

Article VI
Exempting or Stabilizing of Taxes on Qualifying Commercial or
Manufacturing Property

[Adopted 3-15-2022 by Ord. No. 2022-04]

§ 321-17 Purpose.

This article 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 article, the following words or phrases shall have the following meaning:

COMMERCIAL PROPERTY

Any structure or facility, or other real or personal property, used primarily for offices or commercial enterprises.

MANUFACTURING PROPERTY

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 10 years, subject to the requirements of this article.

§ 321-20 Application procedure for stabilization.

The application procedure shall proceed as follows:

- A. Owners of commercial or manufacturing property eligible to apply for tax exemption or stabilization under this article shall file an application for tax relief with the Town Clerk, on a form provided for that purpose and which shall include:
- (1) The nature of the building, alterations and/or improvements to be made;
 - (2) The nature and extent of any proposed job creation; and
 - (3) A certification by the applicant that the application meets the eligibility requirements of this article.

- B. The application shall be submitted to the Town Council at its next regularly scheduled meeting. The Town Council shall then refer said application to the Budget and Financial Review Board for an advisory recommendation. Prior to submission to the Budget and Financial Review Board, the Assessor shall physically inspect the property that would be subject to the tax stabilization agreement. The Assessor may require that the applicant pay for an independent third-party appraisal for all property that is subject to any proposed tax stabilization agreement. The Budget and Financial Review Board shall review and provide a written recommendation to the Town Council within 30 days of receipt of the application from the Town Council. Upon receipt of the recommendation of the Budget and Financial Review Board, the Town Council shall vote to advertise the application 14 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 may 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.
- 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 to replace, reconstruct, expand, 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 \$2,000,000 in real property and/or tangible improvements, excluding the purchase price of any real property.

§ 321-22 Effect of agreement.

Except as provided in § 321-23, property for which taxes have been exempted in whole or part or stabilized pursuant to this article 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. Additionally:

- A. 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 be in good standing to operate as a business in the State of Rhode Island at the time the application for a tax agreement is filed with the Town Clerk.
- B. Any agreement made under the provisions of this article shall be considered null and void, and of no further force and effect, and shall cause any and all taxes exempted under the agreement to become immediately due and payable, due to:

- (1) A change in use, such that the property is no longer used solely for the manufacturing or commercial purpose for which the exemption or stabilization was granted;
 - (2) Nonpayment or late payment of taxes due under this article if such nonpayment or late payment is not cured within 60 days of any such delinquency; provided however, that the taxpayer may petition the Town Council to maintain the tax agreement one time during the term of the agreement as a result of any nonpayment or late payment. In addition, all authority granted to the Town in the General Laws to sell property at tax sale shall remain in full force and effect during the period of any tax agreement;
 - (3) Nonpayment or late payment of any municipal fees if such nonpayment or late payment is not cured within 60 days of any such delinquency; provided however, that the taxpayer may petition the Town Council to maintain the tax agreement one time during the term of the agreement as a result of any nonpayment or late payment; or
 - (4) Violations of any local building code and/or zoning ordinance during or after construction and/or relocation that is not cured within 60 days of notice of violation; provided however, that the taxpayer may petition the Town Council to maintain the tax agreement one time during the term of the agreement as a result of any local violations.
- C. The benefits of a tax agreement obtained pursuant to this article, upon Town Council approval, 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.
- D. A business receiving tax relief under this section that replaces or adds employees working at the property which is subject to an agreement, agrees that among applicants it deems, in its sole discretion, to be equally qualified, it will give hiring preference to residents of the Town of Smithfield.

§ 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 for new businesses shall be complete and the business shall be fully operational as of December 31st in order to qualify for relief on the subsequent tax bill. All Applications under the provisions of this ordinance for new and existing businesses are due to the Assessor no later than January 31st in order to be considered by the Town Council for the ensuing fiscal year.

§ 321-25 Annual certification.

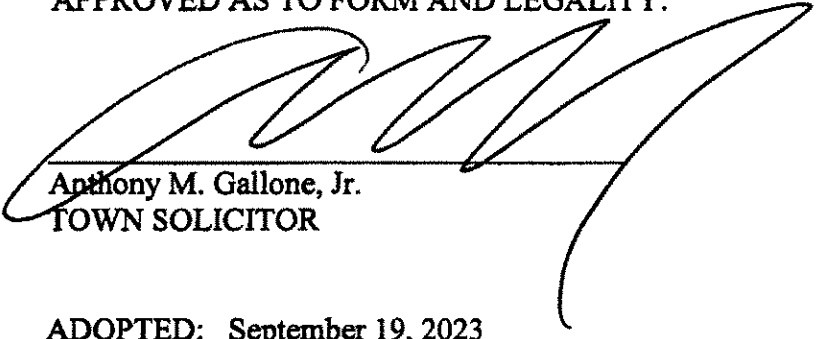
The Tax Assessor shall on annual basis perform a review of all existing tax stabilization agreements to ensure compliance with the terms and conditions of the agreement as well as the provisions of this article and file an annual report with the Town Council regarding the same.

§ 321-26 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.

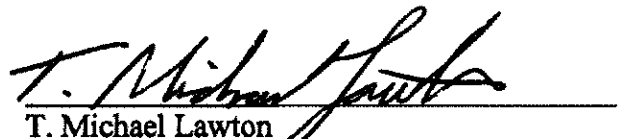

These Ordinance Amendments shall take effect Thirty (30) days after their adoption by the Smithfield Town Council.

APPROVED AS TO FORM AND LEGALITY:



Anthony M. Gallone, Jr.
TOWN SOLICITOR

ADOPTED: September 19, 2023


T. Michael Lawton
TOWN COUNCIL PRESIDENT
Lyn M. Antonuccio
TOWN CLERK