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## Annual-account filing deadline this week

Guest Column

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This year, 17 Rhode Island communities will go through the rite of passage known as the revaluation cycle. State law requires a full property revaluation by the tax assessor in each city and town every nine years with less-detailed updates every three years.



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These values are important because, absent additional improvements or damage to the property, the values will stay the same for the entire cycle even though the tax rate will change each year. For many of us, that means this spring we'll learn that the tax assessor, or a company hired by the assessor, has come up with a new tax value for any real estate we own.

In most cities and towns, the tax values are supposed to be set at a "full and fair cash value or a uniform percentage thereof not to exceed 100 percent." Upon receipt of a

notice from the tax assessor of the new proposed value, the taxpayer will be given an opportunity to come in and discuss the new value. Then, after the tax bills actually come out, the taxpayer can institute a formal appeal to the town. The taxpayer will then have an opportunity to present evidence to a board of review in an effort to show why the assessor got it all wrong. But what recourse does a taxpayer have if the board does not agree?

Unbeknownst to many Rhode Island taxpayers, state law requires that every person and business file an annual account of all "ratable estate" with the tax assessor by Jan. 31 of each year. This accounting is supposed to include both real and personal property. Businesses are more likely to be aware of this requirement because of tangible property taxes that they have to pay on their inventories and other business assets – but not all. Most private citizens pay little heed to these statutes and never know the difference.

Most of us have enjoyed the benefit of rising real estate values for many years. Unfortunately, that usually also means the tax assessor ends up increasing the valuation of your real property for tax purposes. When the tax valuation of your property goes up, you the taxpayer have an automatic right to appeal to the town. You also have the right to pursue an appeal in court if you are still unhappy with what the town decides.

In order for the taxpayer in a declining market to pursue a tax appeal in court, it is necessary to have filed an annual account in a timely manner. In legal jargon, the filing of an annual account is a condition precedent to the filing of any lawsuit.

If you believe that, due to the declining real estate market, the full and fair cash value of your property is considerably less than its current tax valuation, you might be hoping that the assessor will recognize that decline and significantly reduce the tax value of your property.

But what if the assessor only agrees to a small reduction or, perhaps, even keeps the same value and then the town board of review rubber stamps that decision. If that's the case and you have not filed an annual account, you could be stuck with the town's decision and have no recourse in court.

The filing of the annual account does not cost anything and it is not very complicated. Most tax assessors make the form available on the town website. Anyone who chooses to file must remember that the form must be filed with the town on or before Jan. 31 (or extended pursuant to the procedures

set forth in the statutes) and it must be executed under oath.

The annual account is supposed to assist the tax assessor in determining the value of all the taxable property in town in order to formulate the tax roll, which will then be used to set the annual tax rate. But, like many other procedural requirements in the arcane world of tax assessment and tax appeals, none of this works in favor of the taxpayer.

In one recent case, the owner of a large office building in downtown Providence contested the tax assessment for several years. The court agreed that the tax assessor's valuation was off the mark by more than \$7 million, but there was one year where the court had no choice but to dismiss the property owner's appeal because the annual account the owner filed was not signed and, thus, not executed under oath and did not meet the statutory requirements. The result was an unnecessary tax liability of approximately \$250,000 for that one year alone.

Anyone who lives in one of the communities about to go through the revaluation process and who believes that their current valuation is too high and out of touch with reality would be wise to keep all options open by having filed an annual account by Jan. 31. •

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