an institution, a non-profit organization, a financial institution that has foreclosed on real estate, including, without limitation, HUD and Rhode Island Housing and Mortgage Finance Corporation, or any other such public or private entity, do not qualify for a type (a) owner-occupied real estate rate; provided, however, that with respect to the application of the owner-occupied real estate rate to taxes assessed as of December 31, 2012, the city assessor may, with the advice of the Board of Tax Assessment Review, accept an application and grant a type (a) owner-occupied real estate rate to an entity and its shareholder(s)/member(s)/owner(s), as the case may be, upon receiving a sworn declaration from said person(s) that he/she/they primarily resided in the subject real estate as of December 31, 2012, and that the ownership of the subject property is in said entity's name solely for estate purposes.
- c. Applicants may qualify only for one (1) type (a) owner-occupied real estate rate in the city at any one (1) point in time. In addition, an owner of real estate in the City of Providence must meet all of the following requirements in order to qualify for a type (a) owner-occupied rate:
 - (1) Neither the owner-occupied rate applicant nor the applicant's spouse is receiving an owner-occupied rate for another piece of real property, located elsewhere in the State of Rhode Island, or in any other State of the United States, for the same period of time the owner is seeking the owner-occupied rate for property owned in Providence,

unless during that time the owner is either legally separated or divorced from the spouse during some or all of the period in which they are claiming more than one owner-occupied rate;

(2) The owner-occupied rate applicant, and the owner-occupied rate applicant's spouse, is paying the Providence excise tax due on each and every motor vehicle owned by either one when that vehicle is garaged more than 30 days in the State of Rhode Island, unless (a) the vehicle is registered in the name of the applicant's spouse, and (b) the owner-occupied-rate_applicant and the spouse are either legally separated or divorced;

(3) The owner-occupied rate applicant has filed with the Providence Tax Assessor a current listing of all motor vehicles with foreign registrations that the applicant owns as required by R.I.G.L. §31-7-1.

If a homeowner currently receiving the owner-occupied rate has at least one motor vehicle registered to the same address as the property receiving the rate, then the tax collector shall presume that these requirements have been complied with; however, the tax collector shall have the authority to investigate whether other circumstances (such as the ownership of additional motor vehicles registered elsewhere) indicate noncompliance that overcomes this presumption.

If a homeowner currently receiving the owner-occupied rate does not have any motor vehicles registered to the same address, the tax collector may take appropriate action to ascertain compliance with these requirements and to revoke the owner-occupied rate, both prospectively and retroactively as necessary to the enactment of this ordinance.

d. The rate, either type (a) or (b), attaches to the owner(s) of the real property not to the real property itself.

e. The City Assessor shall deny an application for the owner-occupied rate if the City Assessor determines that an execution of record based upon a judgment of the housing court for a real estate code violation(s)

against the applicant remains unsatisfied.

f. Upon purchase of a residence, a homeowner may apply for a type (a) owner occupied real estate tax rate effective as of the date of purchase for the current tax year, notwithstanding the fact that applicant did not own the property as of December 31 of the prior year. The exemption will be granted pro rata for the number of days the applicant owns the property during the fiscal year in which the home is purchased. In the event the property granted an owner-occupied rate is sold or transferred during the year for which the owner-occupied rate is claimed, the applicable rate is void for that portion of the year following the sale or transfer should the new buyer not qualify for the owner-occupied rate. The buyer or transferee shall be liable to the City for any tax benefit received after the date of sale or transfer.

g. If the taxpayer knowingly gives misinformation as to ownership and/or occupancy of the real estate and/or ownership of motor vehicles on his/her application for an owner-occupied rate, the City Assessor may, in such event, remove the owner-occupied rate and apply the non-owner occupied rate and recalculate the tax for the period in question and in addition charge the taxpayer the maximum interest permitted by law. If the taxpayer provides incorrect information, knowingly or not, the City Assessor may remove the owner-occupied rate and apply the non-owner occupied rate and may impose back taxes up to the full amount owed for the period in question.

h. The City Assessor is empowered to promulgate any further rules and regulations which he/she deems necessary to carry out the intent and purpose of this ordinance as it relates to the owner-occupied and non-owner occupied rates.

(2) *Class 2.* Commercial and industrial real estate, residential properties containing partial commercial or business uses and residential real estate of more than five (5) dwelling units. Properties containing partial commercial or business uses and residential real estate of more than five (5) dwelling units shall be included in Class

2.

(3) *Class 3.* All ratable tangible personal property.

(4) *Class 4.* Motor vehicles and trailers subject to the excise tax created by General Laws, chapter 34 of title 44. For FY2013, the motor vehicle tax exemption shall be one thousand dollars (\$1,000.00). The rate of taxation shall be \$60.00 per thousand of assessed value less any applicable reductions.

(c) The City, pursuant to Rhode Island General Laws 44-5-11.8(c), as amended, adopts a tax rate for Class 2 which shall exceed the tax rate of Class 1; the tax rate applicable to Class 3 shall not exceed the non-owner occupied tax rate of Class 1 by more than two hundred percent (200%).

SECTION 2. This legislation shall take effect on July 1, 2014.