



**SMITHFIELD TOWN COUNCIL
WORK SESSION
SMITHFIELD TOWN HALL
TOWN COUNCIL CHAMBERS
64 FARNUM PIKE
MONDAY, NOVEMBER 15, 2021
6:00 P.M.**

AGENDA

- A. Meeting called to order.
- B. Emergency evacuation and health notification.
- C. Discussion Item:
 - 1. Discuss a Potential Tax Stabilization Ordinance.
- D. Adjournment.

AGENDA POSTED: November 10, 2021

The public is welcome to any meeting of the Town Council or its sub-committees. If communication assistance (readers/interpreters/captions) or any other accommodation to ensure equal participation is needed, please contact the Smithfield Town Manager's office at 401-233-1010 at least forty-eight (48) hours prior to the meeting.

2021 -- S 0975

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION -- SMITHFIELD

Introduced By: Senator Stephen R. Archambault

Date Introduced: June 22, 2021

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-3 of the General Laws entitled "Property Subject to Taxation" is
2 hereby amended by adding thereto the following section:

3 **44-3-9.11. Smithfield - Exemption or stabilizing of taxes on qualifying property used**
4 **for manufacturing or commercial purposes.**

5 (a) Except as provided in this section, the town council of the town of Smithfield may vote
6 to authorize, for a period not to exceed ten (10) years, and subject to the conditions provided in this
7 section, to exempt from payment, in whole or in part, real and/or personal property used for
8 manufacturing or commercial purposes, or to determine a stabilized amount of taxes to be paid on
9 account of the property, notwithstanding the valuation of the property or the rate of tax; provided,
10 that after public hearings, at least ten (10) days' notice of which shall be given in a newspaper
11 having a general circulation in the town, the town council determines that:

12 (1) Granting of the exemption or stabilization of taxes will inure to the benefit of the town
13 by reason of:

14 (i) The willingness of the manufacturing or commercial firm or concern to locate in the
15 town; or

16 (ii) The willingness of a manufacturing or commercial firm or concern to expand facilities
17 with an increase in employment; or

18 (2) Granting of the exemption or stabilization of taxes will inure to the benefit of the town
19 by reason of the willingness of a manufacturing or commercial firm or concern to replace,

1 reconstruct, expand, or remodel existing buildings, facilities, fixtures, machinery, or equipment
2 with modern buildings, facilities, fixtures, machinery, or equipment resulting in an increase in plant
3 or commercial building investment by the firm or concern in the town.

4 (b) For purposes of this section, "real property used for commercial purposes" includes any
5 building or structure used for offices or commercial enterprises including, without limitation, any
6 building or structure used for wholesale, warehouse, distribution, and/or storage businesses, used
7 for service industries, or used for any other commercial business, and the land on which the building
8 or structure is situated and not used for residential purposes.

9 (c) For purposes of this section, "personal property used for commercial purposes" means
10 any personal property owned by a firm or concern in its commercial enterprise including, without
11 limitation, furniture, fixtures, equipment, machinery, stock in trade, and inventory.

12 (d) Except as provided in this section, property, the payment of taxes or which is subject
13 to the payment of a stabilized amount of taxes, shall not, during the period for which the exemption
14 or stabilization of the amount of taxes is granted, be further liable to taxation by the town in which
15 the property is located so long as the property is used for the manufacturing or commercial purposes
16 for which the exemption or stabilized amount of taxes was made.

17 (e) Notwithstanding any vote and findings by the town council, the property shall be
18 assessed for and shall pay that portion of the tax, if any, assessed by the town of Smithfield for the
19 purpose of paying the indebtedness of the town and the indebtedness of the state or any political
20 subdivision of the state to the extent assessed upon or apportioned to the town, and the interest on
21 the indebtedness, and for appropriation to any sinking fund of the town, which portion of the tax
22 shall be paid in full, and the taxes so assessed and collected shall be kept in a separate account and
23 used only for that purpose.

24 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION -- SMITHFIELD

- 1 This act would authorize the town of Smithfield to exempt or stabilize taxes on qualified
- 2 property used for manufacturing or commercial purposes in the town of Smithfield.
- 3 This act would take effect upon passage.

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SECTION 1.CHAPTER 321 OF THE SMITHFIELD CODE OF ORDINANCES ENTITLED“TAXATION” IS HEREBY AMENDED BY ADDING THERETO THE FOLLOWING SECTION ARTICLE VI ENTITLED “ EXEMPTING OR STABILIZING OF TAXES ON QUALIFYING COMMERCIAL OR MANUFACTURING PROPERTY”

ARTICLE VI

EXEMPTING OR STABILIZING OF TAXES ON QUALIFYING COMMERCIAL OR MANUFACTURING PROPERTY

321-17 Purpose. This chapter is adopted pursuant to the authority in R.I. Gen. Laws § 44-3-9.11 for the purpose of establishing requirements and procedures by which the Town Council may enter into agreements with property owners to exempt or stabilize taxes on real or personal property used for manufacturing or commercial purposes, in order to encourage economic development , expansion , redevelopment and/or rehabilitation of existing manufacturing , industrial and commercial buildings as well as the new development of manufacturing , industrial and commercial buildings or structures on appropriately zoned land.

