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6 **THE CITY OF WARWICK**
7 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
8

9 **CHAPTER 74 TAXATION**

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11 *No..... Date.....*

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13 *Approved.....Mayor*

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15
16 **AN ORDINANCE AMENDING THE CITY OF WARWICK CODE OF ORDINANCES**
17 **CHAPTER 74 TAXATION – TAX STABILIZATION FOR**
18 **WARWICK INTERMODAL DISTRICT**
19

20 **WHEREAS**, the State of Rhode Island and the City of Warwick have experienced an
21 unprecedented economic recession, the likes of which have not been experienced for several
22 social and family generations; and

23
24 **WHEREAS**, the Warwick Intermodal District was created to spur economic
25 development in Warwick to expand the City’s total assessed valuation, to reduce property tax
26 rates, to create new jobs and to assist local businesses from the growth of this District; and

27
28 **WHEREAS**, the State recently adopted statutory programs to encourage and assist
29 economic development projects; one known as the Rebuild Rhode Island Tax Credit program,
30 codified at the R.I. General Laws 42-64.20-*et seq.*; another known as the Rhode Island Tax
31 Stabilization Incentive, codified at the R.I. General Laws 42-64.22-*et seq.*; and a third allowing
32 for local tax stabilization agreements, codified at R.I. General Laws 44-3-9; and

33
34 **WHEREAS**, Warwick desires to coordinate with the Rebuild Rhode Island Tax Credit
35 and Tax Stabilization programs and take further action to assist investors and developers to
36 participate to the maximum extent possible in government sponsored economic development
37 incentives to spur investment, job creation, redevelopment and additional economic activities in
38 the Intermodal District; and

39
40 **WHEREAS**, a property tax stabilization program designed as a mechanism to jump start
41 economic investment and jobs, development life and vitality to this important mixed use center
42 of growth in the City is determined to be warranted and justified in the Intermodal District; and
43

1 **WHEREAS**, a property tax stabilization program is complementary, supportive and in
2 certain instances required to for investors to participate in the Rebuild Rhode Island Tax Credit
3 and Tax Stabilization programs and to help bridge the gap in financing projects associated with
4 the additional costs directed to assemble parcels usually with separate owners, raze blighted or
5 outmoded structures and in some cases perform costly environmental remediation - added costs
6 and complexity associated with these actions create significant expenditures and creates a gap in
7 financing developments within Intermodal District and creates a cost disadvantage for
8 development within the Intermodal District as compared to other areas in the City - which is the
9 basis to justify the following proposed tax stabilization program in the Warwick Intermodal
10 District.

11
12 **NOW, THEREFORE**, *be it ordained by the City Council of the City of Warwick:*

13
14 **Section 1.** Chapter 74, of the Code of Ordinances for the City of Warwick is hereby amended to
15 add Article VII, Section 147 – *et seq*, “Tax Stabilization for Warwick Intermodal District” as
16 follows:

17 **ARTICLE VII. TAX STABILIZATION FOR WARWICK INTERMODAL DISTRICT**

18 **Sec. 74-147. Declaration of purpose and findings.**

19 (a) The City Council of the City of Warwick has the authority, pursuant to the relevant
20 provisions of Section 44-3-9 of the General Laws of the State of Rhode Island, as
21 amended, to exempt from tax payment, in whole or in part, real and personal property
22 which has undergone environmental remediation, is historically preserved, or is used for
23 affordable housing, manufacturing, commercial or residential purposes, or to determine a
24 stabilized amount of taxes to be paid on account of the property, notwithstanding the
25 valuation of the property or the rate of tax.

26
27 (b) The City Council of the City of Warwick has determined that Warwick Intermodal
28 District is a priority economic development opportunity for Warwick in that the presence
29 of intermodal transportation in the district presents an opportunity for high-value, high-
30 quality, mixed-use growth.

