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May 7, 2025

Rhode Island House Finance Committee  
82 Smith Street  
Providence, RI 02903

RE: H5755 – Taxation – Estate and Transfer Taxes – Enforcement and Collection

Ladies and Gentlemen:

This letter is in support of the passage of H5755.

The current requirement to file an estate tax return with the Rhode Island Division of Taxation for the purpose of obtaining a discharge of the statutory lien on real estate is cumbersome, time consuming and unnecessary. The vast majority of estates in Rhode Island are below the threshold of a taxable estate and, therefore, no tax is imposed. As such, this filing requirement serves only to place an undue burden on the constituency. Equally, the Division must expend time and resources to process these non-taxable returns.

Real Estate held by Tenants by the Entirety or Joint Tenancy passes to the survivor or survivors by operation of law. Unless there are other assets that require probate court authority, a probate filing is not required to transfer title. Frequently, sellers of real estate are unaware of the existence of an estate tax lien or the requirement to file a return to obtain a discharge until they sell the property. It is only discovered after a contract for sale is executed and a title search is completed in contemplation of closing.

Closings for the sale of real estate typically take place thirty days, more or less, from the signing of a purchase and sales agreement to the closing date. The title search is completed during that timeframe, so closings have to be delayed due to the seller having to engage a professional to prepare and file the tax return, for the Division to receive and process the return, issue the release of lien and mail to the land evidence records for recording. This process can take weeks and sometimes months to complete, impeding commerce in the State and causing

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# PALUMBO LAW

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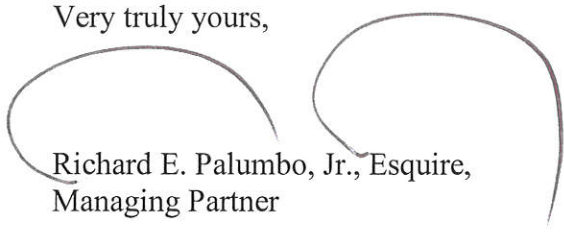
undue hardship and frustration for the buyer, seller, lender, realtors and attorneys. In some instances, the transaction will actually be voided if the seller cannot convey title by the date set out in the contract and the buyer is not willing to wait to close.

Additionally, the Division does not have a common sense approach to discharging liens when corrections must be made to clear title. As an example, when a return was previously filed, but a form T-77 (discharge of lien) was omitted in error, resulting in the lien not being discharged. Instead of simply issuing a discharge when the error is discovered, the Division requires the filing of an amended return for the sole purpose of including the T-77 discharge form, again, resulting in delays, unnecessary costs, expenses and resources for constituents.

The onerous filing requirements, and the associated costs and delays, can easily be replaced by the simplicity of the recording of an affidavit executed under pain of penalty and perjury, by the executor, administrator or party in possession of the real estate.

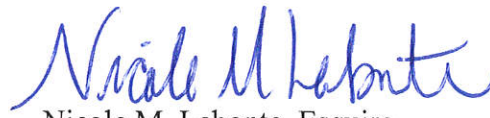
We urge you to pass H5755.

Very truly yours,



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