



December 10th, 2018

TO: Members of the Central Falls Redevelopment Agency

FROM: Thomas E Deller, AICP, Director

Re: Property Tax Obligations

RIGL 45-32-40 requires that the Redevelopment Agency pay property tax on all property that it owns; however, we have not been paying the taxes due as we would be paying the taxes from city dollars which results in no true gain for the city. Over the past few years, we have pulled Agency owned property from the tax sale list which is generated from all properties that are tax delinquent. The tax collector is seeking clarity as to how to handle Agency property.

In discussions with the mayor, it has been determined that a clear and logical approach would consist of the following three steps:

- Request the city council to pass a resolution that says that the Agency need not pay property taxes until a property is sold; that delinquent fees, late charges or interest will not be charged or accumulate on Agency property; and, Agency property will automatically be removed from any tax sale list.
- Request the city council to amend city ordinance to institutionalize these provisions in the city's code of ordinances.
- Request that the city seek an amendment of state law to exempt the Agency from property tax liabilities.

To this end, the attached draft resolution, ordinance and state law have been prepared. The resolution would give immediate direction to the tax collector. The adoption of the ordinance would insure that there is a clear and legal process moving forward. And, if we can have state law amended, the Agency will be able to hold on to all dollars raised through the sale of property and be able to use these funds for future projects.



DRAFT – City Council Resolution

Whereas, the Central Falls Redevelopment Agency, herein after called “Agency” is obligated by RIGL 45-32-40 to pay property tax on all property that it owns; and,

Whereas, the Agency pays the property tax owed out of the proceeds from the sale of a parcel; and,

Whereas, the Agency may hold a parcel for several years without paying the property tax due; and,

Whereas, the city of Central Falls charges interest on delinquent property tax and places tax delinquent property on the yearly tax sale list; and,

Whereas, the Agency would have to request that the city of Central Falls create a budget line for the Agency to pay property taxes to avoid interest charges on delinquent property taxes;

Now therefor be it resolved that

The Agency will pay any property taxes owed on a property at the time of sale; that the tax collector shall not charge interest for late tax payment by the Agency and Agency property shall not be placed on the annual tax sale list.



PROPOSED Amendment to Central Falls Code of Ordinance

Sec. 40-4. – Taxation of Agency Property.

- 1) In accordance with R.I.G.L. 45-32-40, the agency is required to pay taxes on all property that it owns. Said taxes shall only be due and payable upon the sale of the property and the agency shall not be charged fees, penalties or interest.
- 2) b) If R.I.G.L. 45-32-40 is amended authorizing the city to exempt agency from real estate taxes, all agency property shall immediately be tax exempt.

PROPOSED State Law Amendment

§ 45-32-40. Taxation of real property acquired.

All real property acquired by an agency for redevelopment purposes is subject to taxation in the same manner and at the same rate as other real property in the community unless the real property is located in the city of Providence or the city of Pawtucket or the **city of Central Falls** and is exempted by an ordinance enacted by the city council.



A RESOLUTION REQUESTING CITY AND CITY COUNCIL ACTION REGARDING
TAXES ON REDEVELOPMENT AGENCY PROPERTY

Resolution No. 2018 - 11

Approved: _____

WHEREAS, THE CENTRAL FALLS REDEVELOPMENT AGENCY, HEREINAFTER THE "AGENCY" IS A REDEVELOPMENT AGENCY CREATED PURSUANT TO CHAPTERS 31-33 OF TITLE 45 OF THE RHODE ISLAND GENERAL LAWS, THE "REDEVELOPMENT ACT OF 1956", AND IS CHARGED WITH REDEVELOPMENT ON BEHALF OF THE CITY OF CENTRAL FALLS;

WHEREAS, IN ORDER TO ENABLE REDEVELOPMENT, THE AGENCY MAY FIND IT NECESSARY TO TAKE OWNERSHIP OF PROPERTY LOCATED IN CENTRAL FALLS, RHODE ISLAND 02863;

