

## Press Releases

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### **Governor signs Rep. Edwards bill creating tax exemption for certain incomplete, unoccupied dwellings**

STATE HOUSE — Gov. Gina Raimondo has signed legislation introduced by House Majority Whip John G. Edwards (D-Dist. 70, Tiverton, Portsmouth) that creates an exemption from taxation for certain residential property developments that are being built on speculation.



The Senate version of the legislation was sponsored by Senate Judiciary Committee Chairman Michael J. McCaffrey.

"This legislation will encourage economic activity in the construction industry," said Whip Edwards. "The economy is starting to turn around, the state's unemployment rate has dipped below 6 percent, and that's certainly good news; but things are still lagging in the construction industry, especially in the building of new homes. We're not seeing the type of construction activity we associate with summer. This bill will be just the shot in the arm the construction industry needs to encourage growth."

Under the legislation ([2015-H 5044](#)), new construction on development property would be exempt from the assessment of taxes as long as the owner files an affidavit claiming the exemption with the local tax assessor at the start of the project. The assessor would then determine if the property on which the new construction is located is development property. If the real property is development property, the assessor would exempt the new construction from the collection of taxes on improvements, until such time as the real property no longer qualifies as development property.

"Rhode Island has an inventory of old homes, many of them expensive and not energy efficient," said Representative Edwards. "And few market rate middle class homes are available or being built, compared to luxury or subsidized units. With the many fees already assessed to the building industry — impact fees, permit fees, review fees — it is no wonder that construction companies are disinclined to build homes on speculation or undertake rehab projects that are going to be a financial burden in the way of real property taxes until the properties can be sold."

The law defines development property as "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." It also includes improvements and/or rehabilitation of unoccupied single family residential dwellings or residential condominiums which the owner purchased out of a foreclosure sale, auction, or from a bank.

The legislation received the support of the Rhode Island Builders Association. In testimony presented to the House Committee on Municipal Government when the bill was heard, the RIBA cited an industry study, showing that a healthy construction industry would create \$404 million in additional income for Rhode Island households, would generate \$60.2 million in additional tax revenue for the state, could create more than 9,000 new jobs (thereby reducing the unemployment rate by two percent).

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