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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO TAXATION -- REAL ESTATE CONVEYANCE TAX

Introduced By: Senator Meghan E. Kallman

Date Introduced: February 06, 2026

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-25-1 of the General Laws in Chapter 44-25 entitled "Real Estate
2 Conveyance Tax" is hereby amended to read as follows:

3 **44-25-1. Tax imposed — Payment — Burden.**

4 (a) There is imposed, on each deed, instrument, or writing by which any lands, tenements,
5 or other realty sold is granted, assigned, transferred, or conveyed, to, or vested in, the purchaser or
6 purchasers, or any other person or persons, by his, her, or their direction, or on any grant,
7 assignment, transfer, or conveyance or such vesting, by such persons that has the effect of making
8 any real estate company an acquired real estate company, when the consideration paid exceeds one
9 hundred dollars (\$100), a tax at the rate of three dollars and seventy-five cents (\$3.75) for each five
10 hundred dollars (\$500), or fractional part of it, that is paid for the purchase of property or the interest
11 in an acquired real estate company (inclusive of the value of any lien or encumbrance remaining at
12 the time the sale, grant, assignment, transfer, or conveyance or vesting occurs, or in the case of an
13 interest in an acquired real estate company, a percentage of the value of such lien or encumbrance
14 equivalent to the percentage interest in the acquired real estate company being granted, assigned,
15 transferred, conveyed, or vested). The tax is payable at the time of making, the execution, delivery,
16 acceptance, or presentation for recording of any instrument affecting such transfer, grant,
17 assignment, transfer, conveyance, or vesting. In the absence of an agreement to the contrary, the
18 tax shall be paid by the grantor, assignor, transferor, or person making the conveyance or vesting.
19 If the real property or interest therein conveyed is located in more than one municipality, the tax

1 shall be allocated between or among the municipalities in proportions to the assessed value of the
2 real property located in each municipality.

3 (b) In addition to the tax imposed by subsection (a), there is imposed, on each deed,
4 instrument, or writing by which any residential real property sold is granted, assigned, transferred,
5 or conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his,
6 her, or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such
7 persons that has the effect of making any real estate company an acquired real estate company,
8 when the consideration paid exceeds eight hundred thousand dollars (\$800,000), a tax at the rate of
9 three dollars and seventy-five cents (\$3.75) for each five hundred dollars (\$500), or fractional part
10 of it, of the consideration in excess of eight hundred thousand dollars (\$800,000) that is paid for
11 the purchase of residential real property or the interest in an acquired real estate company (inclusive
12 of the value of any lien or encumbrance remaining at the time the sale, grant, assignment, transfer,
13 or conveyance or vesting occurs, or in the case of an interest in an acquired real estate company, a
14 percentage of the value of such lien or encumbrance equivalent to the percentage interest in the
15 acquired real estate company being granted, assigned, transferred, conveyed, or vested). The tax
16 imposed by this subsection shall be paid at the same time, to the same municipalities and in the
17 same manner as the tax imposed by subsection (a) For tax years beginning on or after January 1,
18 2026, the threshold of eight hundred thousand dollars (\$800,000) provided pursuant to this section
19 shall be adjusted by the percentage increase in the Consumer Price Index for all Urban Consumers
20 (CPI-U) as published by the United States Department of Labor Statistics determined as of
21 September 30 of the prior calendar years. Said adjustment shall be compounded annually and shall
22 be rounded up to the nearest five-dollar (\$5.00) increment. In no event shall the threshold in any
23 tax year be less than the prior tax year.

24 (c) In the event no consideration is actually paid for the lands, tenements, or realty, the
25 instrument or interest in an acquired real estate company of conveyance shall contain a statement
26 to the effect that the consideration is such that no documentary stamps are required.

27 (d) The tax shall be distributed as follows:

28 (1) With respect to the tax imposed by subsection (a): the tax administrator shall contribute
29 to the distressed community relief program the sum of fifty cents (\$.50) per three dollars and
30 seventy-five cents (\$3.75) of the face value of the stamps to be distributed pursuant to § 45-13-12,
31 and to the housing resources and homelessness restricted receipt account established pursuant to §
32 42-128-2 the sum of fifty cents (\$.50) per three dollars and seventy-five cents (\$3.75) of the face
33 value of the stamps. The state shall retain ninety-five cents (\$.95) for state use. The balance of the
34 tax shall be retained by the municipality collecting the tax.

