



Mayor of Providence

Angel Taveras

Executive Order 2011-0005

Closing the Foreclosure Corporate Tax Loophole and Encouraging Home Ownership

November 3, 2011

WHEREAS, a widespread foreclosure crisis has resulted in abandoned and blighted homes all across Providence; houses falling into disrepair, becoming eyesores, and attracting vandals and crime; and

WHEREAS, owner-occupied residential properties in the City of Providence are entitled to a tax exemption equal to 50% of the tax on the assessed valuation of the residential property; and

WHEREAS, non-owner-occupied residential properties in the City are entitled to a tax exemption of 15% of the tax on the assessed valuation of the residential property; and

WHEREAS, in the wake of an unprecedented fiscal crisis on the municipal, state and federal level, the Administration and City Council have been forced to ask our public employees for substantial concessions and our taxpayers for increased tax payments designed to shrink the burgeoning structural deficit, as well as imposing significant cuts in the budgets of individual departments; and

WHEREAS, the magnitude of this fiscal crisis demands that every effort be made to protect the City's health, welfare and financial integrity, including tax revenues; and

WHEREAS, when a property which enjoys the 50% homestead exemption is sold or otherwise acquired by a corporate entity, which would normally be entitled only to the 15% non-owner-occupied homestead exemption, the City of Providence loses substantial tax revenue; and

WHEREAS, when an acquiring party of a property is not a natural person or persons, such as, without limitation, a corporation or limited liability company, there is a presumption that the property is not owner-occupied; and

WHEREAS, there is a compelling governmental interest in encouraging owner-occupied homeowners to purchase foreclosed properties to begin the process of rebuilding our blighted neighborhoods;

City of Providence, Rhode Island 02903-1789
Phone (401) 421-7740 Fax (401) 274-8240

IN CITY COUNCIL
NOV 17 2011

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

[Signature] CLERK
ACTING

NOW THEREFORE, do I, Angel Taveras, Mayor of the City of Providence, order the following, effective immediately:

1. The Recorder of Deeds is directed to notify the Tax Assessor immediately upon the filing of a foreclosure deed on residential property, excluding a deed resulting from a tax sale under Chapter 9 of Title 44 of the Rhode Island General Laws, whenever the acquiring entity is not a natural person or persons, such as, without limitation, a corporation or limited liability company.

2. In the case of transactions subject to paragraph 1, the Tax Assessor is directed to immediately revoke all personal exemptions, including, but not limited to, the owner-occupied homestead exemption, upon such notification from the Recorder of Deeds, and to recalculate the taxes due and owing for the balance of the tax year based upon such revocation and the allowance of any other tax exemption for which the acquiring entity may be eligible, including, without limitation, the non-owner-occupied exemption of 15% of the assessed value of the residential property.

3. The Recorder of Deeds is directed to notify the Tax Assessor immediately upon the filing of a deed transferring residential property to a natural person or persons, whenever the conveying entity (i) acquired its interest pursuant to a foreclosure deed under Chapter 27 of Title 34 of the Rhode Island General Laws or (ii) is non-profit community development corporation which acquired its interest from a grantee which had acquired its interest pursuant to a foreclosure deed under Chapter 27 of Title 34 of Rhode Island General Laws.

4. In cases subject to paragraph 3, the Tax Assessor is directed to immediately grant an owner-occupied homestead exemption to said natural person or persons upon the presentation of adequate proof by said natural person or persons of their eligibility for the owner-occupant homestead exemption, and to recalculate the taxes due and owing for the balance of the tax year based upon such allowance of an owner-occupied exemption of 50% of the assessed value of the residential property.

5. This Executive Order shall remain in full force and effect until the Providence City Council by ordinance acts to change the prerequisites and protocol for homestead exemptions.


Angel Taveras
Mayor

Dated: November 3, 2011