31
32 (c) The City Council of the City of Warwick has determined that in order to increase the
33 pace of economic development and redevelopment in the Warwick Intermodal District,
34 and thereby increase the City’s tax base, it is vital that the City provide property
35 developers, entrepreneurs and investors with a predictable tax phase-in plan that will
36 encourage investment in the Warwick Intermodal District. The City Council of the City
37 of Warwick finds and declares further that it is in the public interest to develop a set of
38 clear criteria for eligibility for tax stabilization, as well as a defined long-term plan to
39 bring a project to full taxation. Accordingly, the City Council for the City of Warwick
40 finds that granting the stabilization provided for in this Article will inure to the benefit of
41 the City by reason of, but not limited to, the following:

- 42
43 1. Increasing the willingness of residential, commercial, hospitality and mixed-use
44 developers to locate in the Warwick Intermodal District;

- 1
2 2. Increasing the willingness of business dependent and business efficient facilities
3 to locate and expand with an increase in employment or the willingness of
4 commercial, mixed-use and hospitality business development to locate, retain or
5 expand its facility in Warwick and not substantially reduce its work force in
6 Warwick;
7
8 3. Resulting in improvement of the physical and infrastructure assets of a key
9 intermodal area in Warwick which will result in a long-term economic benefit to
10 Warwick; and
11
12 4. Increasing the willingness of mixed-use commercial, hospitality and residential
13 developers and property owners to construct new or to replace, reconstruct,
14 convert, expand, retain or remodel existing buildings, facilities, with modern
15 buildings, facilities, fixtures, equipment resulting in residential housing,
16 hospitality and/or mixed use commercial building investment in Warwick's
17 Intermodal District.

18 **Sec. 74-148. Definitions.**

19 As used in this article, unless the context clearly indicates otherwise, the following words shall
20 have the following meanings:

- 21 (a) "Applicant" means the property owner of an eligible property and eligible project who
22 initiates the property tax stabilization application process.
23
24 (b) "Development Project" means rehabilitation of an existing structure or construction of a
25 new building.
26
27 (c) "Warwick Intermodal District" means the zoning ordinance district established pursuant
28 to the relevant provisions of the Warwick Code of Ordinances, Appendix A, Zoning,
29 Section 301.11 A, as amended. See map attached hereto and incorporated herein as
30 Exhibit 1.
31
32 (d) "Property" means real and personal property which has undergone environmental
33 remediation, is historically preserved, or is used for affordable housing, manufacturing,
34 commercial, or residential purposes. "Property used for commercial purposes" means
35 any building or structures used essentially for offices or commercial enterprises.

36 **Sec. 74-149. Eligibility.**

- 37 (a) To be eligible for a stabilization agreement under this Article, the Property to be
38 stabilized must be part of a Development Project that meets the following criteria:
39
40 1. The Development Project must located entirely within the Warwick Intermodal
41 District, as set forth in Sec. 74-148 (c), as amended, herein.
42

- 1 2. The Development Project must have a project cost of construction of not less than
2 five million dollars (\$5,000,000).
- 3 3. The Project must be compliant with the City Centre Master Plan, as amended, and
4 Section 507 of the Warwick Zoning Ordinance entitled “Warwick Station
5 Development District” (inclusive), as well as the Table 1 Use Regulations
6 “intermodal” zoning for uses allowed within the district along with any provisions
7 of the Zoning Ordinance regulating the use of the Project.

8
9 (b) Construction of a Development Project receiving a tax stabilization agreement must
10 begin construction within twelve (12) months and must be completed within thirty-six
11 (36) months of the effective date of the stabilization agreement.

12
13 (c) No Development Project which includes, but is not limited to, a proposed use, business,
14 or commercial operation relocating a facility from a city or town within the state of
15 Rhode Island to Warwick shall be eligible for a tax stabilization agreement under this
16 Article. Additionally, there shall be a committee to review compliance with this anti-
17 cannibalization clause comprised of the Director of City Planning, the City Tax Assessor
18 and the City Council Finance Chair or his or her designee.