(3) Notwithstanding the above, in the case of the tax on the grant, transfer, assignment, or conveyance or vesting with respect to an acquired real estate company, the tax shall be collected by the tax administrator and shall be distributed to the municipality where the real estate owned by the acquired real estate company is located; provided, however, in the case of any such tax collected by the tax administrator, if the acquired real estate company owns property located in more than one municipality, the proceeds of the tax shall be allocated amongst said municipalities in the proportion the assessed value of said real estate in each such municipality bears to the total of the assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.

Provided, however, in fiscal years 2004 and 2005, from the proceeds of this tax, the tax administrator shall deposit as general revenues the sum of ninety cents (\$.90) per two dollars and thirty cents (\$2.30) of the face value of the stamps. The balance of the tax on the purchase of property shall be retained by the municipality collecting the tax. The balance of the tax on the transfer with respect to an acquired real estate company, shall be collected by the tax administrator and shall be distributed to the municipality where the property for which interest is sold is physically located. Provided, however, that in the case of any tax collected by the tax administrator with respect to an acquired real estate company where the acquired real estate company owns property located in more than one municipality, the proceeds of the tax shall be allocated amongst the municipalities in proportion that the assessed value in any such municipality bears to the assessed values of all of the real estate owned by the acquired real estate company in Rhode Island.

25 (e) For purposes of this section, the term “acquired real estate company” means a real estate
26 company that has undergone a change in ownership interest if (1) The change does not affect the
27 continuity of the operations of the company; and (2) The change, whether alone or together with
28 prior changes has the effect of granting, transferring, assigning, or conveying or vesting,
29 transferring directly or indirectly, 50% or more of the total ownership in the company within a
30 period of three (3) years. For purposes of the foregoing subsection (e)(2), a grant, transfer,
31 assignment, or conveyance or vesting, shall be deemed to have occurred within a period of three
32 (3) years of another grant(s), transfer(s), assignment(s), or conveyance(s) or vesting(s) if during the
33 period the granting, transferring, assigning, or conveying party provides the receiving party a
34 legally binding document granting, transferring, assigning, or conveying or vesting the realty or a

1 commitment or option enforceable at a future date to execute the grant, transfer, assignment, or
2 conveyance or vesting.

3 (f) A real estate company is a corporation, limited liability company, partnership, or other
4 legal entity that meets any of the following:

5 (1) Is primarily engaged in the business of holding, selling, or leasing real estate, where
6 90% or more of the ownership of the real estate is held by 35 or fewer persons and which company
7 either (i) Derives 60% or more of its annual gross receipts from the ownership or disposition of real
8 estate; or (ii) Owns real estate the value of which comprises 90% or more of the value of the entity's
9 entire tangible asset holdings exclusive of tangible assets that are fairly transferrable and actively
10 traded on an established market; or

11 (2) Ninety percent or more of the ownership interest in such entity is held by 35 or fewer
12 persons and the entity owns as 90% or more of the fair market value of its assets a direct or indirect
13 interest in a real estate company. An indirect ownership interest is an interest in an entity 90% or
14 more of which is held by 35 or fewer persons and the purpose of the entity is the ownership of a
15 real estate company.

16 (g) In the case of a grant, assignment, transfer, or conveyance or vesting that results in a
17 real estate company becoming an acquired real estate company, the grantor, assignor, transferor, or
18 person making the conveyance or causing the vesting, shall file or cause to be filed with the division
19 of taxation, at least five (5) days prior to the grant, transfer, assignment, or conveyance or vesting,
20 notification of the proposed grant, transfer, assignment, or conveyance or vesting, the price, terms
21 and conditions thereof, and the character and location of all of the real estate assets held by the real
22 estate company and shall remit the tax imposed and owed pursuant to subsection (a). Any such
23 grant, transfer, assignment, or conveyance or vesting which results in a real estate company
24 becoming an acquired real estate company shall be fraudulent and void as against the state unless
25 the entity notifies the tax administrator in writing of the grant, transfer, assignment, or conveyance
26 or vesting as herein required in subsection (g) and has paid the tax as required in subsection (a).

27 Upon the payment of the tax by the transferor, the tax administrator shall issue a certificate of the
28 payment of the tax which certificate shall be recordable in the land evidence records in each
29 municipality in which such real estate company owns real estate. Where the real estate company
30 has assets other than interests in real estate located in Rhode Island, the tax shall be based upon the
31 assessed value of each parcel of property located in each municipality in the state of Rhode Island.

32 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- REAL ESTATE CONVEYANCE TAX

- 1 This act would require that the tax imposed upon the conveyance of any real property that
- 2 is located in more than one municipality to be allocated between or among the municipalities in
- 3 proportions to the assessed value of the property located in each municipality.
- 4 This act would take effect upon passage.

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