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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO TAXATION -- PROPERTY EQUITY PROTECTION ACT

Introduced By: Senators de la Cruz, and Rogers

Date Introduced: February 27, 2026

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 9.1

4 PROPERTY EQUITY PROTECTION ACT

5 **44-9.1-1. Short title.**

6 This chapter shall be known and may be cited as the "Property Equity Protection Act."

7 **44-9.1-2. Purpose.**

8 The purpose of this chapter is to protect property owners from losing their equity when
9 their property is seized to pay a debt to the government by allowing ample time to payoff the debt
10 and adequate notice of due process.

11 **44-9.1-3. Redemption.**

12 (a) Any person may redeem a tax debt on behalf of the property owner of record within
13 five (5) years after the tax debt becomes delinquent or after five (5) years but before the delivery
14 of a treasurer's deed to the purchaser or the purchaser's heirs or assigns for property qualifying
15 pursuant to the provisions of subsection (b) of this section.

16 (b) No tax lien or deed may be foreclosed unless the amount of the outstanding tax debt
17 against the parcel, plus reasonable penalties, interest, and appropriate fees, exceeds five percent
18 (5%) of the fair market value of the parcel as shown by the tax assessor's then-current valuation of
19 the parcel, or fifty thousand dollars (\$50,000), whichever is lower. If the amount of the amount of

1 the outstanding tax debt against the parcel, plus reasonable penalties, interest, and appropriate fees,
2 exceeds fifty thousand dollars (\$50,000), then the tax lien or deed may be foreclosed pursuant to
3 the provisions of chapter 9 of title 44.

4 **44-9.1-4. Competitive auctions.**

5 (a) After the expiration of the statutory redemption period, the holder of a tax lien may file
6 a foreclosure action in state court forcing the sale of the property pursuant to chapter 9 of title 44.
7 Statutory provisions governing tax sales are in addition to any other statutory provisions.

8 (b) The sale shall include an online bidding process in which bids are received
9 electronically over the internet in a real-time, competitive-bidding event.

10 (c) The sale shall be advertised in a multiple listing service for at least thirty (30) days prior
11 to the auction.

12 (d) When a taxing jurisdiction sells the right to collect a tax debt, the winning bidder shall
13 be the person who pays the whole amount of delinquent taxes, interest, penalties, and charges due
14 on the property, and who in addition offers to accept the lowest rate of interest on the amount so
15 paid to redeem the property.

16 (e) When a taxing jurisdiction sells a property to satisfy a tax debt, the property shall be
17 sold to the highest bidder.

18 (f) A private party may be contracted to operate and advertise the auction and to advertise
19 the property. The contract may provide that if the property sells for more than the amount of the
20 taxes, penalties, interest, and costs charged against the property, the private party operating and
21 advertising the auction and advertising the property may receive up to three percent (3%) of the
22 amount of the sale price of a property that is more than the amount of the taxes, penalties, interest,
23 and costs charged against the property.

24 **44-9.1-5. Notice requirements.**

25 (a) The tax collector shall certify that the following notices have been made at least sixty
26 (60) days, but not more than one hundred twenty (120) days, prior to a tax sale.

27 (b) The following persons shall be notified by certified mail with return receipt requested,
28 or by registered mail if the notice is to be sent outside the continental United States, at least sixty
29 (60) days prior to a tax sale, again at least thirty (30) days prior to sale, and again thirty (30) days
30 before issuance of a treasurer's deed following the sale:

31 (1) Any property owner of record according to the records of the recorder in the
32 municipality in which the property is located. If notice to any property owner is returned
33 undeliverable, a diligent search must be undertaken to locate and provide notice to property owners
34 of record.

1 (2) Any lienholder of record who has recorded a lien against the property if an address
2 appears on the recorded lien.

3 (3) Any mortgagee of record if an address appears on the recorded mortgage.

4 (4) Any vendee of a recorded contract for deed if an address appears on the recorded
5 contract.

