

2015 -- S 0178

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LC000522
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TAXATION

Introduced By: Senators Goldin, Goodwin, Ruggerio, DaPonte, and Miller

Date Introduced: February 05, 2015

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-25 of the General Laws entitled "Real Estate Conveyance Tax"
2 is hereby amended by adding thereto the following section:

3 **44-25-1.1. Tax imposed on transfer of controlling interest in entity possessing real**
4 **property.** – (a) There is imposed on the sale or transfer of a controlling interest in any entity
5 which possesses, directly or indirectly, an interest in real property in this state when the present,
6 true and actual value of the interest in real property exceeds one hundred dollars (\$100), payable
7 by the person selling or transferring such controlling interest, a tax at the rate set forth in § 44-25-
8 1(c) of the present, true and actual value of the interest in real property possessed, directly or
9 indirectly, by such entity.

10 (b) A taxable sale or transfer of a controlling interest may occur in one transaction or in a
11 series of transactions. Transactions which occur within two (2) years of each other are presumed,
12 unless shown to the contrary, to be a series of transactions subject to the tax.

13 (c) A taxable sale or transfer of a controlling interest may be made by one seller or
14 transferor, or may be made by a group of sellers or transferors acting in concert. Sellers or
15 transferors who are related to each other by blood or marriage are presumed, unless shown to the
16 contrary, to be acting in concert.

17 (d) The tax administrator shall contribute to the distressed community relief program the
18 sum as set forth in § 44-25-1(c) to be distributed pursuant to § 45-13-12 and to the housing
19 resources commission restricted receipts account the sum as set forth in §44-25-1(c). Funds will

1 be administered by the department of administration, office of housing and community
2 development, through the housing resources commission. The state shall retain sixty cents (\$.60)
3 for state use. The balance of the tax shall be retained by the municipality collecting the tax. The
4 tax would be administered and collected under the provisions of this chapter,

5 (e) For the purpose of this section the term "controlling interest" means:

6 (1) In the case of a corporation, fifty percent (50%) or more of the total combined voting
7 power of all classes of stock of such corporation; or

8 (2) In the case of a partnership, association, trust or other entity, fifty percent (50%) or
9 more of the capital, profits or beneficial interest in such partnership, association, trust or other
10 entity.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would provide that a real estate conveyance tax shall be imposed on the transfer
- 2 of a controlling interest in an entity possessing real property.
- 3 This act would take effect upon passage.

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