19
20 (d) Any Applicant for tax stabilization pursuant to this Article must be current on all tax, user
21 fees and any other payments owed to the City and otherwise in good standing to operate
22 as a business in the State of Rhode Island as of the time of application for a tax
23 stabilization agreement.

24
25 (e) This tax stabilization program shall end on December 15, 2024~~2027~~. No application for a
26 tax stabilization program shall be accepted after that date.

27 **Sec. 74-150. Stabilization schedule.**

28 (a) For the first five (5) years of the tax stabilization period, the tax assessment on the
29 Property that is the subject of an Application for a tax stabilization agreement pursuant to
30 the relevant terms of this Article shall be the “Base Tax,” which shall have been
31 determined prior to the commencement of the stabilization period by the city tax assessor
32 in the following manner:

33
34 1. If the site is subject to property taxes prior to the commencement of the
35 stabilization period the assessed valuation at the time of application shall be the
36 basis to determine the tax amount to constitute the “Base Tax” for the purpose of
37 the tax stabilization agreement.

38
39 2. If the site is not subject to property taxes prior to the commencement of the
40 stabilization period, the assessor shall determine the property valuation at the site,
41 and the “Base Tax” shall be based on that valuation.

42
43 (b) As consideration for receiving the benefits provided for in a tax stabilization agreement,
44 the Applicant, any successor-in-interest, any Owner/Lessor and/or Lessee/Tenant of the

1 Property waives and releases any and all rights to appeal or otherwise challenge the Base
 2 Tax assessed value during the five year (5) Base Tax period. This waiver shall terminate
 3 upon expiration of the five (5) year Base Tax period. All rights to appeal or otherwise
 4 challenge a tax assessment pursuant to the relevant provisions of the General Laws shall
 5 apply upon expiration of the Base Tax period under any tax stabilization agreement.

6
 7 (c) Upon issuance of a certificate of occupancy for the Project, the tax assessor shall assess
 8 the Project, and the Project shall thereafter be reassessed according to the City’s regular
 9 reevaluation cycle.

10
 11 (d) Property eligible for a tax stabilization under this Article shall be taxed pursuant to the
 12 following schedule:

<u>Year</u>	<u>Tax Abatement</u>
<u>1</u>	<u>Base Tax</u>
<u>2</u>	<u>Base Tax</u>
<u>3</u>	<u>Base Tax</u>
<u>4</u>	<u>Base Tax</u>
<u>5</u>	<u>Base Tax</u>
<u>6</u>	<u>90% of assessed value exempt from tax</u>
<u>7</u>	<u>80% of assessed value exempt from tax</u>
<u>8</u>	<u>70% of assessed value exempt from tax</u>
<u>9</u>	<u>60% of assessed value exempt from tax</u>
<u>10</u>	<u>50% of assessed value exempt from tax</u>
<u>11</u>	<u>40% of assessed value exempt from tax</u>
<u>12</u>	<u>30% of assessed value exempt from tax</u>
<u>13</u>	<u>20% of assessed value exempt from tax</u>
<u>14</u>	<u>10% of assessed value exempt from tax</u>

15	<u>0% of assessed value exempt from tax</u>
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In year 15 and thereafter, the Development Project will be taxed at the then-assessed value and be taxed at the then-normal rate applied by the City.

Sec. 74-151. Application procedure for stabilization.