WHEREAS, RIGL 45-32-40 STATES THAT THE AGENCY IS REQUIRED TO PAY TAXES ON PROPERTY IT OWNS;

WHEREAS, THE AGENCY PAYS THE PROPERTY TAXES OWED OUT OF THE PROCEEDS FROM THE SALE OF A PARCEL;

WHEREAS, THE AGENCY MAY OWN A PARCEL FOR SEVERAL YEARS WITHOUT PAYING THE PROPERTY TAX DUE; AND

WHEREAS, THE CITY CHARGES INTEREST ON DELINQUENT PROPERTY TAX AND PLACES TAX DELINQUENT PROPERTIES ON THE YEARLY TAX SALE LIST; AND

WHEREAS, THE AGENCY WOULD NEED TO REQUEST THAT THE CITY OF CENTRAL FALLS CREATE A BUDGET LINE FOR THE AGENCY TO PAY PROPERTY TAXES TO AVOID INTEREST CHARGES ON DELINQUENT PROPERTY TAXES; AND

WHEREAS, PAYMENT OF TAXES TO THE CITY WITH CITY DOLLARS WOULD RESULT IN NO TRUE GAIN FOR THE CITY;

NOW, THEREFORE, THE AGENCY HEREBY RESOLVES:

THE AGENCY REQUESTS THAT THE CITY COUNCIL PASS A RESOLUTION STATING THAT THE AGENCY NEED NOT PAY PROPERTY TAXES UNTIL A PROPERTY IS SOLD; THAT DELINQUENT FEES, LATE

CHARGES OR INTEREST WILL NOT BE CHARGED OR ACCUMULATE ON AGENCY PROPERTY; AND, AGENCY PROPERTY WILL AUTOMATICALLY BE REMOVED FROM ANY TAX SALE LIST.

AND

THE AGENCY REQUESTS THAT THE CITY COUNCIL AMEND THE CITY ORDINANCE TO INSTITUTIONALIZE THESE PROVISIONS IN THE CITY CODE OF ORDINANCES WITH THE FOLLOWING LANGUAGE:

“SEC. 40-4 – TAXATION OF AGENCY PROPERTY.

- 1) IN ACCORDANCE WITH R.I.G.L. 45-32-40, THE AGENCY IS REQUIRED TO PAY TAXES ON ALL PROPERTY THAT IT OWNS. SAID TAXES SHALL ONLY BE DUE AND PAYABLE UPON THE SALE OF THE PROPERTY AND THE AGENCY SHALL NOT BE CHARGED FEES, PENALTIES OR INTEREST.
- 2) IF R.I.G.L. 45-32-40 IS AMENDED AUTHORIZING THE CITY TO EXEMPT AGENCY FROM REAL ESTATE TAXES, ALL AGENCY PROPERTY SHALL IMMEDIATELY BE TAX EXEMPT.”

AND

THE AGENCY REQUESTS THAT THE CITY SEEK AN AMENDMENT OF STATE LAW TO EXEMPT THE AGENCY FROM PROPERTY TAX LIABILITIES WITH THE FOLLOWING LANGUAGE:

“45-32-40. TAXATION OF REAL PROPERTY ACQUIRED.

ALL REAL PROPERTY ACQUIRED BY AN AGENCY FOR REDEVELOPMENT PURPOSES IS SUBJECT TO TAXATION IN THE SAME MANNER AND AT THE SAME RATE AS OTHER REAL PROPERTY IN THE COMMUNITY UNLESS REAL PROPERTY IS LOCATED IN THE CITY OF PROVIDENCE OR THE CITY OF PAWTUCKET [OR THE CITY OF CENTRAL FALLS](#) AND IS EXEMPTED BY AN ORDINANCE ENACTED BY THE CITY COUNCIL.”

CENTRAL FALLS REDEVELOPMENT AGENCY
BY: PATSY PETERSON, CHAIRWOMAN

DATE: _____