

Jamie Plume

From: Anthony Thompson <art@sigilservices.com>
Sent: Monday, May 11, 2026 8:53 PM
To: Senate Finance
Cc: Sen. LaMountain, Matthew L.
Subject: OPPOSE S2549 (extra taxes on "house flippers")

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I oppose S2549, which would add an additional tax on the gains from the sale or exchange of real property in Rhode Island based on the time the property was held by the transferor.

I have been active in real estate in Rhode Island as a housing provider, real estate agent, and property renovator since the early 2000s.

I oppose this bill because I believe it unfairly and incorrectly targets housing renovators as the cause of high housing prices in our state, rather than the real cause which is limited housing supply. In fact, if this bill were to pass it would actually **harm** the prospects of increasing housing supply, which we sorely need.

Advocates of this bill mistakenly believe that high house prices are caused by rehabbers (or "flippers") who want to make more profit, but they have a fundamental misunderstanding of how house renovations work.

A renovator first determines what the market is willing to pay for a fixed-up property, and then *works backwards* to subtract the cost of the work, standard holding costs for such a project, and a fair profit to compensate for the time, effort, and risk involved in doing the work, to arrive at a maximum purchase price.

A rehabber's final sale price is completely at the mercy of the market of buyers who, together with their banks, determine what they are willing to pay for a renovated property, which is solely based on supply and demand—not what the renovator wants their profit to be. If a rehabber wants more profit, they must negotiate a lower purchase price because they have no control over the final selling price.

This bill would punish renovators and discourage them from taking on the hard work of fixing up our aging housing stock. Fewer renovators would mean that functionally obsolete houses would have to be fixed by regular home buyers rather than renovators, work ill-suited for homeowners who have families and their own full-time jobs.

Most homeowners do not have the time, money, or inclination to take on a housing renovation, but this bill would unfairly shift the burden of such repairs onto them.

Further, the few banks that would finance the purchase of a house needing repairs, generally will not do so if anything but minor repairs are needed. Since this bill discourages renovators from buying and fixing such properties, and regular homeowners have difficulty financing them, this bill will ultimately reduce

the supply of housing as properties that could have been fixed quickly and put back on the market will instead languish in disrepair.

The way this tax is structured, it actually punishes renovators from getting properties back on the market, and therefore adding to available housing supply, as quickly as possible!

High house prices are caused by consumer demand for modern, move-in ready houses, combined with limited supply of the same. The solution to high house prices is not to discourage rehabbers by taxing them even more, but to reduce the barriers to adding supply by reducing regulations and costs that hamper new development.

The solution to high house prices is *adding more supply*, which means building more housing units and is a fact that raises an important final point on why this bill would harm our state.

Committee members may not realize that most housing developers do not emerge from the womb as fully-fledged developers. By far, the vast majority start out as housing renovators—they start with “light rehabs”, progress to medium rehabs, then heavy rehabs, and finally some transition to becoming developers and building new housing from scratch.

By punishing house renovators with an extra punitive tax, this bill would encourage existing rehabbers to leave the field and strongly discourage new ones from entering it in the first place, thereby killing the next generation of housing developers our state desperately needs.

For all these reasons, I oppose this bill and hope you will too.

Thank you for your time and consideration.

Sincerely,

Anthony Thompson
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