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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO TAXATION -- REAL ESTATE CONVEYANCE TAX

Introduced By: Representatives Kislak, Morales, Sanchez, Ajello, Batista, and Potter

Date Introduced: February 28, 2025

Referred To: House 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 two dollars and thirty cents (\$2.30) for each five hundred
10 dollars (\$500), or fractional part of it, that is paid for the purchase of property or the interest in an
11 acquired real estate company (inclusive of the value of any lien or encumbrance remaining at the
12 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 (b) In addition to the tax imposed by subsection (a), there is imposed, on each deed,

1 instrument, or writing by which any residential real property sold is granted, assigned, transferred,
2 or conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his,
3 her, or their direction, or on any grant, assignment, transfer, or conveyance or such vesting, by such
4 persons that has the effect of making any real estate company an acquired real estate company,
5 when the consideration paid exceeds eight hundred thousand dollars (\$800,000), a tax at the rate of
6 two dollars and thirty cents (\$2.30) for each five hundred dollars (\$500), or fractional part of it, of
7 the consideration in excess of eight hundred thousand dollars (\$800,000) that is paid for the
8 purchase of property or the interest in an acquired real estate company (inclusive of the value of
9 any lien or encumbrance remaining at the time the sale, grant, assignment, transfer, or conveyance
10 or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of
11 the value of such lien or encumbrance equivalent to the percentage interest in the acquired real
12 estate company being granted, assigned, transferred, conveyed, or vested). The tax imposed by this
13 subsection shall be paid at the same time and in the same manner as the tax imposed by subsection
14 (a).

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

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

19 (1) With respect to the tax imposed by subsection (a): the tax administrator shall contribute
20 to the distressed community relief program the sum of thirty cents (\$.30) per two dollars and thirty
21 cents (\$2.30) of the face value of the stamps to be distributed pursuant to § 45-13-12, and to the
22 housing resources and homelessness restricted receipt account established pursuant to § 42-128-2
23 the sum of thirty cents (\$.30) per two dollars and thirty cents (\$2.30) of the face value of the stamps.
24 The state shall retain sixty cents (\$.60) for state use. The balance of the tax shall be retained by the
25 municipality collecting the tax.

26 (2) With respect to the tax imposed by subsection (b): the tax administrator shall contribute
27 the entire tax to the housing production fund established pursuant to § 42-128-2.1.

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

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

13 (e) For purposes of this section, the term “acquired real estate company” means a real estate
14 company that has undergone a change in ownership interest if (1) The change does not affect the
15 continuity of the operations of the company; and (2) The change, whether alone or together with
16 prior changes has the effect of granting, transferring, assigning, or conveying or vesting,
17 transferring directly or indirectly, 50% or more of the total ownership in the company within a
18 period of three (3) years. For purposes of the foregoing subsection (e)(2), a grant, transfer,
19 assignment, or conveyance or vesting, shall be deemed to have occurred within a period of three
20 (3) years of another grant(s), transfer(s), assignment(s), or conveyance(s) or vesting(s) if during the
21 period the granting, transferring, assigning, or conveying party provides the receiving party a
22 legally binding document granting, transferring, assigning, or conveying or vesting the realty or a
23 commitment or option enforceable at a future date to execute the grant, transfer, assignment, or
24 conveyance or vesting.

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

27 (1) Is primarily engaged in the business of holding, selling, or leasing real estate, where
28 90% or more of the ownership of the real estate is held by 35 or fewer persons and which company
29 either (i) derives 60% or more of its annual gross receipts from the ownership or disposition of real
30 estate; or (ii) owns real estate the value of which comprises 90% or more of the value of the entity’s
31 entire tangible asset holdings exclusive of tangible assets that are fairly transferrable and actively
32 traded on an established market; or

33 (2) Ninety percent or more of the ownership interest in such entity is held by 35 or fewer
34 persons and the entity owns as 90% or more of the fair market value of its assets a direct or indirect

1 interest in a real estate company. An indirect ownership interest is an interest in an entity 90% or
2 more of which is held by 35 or fewer persons and the purpose of the entity is the ownership of a
3 real estate company.

4 (g) In the case of a grant, assignment, transfer, or conveyance or vesting that results in a
5 real estate company becoming an acquired real estate company, the grantor, assignor, transferor, or
6 person making the conveyance or causing the vesting, shall file or cause to be filed with the division
7 of taxation, at least five (5) days prior to the grant, transfer, assignment, or conveyance or vesting,
8 notification of the proposed grant, transfer, assignment, or conveyance or vesting, the price, terms
9 and conditions thereof, and the character and location of all of the real estate assets held by the real
10 estate company and shall remit the tax imposed and owed pursuant to subsection (a). Any such
11 grant, transfer, assignment, or conveyance or vesting which results in a real estate company
12 becoming an acquired real estate company shall be fraudulent and void as against the state unless
13 the entity notifies the tax administrator in writing of the grant, transfer, assignment, or conveyance
14 or vesting as herein required in subsection (g) and has paid the tax as required in subsection (a).
15 Upon the payment of the tax by the transferor, the tax administrator shall issue a certificate of the
16 payment of the tax which certificate shall be recordable in the land evidence records in each
17 municipality in which such real estate company owns real estate. Where the real estate company
18 has assets other than interests in real estate located in Rhode Island, the tax shall be based upon the
19 assessed value of each parcel of property located in each municipality in the state of Rhode Island.

20 (h) In addition to the tax imposed by subsections (a) and (b) of this section, the city of
21 Providence is authorized to impose by ordinance, on each deed, instrument, or writing by which
22 any lands, tenements, or other realty sold in the city of Providence, in which an interest is granted,
23 assigned, transferred, or conveyed to, or vested in, the purchaser or purchasers, or any other person
24 or persons, by his, her, or their direction, or on any grant, assignment, transfer, or conveyance or
25 such vesting, by such persons that has an interest in real estate, when the consideration paid exceeds
26 one million dollars (\$1,000,000), a tax at the rate of up to three-quarters of one percent (0.75%) of
27 the purchase price that is paid for the purchase of property or the interest in an acquired real estate
28 company (inclusive of the value of any lien or encumbrance remaining at the time the sale, grant,
29 assignment, transfer, or conveyance or vesting occurs, or in the case of an interest in an acquired
30 real estate company, a percentage of the value of such lien or encumbrance equivalent to the
31 percentage interest in the acquired real estate company being granted, assigned, transferred,
32 conveyed, or vested). The tax, if imposed, is payable at the time of making, the execution, delivery,
33 acceptance, or presentation for recording of any instrument affecting such transfer, grant,
34 assignment, transfer, conveyance, or vesting. In the absence of an agreement to the contrary, the

1 tax, if imposed, shall be paid by the grantor, assignor, transferor, or person making the conveyance
2 or vesting. The tax, if imposed in accordance with the provisions of this subsection, shall be paid
3 to and retained by the city of Providence.

4 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 authorize the city of Providence to impose an additional conveyance tax of
2 three quarters of one percent (0.75%) on the sale of any real property in excess of one million
3 dollars (\$1,000,000).

4 This act would take effect upon passage.

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