



Rhode Island Department of Revenue  
Division of Taxation

*Via Electronic Mail*

April 23, 2024

The Honorable Marvin L. Abney  
Chair, House Committee on Finance  
Rhode Island State House  
Providence, RI 02903

**RE: Letter Regarding House Bill 7257 – An Act Relating to Taxation – Real Estate  
Conveyance Tax**

Dear Chair Abney:

I am writing on behalf of the Rhode Island Department of Revenue, Division of Taxation (“Division”), to: i) express concerns regarding issues with proposed House Bill 7257 as currently drafted; ii) explain the background and current statutory context in order to clarify the intended and unintended consequences of this bill; and iii) make recommendations and request your support in implementing those recommendations.

This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid tax administration and compliance.

As you know, this bill amends R.I. Gen. Laws § 44-25-1, entitled (“Real Estate Conveyance Tax – Tax Imposed – Payment – Burden”), to impose an additional real estate conveyance tax for residential properties sold in excess of two million dollars (\$2,000,000) at a rate of three dollars and thirty cents (\$3.30) for each five hundred dollars (\$500) or fractional part thereof, to be earmarked for affordable housing for the elderly, as implemented and administered by Rhode Island Housing. The bill would also amend R.I. Gen. Laws § 44-25-2 to provide for an exemption for “any grant, assignment, transfer, conveyance, or vesting of any interest, direct or indirect among owners, members, or partners in any real estate company with respect to affordable housing for the elderly as administered by Rhode Island housing.” The Act is set to take effect upon its passage.

There are several potential issues with the bill that impact tax administration, including, but not limited to:

- References to subsection (g) in new subsection (h) need to be corrected for accuracy.
- The requirement that the Division contribute the additional tax for those conveyances of residential property in excess of \$2,000,000 to “affordable housing for the elderly to be

implemented and administered by Rhode Island housing[]” is vague and not administrable. The Division would need statutory authority to distribute the tax to a specific fund in order to properly administer the tax; as drafted, there is no fund and no definition of “affordable housing for the elderly[.]”

- The new exemption from taxation on any conveyance “with respect to affordable housing for the elderly as administered by Rhode Island housing[]” is broad and difficult to administer without necessary parameters for what qualifies as affordable housing. The breadth of the exemption could lead to unintended consequences and potential fraud.
- The bill is effective upon passage. However, the Division respectfully requests that the effective date be prospective and for tax years beginning on or after January 1, 2025, to allow time for implementation of the new tax, which will require form and system updates.

The Division takes no position with respect to the remainder of the proposed legislation. Rather, the Division is concerned solely with the issues of clarity, tax compliance, and tax administration. As such, the Division respectfully suggests that the bill be redrafted for clarity.

I look forward to working with you to address the issues raised in this letter and appreciate your consideration.

Very truly yours,



Neena S. Savage  
Tax Administrator

cc: The Honorable Members of the House Committee on Finance (via: [HouseFinance@rilegislature.gov](mailto:HouseFinance@rilegislature.gov) )  
The Honorable Megan L. Cotter (via: [rep-cotter@rilegislature.gov](mailto:rep-cotter@rilegislature.gov))  
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House  
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