- (a) The application procedure shall proceed as follows
 - 1) An Applicant shall apply to the City’s tax assessor’s department for a tax stabilization agreement under this Article prior to obtaining a building permit. The application shall be on a form prescribed by the City’s tax assessor’s department and shall include:
 - i. the program of building, alterations and/or improvements to be made;
 - ii. a certification from the Applicant that the project meets the eligibility requirements set forth in Section 74-149(a)(2) herein.
 - iii. a non-refundable filing fee of Three Thousand Five Hundred Dollars and Zero Cents (\$3,500.00) which shall be used by the tax assessor to retain a peer review to validate whether the Development Project meets the investment costs set forth in this Article to qualify for eligibility.
- (b) Upon receipt of an Application, the tax assessor’s department shall forward the application to the Warwick planning department for review. Within twenty (20) days of the filing of the Application with the tax assessors department, the planning department shall determine whether the Development Project meets the minimum requirements set forth in Section 74-149 herein
- (c) Within thirty (30) days of the filing of the Application for a tax stabilization agreement with the tax assessor’s department, the tax assessor’s department shall either deem the Application complete or provide a written response to the Applicant detailing any deficiencies in the application.
- (d) Once the Application is deemed complete, the tax assessor’s department shall prepare a tax stabilization agreement with the Applicant pursuant to and upon the terms set forth in this Article. A fully executed tax stabilization agreement with the City is required for a Development Project to receive the tax stabilization provisions provided for under this Article.
- (e) The tax assessor’s department, together with the planning department, shall develop standardized forms and additional procedures consistent with this Article, as they deem necessary and proper to effectuate the terms and provisions of this Article.

- 1 (f) Nothing shall prohibit an Applicant having submitted an Application deemed
2 incomplete or ineligible from subsequently re-applying for a tax stabilization agreement
3 under this Article.

4 **Sec. 74-152. Miscellany.**

- 5 (a) The benefits of a tax stabilization agreement obtained pursuant to this Article shall be
6 transferable to Property owners and tenants, but the duration of the stabilization period
7 shall not be extended. The City Council of the City of Warwick, may upon application
8 made by an Applicant on a form provided by the Warwick City Clerk's office, provide
9 an extension and/or revision to a tax stabilization agreement at their sole and absolute
10 discretion.
- 11
- 12 (b) The receipt of a tax stabilization agreement under this Article shall not deprive any
13 person of the right to appeal the valuation or calculation of the taxes assessed from time
14 to time, except as provided for in 74-150(b).
- 15
- 16 (c) Nothing herein shall prohibit the City Council from extending a tax stabilization
17 agreement on different terms to a Development Project that would otherwise qualify for
18 stabilization under this Article.
- 19
- 20 (d) Annually, the tax assessor shall have performed a peer review audit to validate that all
21 performance criteria for the Development Project to remain eligible for the tax
22 stabilization program. An annual audit filing fee shall be established by the tax assessor
23 to reflect the actual cost, without any mark-up or contingency, of the required annual
24 peer review compliance audit.
- 25
- 26 (e) Nonpayment or late-payment of taxes due under this Article shall render the terms of
27 any tax stabilization agreement null and void if such non-payment or late payment is
28 not cured within sixty (60) days of any such delinquency; provided however, that the
29 taxpayer may petition the City Council to keep the tax stabilization agreement in place
30 one time during the term of the agreement. In addition, all authority granted to the City
31 in the General Laws to sell property at tax sale shall remain in full force and effect
32 during the period of any tax stabilization agreement.
- 33
- 34 (f) Upon execution of a tax stabilization agreement, the tax assessor shall notify and
35 provide a copy of the agreement to the City Council.

36 **Sec. 74-152. Severability.**

37 If any one section of this ordinance is found to be unenforceable, then the other provisions herein
38 shall continue to have the same force and effect as if the unenforceable provision were not
39 passed as part of this ordinance.

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41 **Sec. 74-153 – 74-160. Reserved.**

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Section II. The City Clerk of the City of Warwick is hereby authorized and directed to cause said changes to be made to the Warwick Code of Ordinances.

Section III. This Ordinance shall take effect upon passage and publication as prescribed by law.

SPONSORED BY:
COUNCIL PRESIDENT TRAVIS,
COUNCILMAN COLANTUONO,
COUNCILMAN CHADRONET,
COUNCILWOMAN VELLA-WILKINSON,
COUNCILMAN SOLOMON,
COUNCILMAN LADOUCEUR
COUNCILWOMAN USLER,
COUNCILMAN GALLUCCI, and
COUNCILMAN MEROLLA
ON BEHALF OF
MAYOR AVEDISIAN

COMMITTEE: ORDINANCE