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States' Differential Tax Assessment of Agricultural Land Statutes

Rhode Island



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[R.I. Gen. Laws § 44-5-12](#)

[R.I. Gen. Laws § 44-5-39](#)

The statutes and Constitution are current through Ch. 353 of the January 2018 session.

§ 44-5-12. Assessment at full and fair cash value

(a) All real property subject to taxation shall be assessed at its full and fair cash value, or at a uniform percentage of its value, not to exceed one hundred percent (100%), to be determined by the assessors in each town or city; provided, that:

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

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

(3) Warwick. The city council of the city of Warwick is authorized to provide, by ordinance, that the owner of any dwelling of one to three (3) family units in the city of Warwick who makes any improvements or additions on his or her principal place of residence in the amount up to fifteen thousand dollars (\$15,000), as may be determined by the tax assessor of the city of Warwick, is exempt from reassessment of property taxes on the improvement or addition until the next general citywide reevaluation of property values by the tax assessor. For the purposes of this section, "residence" is defined as voting address. This exemption does not apply to any commercial structure. The property owner shall supply all necessary plans to the building official for the improvements or addition and shall pay all requisite building and other permitting fees as now are required by law; and

(4) Central Falls. The city council of the city of Central Falls is authorized to provide, by ordinance, that the owner of any dwelling of one to eight (8) units who makes any improvements or additions to his or her residential or rental property in an amount not to exceed twenty-five thousand dollars (\$25,000), as determined by the tax assessor of the city of Central Falls, is exempt from reassessment of property taxes on the improvement or addition until the next general citywide



reevaluation of property values by the tax assessor. The property owner shall supply all necessary plans to the building official for the improvements or additions and shall pay all requisite building and other permitting fees as are now required by law.

(5) Tangible property shall be assessed according to the asset classification table as defined in § 44-5-12.1.

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

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

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

For the purposes of this section, “development property” means: (A) Real property on which a single-family residential dwelling or residential condominium is situated and said single-family residential dwelling or residential condominium unit is not occupied, has never been occupied, is not under contract, and is on the market for sale; or (B) Improvements and/or rehabilitation of single-family residential dwellings or residential condominiums that the owner of such development property purchased out of a foreclosure sale, auction, or from a bank, and which property is not occupied. Such property described in § 44-5-12(a)(6)(ii) shall continue to be taxed at the assessed value at the time of purchase until such time as such property is sold or occupied and no longer qualifies as development property. As to residential condominiums, this exemption shall not affect taxes on the common areas and facilities as set forth in § 34-36-27. In no circumstance shall such designation as development property extend beyond two (2) tax years and a qualification as a development property shall only apply to property that applies for, or receives, construction permits after July 1, 2015. Further, the exemptions set forth in this section shall not apply to land.

The exemptions set forth in this subsection (a)(6) for development property shall expire as of December 31, 2021.

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

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



§ 44-5-39. Land use change tax

(a) After May 15, 1980, when land classified as farm, forest, or open space land and assessed and taxed under the provisions of § 44-5-12 is applied to a use other than as farm, forest, or open space, or when the landowner voluntarily withdraws that classification, it shall be subject to additional taxes, subsequently referred to as a land use change tax. The tax is at the following rate:

- (1) Ten percent (10%) of the then fair market value of the land if the use is changed or classification is withdrawn during the first six (6) years of classification.
- (2) Nine percent (9%) of the then fair market value of the land if the use is changed or classification is withdrawn during the seventh (7th) year of classification.
- (3) Eight percent (8%) of the then fair market value of the land if the use is changed or classification is withdrawn during the eighth (8th) year of classification.
- (4) Seven percent (7%) of the then fair market value of the land if the use is changed or classification is withdrawn during the ninth (9th) year of classification.
- (5) Six percent (6%) of the then fair market value of the land if the use is changed or classification is withdrawn during the tenth (10th) year of classification.
- (6) Five percent (5%) of the then fair market value of the land if the use is changed or classification is withdrawn during the eleventh (11th) year of classification.
- (7) Four percent (4%) of the then fair market value of the land if the use is changed or classification is withdrawn during the twelfth (12th) year of classification.
- (8) Three percent (3%) of the then fair market value of the land if the use is changed or classification is withdrawn during the thirteenth (13th) year of classification.
- (9) Two percent (2%) of the then fair market value of the land if the use is changed or classification is withdrawn during the fourteenth (14th) year of classification.
- (10) One percent (1%) of the then fair market value of the land if the use is changed or classification is withdrawn during the fifteenth (15th) year of classification. No tax shall be imposed by the provisions of this section following the end of the fifteenth (15th) year of classification.

(b) Owners of land classified as farmland who have held title to the land, and where the land has been farmed for five (5) years previous to classification, are liable for a land use change tax of:

- (1) Ten percent (10%) of the then fair market value of the land if the use is changed or classification is withdrawn during the first (1st) year of classification.



- (2) Nine percent (9%) of the then fair market value of the land if the use is changed or classification is withdrawn during the second (2nd) year of classification.
- (3) Eight percent (8%) of the then fair market value of the land if the use is changed or classification is withdrawn during the third (3rd) year of classification.
- (4) Seven percent (7%) of the then fair market value of the land if the use is changed or classification is withdrawn during the fourth (4th) year of classification.
- (5) Six percent (6%) of the then fair market value of the land if the use is changed or classification is withdrawn during the fifth (5th) year of classification.
- (6) Five percent (5%) of the then fair market value of the land if the use is changed or classification is withdrawn during the sixth (6th) year of classification.
- (7) Four percent (4%) of the then fair market value of the land if the use is changed or classification is withdrawn during the seventh (7th) year of classification.
- (8) Three percent (3%) of the then fair market value of the land if the use is changed or classification is withdrawn during the eighth (8th) year of classification.
- (9) Two percent (2%) of the then fair market value of the land if the use is changed or classification is withdrawn during the ninth (9th) year of classification.
- (10) One percent (1%) of the then fair market value of the land if the use is changed or classification is withdrawn during the tenth (10th) year of classification.
No tax shall be imposed by the provisions of this section following the end of the tenth year of classification.