6 (5) Any other lienholder who has applied to the tax collector to receive notice if an address
7 is supplied to the collector.

8 (6) Any person to whom the property was assessed on the tax roll for the year in which the
9 property was last assessed.

10 (7) Any lienholder of record who has recorded a lien against a mobile home located on the
11 property if an address appears on the recorded lien.

12 (8) Any legal titleholder of record of property that is contiguous to the property described
13 in the tax certificate, if the property described is submerged land or common elements of a
14 subdivision and if the address of the titleholder of contiguous property appears on the record of
15 conveyance of the property to the legal titleholder. As used in this chapter, the term "contiguous"
16 means touching, meeting, or joining at the surface or border, other than at a corner or a single point,
17 and not separated by submerged lands. Submerged lands lying below the ordinary high-water mark
18 which are sovereignty lands are not part of the upland contiguous property for purposes of
19 notification.

20 (9) Any person who has requested to receive notices of delinquent taxes.

21 (c) For purposes of determining who shall be noticed, the tax collector shall contract with
22 a title company or an abstract company to provide a property information report. The tax collector
23 may select any title or abstract company, regardless of its location, as long as the fee is reasonable,
24 the required information is submitted, and the title or abstract company is authorized to do business
25 in this state. The tax collector may advertise and accept bids for the title or abstract company if the
26 tax collector considers it appropriate to do so.

27 (d) The tax collector shall enclose with every notice required by this section, and with each
28 delinquent tax notice, a statement as follows, in the five (5) most common languages in the state:

29 "WARNING: There are unpaid taxes on property at (address) which you may own, may
30 have a legal interest in, or may be contiguous to your property. The property will be (or was) sold
31 at public auction on (date) unless the back taxes are paid. To make payment, or to receive further
32 information, contact (tax collector) immediately at (address), (telephone number). You may be
33 eligible for free legal assistance if you reach out to (name of free legal services organization) at
34 (address), (telephone number), for legal advice about how to respond to this notice."

1 (e) The tax collector shall cause a printed copy of the notices to be published in a newspaper
2 of general circulation in the county where the property is located, including the warning statement.

3 (f) The tax collector shall cause a copy of the notices to be posted in a conspicuous place
4 on the property by a constable certified pursuant to the provision of § 9-5-10.1, including the
5 warning statement.

6 (g) The tax collector shall post a copy of the notices in a conspicuous location on its website
7 and at its physical offices.

8 (h) The tax collector shall cause a copy of the notice to be recorded, including the warning
9 statement. A person acquiring an interest in the property after the notice has been recorded is
10 deemed to be on notice of the pending sale, and no additional notice is required. The sale of the
11 property automatically releases any recorded notice of tax sale for that property. If the property is
12 redeemed, the tax collector shall record a release of the notice upon payment of the recording fee.

13 (i) Fees and costs incurred by the tax collector related to the notifications required in this
14 section shall be paid from the proceeds of the tax sale or added to the opening bid for a tax lien.

15 **44-9.1-6. Surplus proceeds.**

16 (a) When any property is sold at a tax sale, proceeds shall be distributed in the following
17 order of priority:

18 (1) For payment of delinquent taxes and satisfaction of existing tax liens, plus reasonable
19 penalties, interest, and fees;

20 (2) To governmental units holding a lien of record against the payment, including any tax
21 debts not giving rise to the tax sale;

22 (3) Any surplus belongs to the owner of the property prior to the tax sale and shall be
23 promptly returned to the owner, or the owner's heirs or assigns. The tax collector shall notify the
24 owner of the surplus. The owner of the surplus may claim it by contacting the tax collector and
25 providing proof of ownership of the parcel.