321-18 Definitions. As used in this chapter, the following words or phrases shall have the following meaning:

- A. Commercial property means any structure or facility, or other real or personal property, used primarily for offices or commercial enterprises.
- B. Manufacturing property means any structure or facility, or other real or personal property, used in the process of working raw materials into wares suitable for use or that gives new shapes, new quality or new combinations to matter that already has gone through some artificial process by the use of machinery, tools, appliances, and other similar equipment, and any structure or facility used for distribution, warehousing, or storage of goods.

321-19 Authority. Upon application, and after advertisement and public hearing, the Town Council may enter into an agreement with the owner of commercial or manufacturing property located in the Town, or proposed to be located in the Town, to exempt from payment of municipal property tax, in whole or part, or to determine a stabilized amount of taxes on, commercial or manufacturing property for a period not to exceed ten (10) years, subject to the requirements of this Chapter.

321-20 Application – Notice. Owners of commercial or manufacturing property eligible for tax exemption or stabilization under this Chapter shall file an application for tax relief with the Town Clerk, on a form provided for that purpose. The application shall be submitted to the Town Council at its next regularly scheduled Town Council meeting. Upon receipt of the application, the Town Council shall vote to advertise the application for public hearing. The advertisement shall appear in a newspaper of general circulation in the Town at least ten (10) days before the

date of the scheduled public hearing. The advertisement shall state that the application has been received, the name and address of the applicant, the date, time and location of the public hearing, and that a copy of the application may be reviewed at the town clerk's office during regular business hours.

321-21 Findings required. The Town Council shall enter into an agreement to exempt property from taxation in whole or part, or to stabilize taxes on property, only if it finds that:

- A. Granting of the exemption or stabilization will inure to the benefit of the Town by reason of:
 - 1. the willingness of the manufacturer or commercial firm or concern to locate in the Town; or
 - 2. the willingness of a manufacturing or commercial firm or concern to expand facilities with an increase in employment or the willingness of a commercial or manufacturing firm or concern to retain or expand its facility in the Town and not reduce its work force in the Town; or
- B. Granting of the exemption or stabilization of taxes will inure to the benefit of the Town by reason of the willingness of a manufacturing or commercial firm or concern or property owner to construct new or to replace, reconstruct, expand, retain, or remodel existing buildings, facilities, fixtures, machinery, or equipment with modern buildings, facilities, fixtures, machinery, or equipment, resulting in an increase in plant or commercial building investment by the firm or concern in the town of not less than one million dollars (\$1,000,000.) in real property and/or tangible improvements, excluding the purchase price of any real property, and

321-22 Effect of agreement. Except as provided in section 321-23, property for which taxes have been exempted in whole or part or stabilized pursuant to this chapter shall not, during the period for which taxes have been exempted or stabilized, be further liable to taxation by the Town so long as the property is used for the manufacturing or commercial purpose for which the exemption or stabilization was granted. Any applicant for tax agreement pursuant to this article must be current on all tax, user fees and any other payments owed to the town and otherwise in good standing to operate as a business in the state as of the time of application for a tax agreement. Any agreement made under the provisions of this chapter shall be considered null and void, and of no further force and effect if the property is no longer used solely for the manufacturing or commercial purpose for which the exemption or stabilization was granted. Nonpayment or late-payment of taxes due under this article shall render the terms of any tax agreement null and void if such non-payment or late payment is not cured within 60 days of any such delinquency; provided however, that the taxpayer may petition the city council to keep the tax agreement in place one time during the term of the agreement. In addition, all authority granted to the city in the General Laws to sell property at tax sale shall remain in full force and effect during the period of any tax agreement. The benefits of a tax agreement obtained pursuant to this article shall be transferable to property owners and tenants, as long as the property is used

solely for the manufacturing or commercial purpose for which the agreement was granted; however, the duration of the agreement period shall not be extended.

321-23 Extent of exemption or stabilization. Notwithstanding any vote of, or findings by the Town Council, the property shall be assessed for and shall pay that portion of the tax, if any, assessed by the Town for the purpose of paying the indebtedness of the Town and the indebtedness of the State or any political subdivision to the extent assessed upon or apportioned to the Town, and the interest thereon, and for appropriation to any sinking fund of the Town, which portion of the tax shall be paid in full, and the taxes so assessed and collected shall be kept in a separate account and used only for that purpose.

321-24 Effective date of agreement. Construction shall be complete and the business shall be fully operational as of December 31 to qualify for relief on the subsequent tax bill. Application is due to the Assessor no later than January 31 following the December 31 on which the business begins operation and the agreement has been approved by the Town Council. An agreement for exemption or stabilization of taxes made pursuant to this Chapter shall take effect on the first tax bill following the approval of the application.

321-25 Severability. If any one section of this article is found to be unenforceable, then the other provisions herein shall continue to have the same force and effect as if the unenforceable provision were not passed as part of this article.

Section 2. This ordinance shall take effect thirty (30) days after its adoption.

REFERENCE R.I. Gen. Laws § 44-3-9.11