



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 7683 – 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 7683 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 would amend R.I. Gen. Laws § 44-25-1 to add a new subsection (c) imposing an additional conveyance tax of six dollars and ninety cents (\$6.90) on any purchaser of a single-family residence that is an entity (not an individual) with over fifteen million dollars (\$15,000,000) in assets. Additionally, the bill proposes a requirement that all such taxes generated be contributed to the Housing Production Fund created by R.I. Gen. Laws § 42-128-2.1.

As the bill is currently drafted, the imposition of the new conveyance tax is determined by the amount of assets held by the purchasing entity. As drafted, the bill is not administratively feasible as there are no parameters to quantify when an "entity has in excess of fifteen million dollars (\$15,000,000) in assets," and, therefore, to determine when such entity is subject to taxation per this amendment.

Further, 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,

A handwritten signature in blue ink, appearing to read "Msavage", with a long horizontal flourish extending to the right.

Neena S. Savage
Tax Administrator

cc: The Honorable Members of the House Committee on Finance (via:
HouseFinance@rilegislature.gov)
The Honorable Brian C. Newberry (rep-newberry@rilegislature.gov)
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House
Lynne Urbani, Director of House Policy
Thomas A. Verdi, Director, Department of Revenue