

Important Rhode Island Filing Deadline Approaching for Appealing Property Tax Assessment

Deadline Approaching for Filing Important Notice with Rhode Island Cities and Towns: Taxpayers Who Miss Deadline Prohibited From Appealing Property Tax Assessments In Superior Court.

January 31st marks an important deadline for all non-tax-exempt property owners in Rhode Island.

Under Rhode Island law, all property owners – whether a person, trust, estate or a business – must file an annual account of all taxable real or personal property owned by the taxpayer within each city or town in order to preserve the taxpayer's right to appeal a decision of the local tax assessment review board in Superior Court. Failure to file this account before the statutorily-prescribed deadline will result in the taxpayer having no further recourse beyond the local appeals board, *unless* there has been an increase in the property's valuation (over the prior year's valuation) or the tax is illegal.

Revaluations

Generally, each city and town in Rhode Island is required to conduct a comprehensive revaluation of all property located within the city or town at least once every 9 years; though cities and towns are authorized to conduct statistical reviews every 3 years. The following cities and towns will be issuing new property revaluations as of December 31, 2012: Burrilville, Central Falls, East Providence, Jamestown, Johnston, Lincoln, New Shoreham, North Kingstown, North Smithfield, Providence, Smithfield, South Kingstown, Warren, Warwick, West Warwick and Westerly.

Market Environment

The real estate market in Rhode Island remains relatively weak. Therefore, it is anticipated that a municipality's revaluation may well result in reductions in appraised values (with some exceptions for certain real estate asset classes and/or property located in desirable neighborhoods). Although there may be a decrease in the valuation of the taxable property, an appeal may still be appropriate if the reduced valuation remains above fair market value. Further, when property valuations decrease, municipalities often seek to increase the applicable tax rate in order to make up for the decrease in valuations and produce sufficient revenue to operate the city or town. In an effort to protect taxpayers from large annual tax rate increases, the Legislature imposed a statutory cap on municipal property tax increases: for fiscal year 2013, a municipality may only increase the total property tax it levies by no more than four percent (4%) of the total amount levied and certified by that municipality for fiscal year 2012. Many cities and towns, however, struggling with ever increasing operating and legacy costs, and decreased revenues, are seeking Legislative authority to exceed this four percent (4%) statutory cap. If permitted to exceed the statutory cap, struggling cities and towns may seek to maximize their tax base by over-valuing properties during this revaluation cycle. As such, it is imperative that taxpayers ensure they are in a position to challenge property tax increases and pursue their rights through the administrative process as well as the arcane and restrictive appellate process in Superior Court.

How We Can Help

In order to preserve the right to fully appeal a property tax assessment, a taxpayer must file an annual account setting forth the taxpayer's opinion of value of all real and personal property located in the municipality by January 31st of every year. Municipalities generally have a prepared form that will be provided upon request. The only limited alternative for a taxpayer is to file a written extension notice with the municipality setting forth the taxpayer's intent to file the annual account after the January 31st deadline, which allows the taxpayer to instead file the annual account between March 1st and March 15th. It is imperative that the taxpayer files his/her/its annual account – assuming the taxpayer properly filed for the extension by January 31st – no later

than March 15th. It is essential to note that this extension notice must still be filed with the municipality by January 31st in order to qualify for the extension. The extension notice of taxpayer's intention to file an account must be sent by certified mail, postage prepaid, postmarked no later than midnight on January 31st. Please contact us should you need assistance in preserving this important right to appeal the decision of local tax officials.

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