



Rhode Island Association of REALTORS® & State-Wide MLS

May 12, 2026

The Honorable Louis DiPalma, Chair  
Senate Finance Committee  
82 Smith Street  
Providence, Rhode Island 02903

## **RE: S2232- REAL ESTATE CONVEYANCE TAX**

Dear Chairperson and Committee Members:

On behalf of the Rhode Island Association of REALTORS® (RIAR), we respectfully submit this testimony in opposition to S2232. RIAR represents more than 5,900 licensed real estate professionals who work every day in the listing, sale, leasing, management, and appraisal of residential and commercial real estate and who are committed to stable housing markets to make Rhode Island a better place to call home.

S2232 would authorize municipalities to impose an additional local real estate conveyance tax on residential property sales above \$900,000, or a higher threshold set by ordinance, at a rate of up to \$10 per \$500 of value above that threshold. The bill further requires that revenues generated from this local option tax be restricted for affordable housing purposes, either through municipal allocation or transfer to state housing entities.

### **Imposes Significant New Costs on Homeownership and Real Estate Transactions**

S2232 would directly increase transaction costs for homebuyers and sellers in already high-cost segments of the market.

- Adds substantial closing costs that may be passed through to buyers, further straining affordability.
- Expands tax exposure as home values rise, capturing more middle-market transactions over time.
- Compounds existing cost pressures, including interest rates, insurance, and property taxes.

Higher transaction costs can create additional barriers to homeownership and reduce overall market accessibility.

### **Suppresses Housing Market Activity and Reduces Mobility**

Elevated transfer taxes have been shown to discourage real estate transactions and reduce market fluidity.

- Disincentivizes property sales, particularly among move-up buyers and downsizing homeowners.
- Delays or deters transactions, limiting inventory turnover.
- Reduces mobility, making it harder for households to adjust to changing economic or personal circumstances.

A less active housing market can exacerbate existing supply constraints rather than alleviate them.

### **Erodes Rhode Island's Competitive Position in the Regional Housing Market**

Introducing a new local-option conveyance tax creates uneven and potentially burdensome tax structures across municipalities.

- Creates a patchwork of local tax regimes that complicates transactions and investment decisions.
- Places Rhode Island at a disadvantage relative to neighboring states with lower transaction costs.
- Signals tax instability, which may discourage out-of-state buyers and long-term investment.

A predictable and competitive tax environment remains essential to attracting and retaining residents and capital.

### **Undermines Housing Supply and Development Incentives**

Although intended to fund affordable housing, the proposal may inadvertently constrain housing production and availability.

- Discourages development and redevelopment activity by increasing exit costs on completed projects.
- Reduces investor participation in residential real estate markets.
- Shifts costs across the housing ecosystem, potentially contributing to higher prices and rents.

Policies that increase transaction friction can ultimately limit the very housing supply they seek to support.

### **Creates an Unstable and Unreliable Funding Mechanism for Affordable Housing**

Conveyance tax revenue is inherently tied to market activity and economic cycles.

- Fluctuates with transaction volume, making it an unreliable funding stream.
- Declines during market downturns, when housing needs may be greatest.
- Creates uncertainty for long-term housing planning and program funding.

Stable and predictable funding mechanisms are better suited to support sustained housing development efforts.

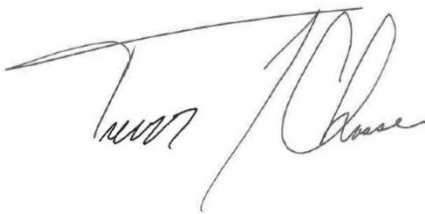
### **Conclusion**

S2232 introduces a significant new layer of taxation on real estate transactions that may increase costs, reduce market activity, and weaken Rhode Island's competitive position. While the goal of expanding affordable housing is critically important, this approach risks unintended consequences that could ultimately hinder housing availability and economic growth.

For these reasons, the Rhode Island Association of REALTORS® respectfully urges the Committee to oppose S2232.

Thank you for your time and consideration.

Respectfully submitted,



Trevor J. Chasse  
Director, Government Affairs  
Rhode Island Association of REALTORS®