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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: Senators Gu, DiPalma, Murray, Acosta, DiMario, Ciccone, Zurier, Felag, Kallman, and Euer

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

20 (2) In addition to the taxes imposed by subsections (a) and (b)(1) of this section, upon
21 enactment of a local ordinance, a municipality may impose, on each deed, instrument, or writing
22 by which any sold residential real property located in that municipality is granted, assigned,
23 transferred, or conveyed to, or vested in, the purchaser or purchasers, or any other person or
24 persons, by his, her, or their direction, or on any grant, assignment, transfer, or conveyance or such
25 vesting, by such persons that has the effect of making any real estate company an acquired real
26 estate company, when the consideration paid exceeds nine hundred thousand dollars (\$900,000), a
27 tax of not more than ten dollars (\$10.00) for each five hundred dollars (\$500), or fractional part of
28 it, of the consideration in excess of nine hundred thousand dollars (\$900,000) that is paid for the
29 purchase of property or the interest in an acquired real estate company (inclusive of the value of
30 any lien or encumbrance remaining at the time the sale, grant, assignment, transfer, or conveyance
31 or vesting occurs, or in the case of an interest in an acquired real estate company, a percentage of
32 the value of such lien or encumbrance equivalent to the percentage interest in the acquired real
33 estate company being granted, assigned, transferred, conveyed, or vested). The tax imposed by this
34 subsection shall be paid at the same time and in the same manner as the tax imposed by subsection

1 (a) of this section.

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

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

6 (1) With respect to the tax imposed by subsection (a): the tax administrator shall contribute
7 to the distressed community relief program the sum of fifty cents (\$.50) per three dollars and
8 seventy-five cents (\$3.75) of the face value of the stamps to be distributed pursuant to § 45-13-12,
9 and to the housing resources and homelessness restricted receipt account established pursuant to §
10 42-128-2 the sum of fifty cents (\$.50) per three dollars and seventy-five cents (\$3.75) of the face
11 value of the stamps. The state shall retain ninety-five cents (\$.95) for state use. The balance of the
12 tax shall be retained by the municipality collecting the tax.

13 (2) With respect to the tax imposed by subsection (b): the tax administrator shall contribute
14 to the housing production fund the sum of two dollars and fifty cents (\$2.50) per three dollars and
15 seventy-five cents (\$3.75) to be distributed pursuant to § 42-128-2.1, and to the housing resources
16 and homelessness restricted receipt account the sum of one dollar and twenty-five cents (\$1.25) to
17 be distributed pursuant to § 42-128-2.

18 (3) With respect to the tax imposed by subsection (b)(2) of this section, the municipality
19 shall retain the tax collected and deposit it into restricted accounts, that shall be allocated and spent
20 only for the creation and development of affordable housing, as defined in § 42-128-8.1, within the
21 municipality serving individuals or families at or below eighty percent (80%) of the area median
22 income. The municipality shall maintain a local affordable housing board to oversee the funds in
23 the restricted accounts and shall allocate the funds within five (5) years. The municipality shall
24 include in the housing element of their local comprehensive plan, if applicable, the process it will
25 use to allocate the funds.

26 (4) As an alternative to the provisions of subsection (d)(3) of this section, the municipality
27 may elect to transfer tax collections promptly upon receipt or within the two (2) year period after
28 receipt to the housing resources commission, the Rhode Island department of housing, or Rhode
29 Island Housing, for the purpose of developing affordable housing within that community; provided,
30 however, any tax funds collected and deposited pursuant to subsection (d)(3) of this section and
31 not allocated within five (5) years, shall be transferred to the Rhode Island department of housing
32 for the purpose of developing affordable housing.

33 ~~(3)~~⁽⁵⁾ Notwithstanding the above, in the case of the tax on the grant, transfer, assignment,
34 or conveyance or vesting with respect to an acquired real estate company, the tax shall be collected

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

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

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

32 (1) Is primarily engaged in the business of holding, selling, or leasing real estate, where
33 90% or more of the ownership of the real estate is held by 35 or fewer persons and which company
34 either (i) Derives 60% or more of its annual gross receipts from the ownership or disposition of real

1 estate; or (ii) Owns real estate the value of which comprises 90% or more of the value of the entity's
2 entire tangible asset holdings exclusive of tangible assets that are fairly transferrable and actively
3 traded on an established market; or

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

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

25 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 allow a municipality to set an additional conveyance tax rate of not more
2 than ten dollars (\$10.00) for each five hundred dollars (\$500), or fractional part of that amount, of
3 the consideration in excess of nine hundred thousand dollars (\$900,000). This act would also
4 require that the excess conveyance taxes collected alternatively be deposited in a restricted account
5 and distributed within two (2) years, to be used only for affordable housing for individuals or
6 families at or below eighty percent (80%) of the area median income or transferred to state housing
7 agencies for use in the community to develop affordable housing.

8 This act would take effect upon passage.

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