26 (4) If the owner or the owner's heirs or assigns fail to claim the surplus or there are multiple
27 claims for the surplus, within one hundred twenty (120) days after the sale, the tax collector shall
28 file an interpleader action in superior court or pay the surplus funds according to the tax collector's
29 determination of the priority of claims. Fees and costs incurred by the tax collector related to the
30 disbursement of the surplus, including fees and costs related to an interpleader action, shall be paid
31 from the surplus funds. If the tax collector files an interpleader action, the court shall determine the
32 distribution of funds based upon the priority of liens filed. The court shall award reasonable fees
33 and costs from the interpleaded funds. An action to require payment of surplus funds is not ripe
34 until the claim and review periods expire.

1 (5) The failure of any person, other than the owner or the owner's heirs or assigns, to file
2 a claim for surplus funds within the one hundred twenty (120) days after the sale or the filing of an
3 interpleader action, whichever is later, constitutes a waiver of interest in the surplus funds, and all
4 claims thereto are forever barred.

5 (6) Any surplus that remains unclaimed after one hundred twenty (120) days shall be
6 administered by the state as pursuant to the provisions of chapter 9 of title 44.

7 **44-9.1-7. Limits on interest rates and penalties.**

8 (a) Except as otherwise expressly provided by law, taxes owed the state or any local taxing
9 jurisdiction shall bear interest at an annual rate equal to the bank prime loan rate as posted by the
10 board of governors of the federal reserve system in statistical release H. 15 or any publication that
11 may supersede it, plus three percent (3%), to accrue monthly. Such annual interest rate shall be
12 determined for each calendar year based on the first weekly posting of statistical release H. 15 on
13 or after January 1 of each calendar year. Interest shall begin to accrue from the date the tax is past
14 due until the date the tax is paid.

15 (b) No other penalty shall apply to tax debts, except the reasonable costs of collection may
16 be added to any tax debt.

17 SECTION 2. Section 44-9-25 of the General Laws in Chapter 44-9 entitled "Tax Sales" is
18 hereby amended to read as follows:

19 **44-9-25. Petition for foreclosure of redemption.**

20 (a) After one year from a sale of land for taxes, except as provided in §§ 44-9-19 — 44-9-
21 22, whoever then holds the acquired title may bring a petition in the superior court for the
22 foreclosure of all rights of redemption under the title. The petition shall set forth a description of
23 the land to which it applies, with its assessed valuation, the petitioner's source of title, giving a
24 reference to the place, book, and page of record, and other facts as may be necessary for the
25 information of the court. Two (2) or more parcels of land may be included in any petition brought
26 by any purchaser of a title or titles, if the parcels are in the same record ownership at the time of
27 bringing the petition (Form 5).

28 (b) No more than one foreclosure petition may be filed for each tax deed regardless of the
29 number of tax title holders having an interest under such deed. If more than one petition is filed,
30 the petitions shall be consolidated for hearing by the court. The court shall not award more than
31 one attorneys' fee to the petitioners.

32 (c) Notwithstanding the provisions of subsection (a) of this section, no petition for
33 foreclosure of redemption shall be filed or entertained by any court with respect to any property or
34 title acquired by the Rhode Island Housing and Mortgage Corporation pursuant to § 44-9-8.3 of the

1 general laws until after five (5) years from the sale of said property or title for taxes.

2 (d) Notwithstanding the provisions of subsection (a) of this section, no petition for
3 foreclosure of redemption shall be filed or entertained by any court with respect to any property
4 unless the amount of the outstanding tax debt against the parcel, plus reasonable penalties, interest,
5 and appropriate fees, exceeds five percent (5%) of the fair market value of the parcel as shown by
6 the tax assessor's then-current valuation of the parcel, or fifty thousand dollars (\$50,000),
7 whichever is lower, pursuant to § 44-9.1-3.

8 SECTION 3. 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 -- PROPERTY EQUITY PROTECTION ACT

1 This act would establish the property equity protection act to protect property owners from
2 losing their equity when their property is seized to pay a debt to the government by allowing ample
3 time to payoff the debt and adequate notice of due process.

4 This act would take effect upon passage.

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