

**DR** Rhode Island Department of Revenue  
Division of Taxation

*Via Electronic Mail*

May 12, 2026

The Honorable Louis P. DiPalma  
Chair, Senate Committee on Finance  
Rhode Island State House  
Providence, RI 02903

**RE: Letter Regarding Senate Bill 2549 – An Act Relating to Taxation – Tax on Gains from the Sale or Exchange of Real Property**

Dear Chair DiPalma:

I am writing on behalf of the Rhode Island Department of Revenue, Division of Taxation (“Division”), to: i) express concerns regarding issues with proposed Senate Bill 2549 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 in tax administration and compliance.

As you know, this bill would amend Title 44 of the Rhode Island General Laws to add a new Chapter 44-73, entitled “Tax on Gains from the Sale or Exchange of Real Property.” According to the Explanation by the Legislative Council, this bill would create a new tax on gains from the sale or exchange of real property held for short periods of time (six (6) years or less), establish a framework to calculate and implement its enforcement and provide penalties (imprisonment and/or fines) for those who evade the taxes. The bill’s effective date is upon passage.

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

- The administrative requirements and resource impacts for implementation of the new tax would be significant, including form and system updates and the need to promulgate regulations, which would take away from other existing responsibilities. The Division estimates that it would need to hire three FTEs (two taxpayer service specialists and a Tax Auditor I).
- The bill proposes tax rates from five percent (5%) to eighty percent (80%) on income that is already taxed federally and in Rhode Island, thus creating the possibility of an aggregate tax rate of over one hundred percent (100%).

- As currently drafted, the bill appears to tax a portion of the capital gains on real estate, which is already taxed as personal income in R.I. Gen. Laws 44-30-1 *et seq.*, which may result in double taxation on gains. Additionally, the bill may result in an incongruity for non-resident property sellers. Such situations may cause constitutional concerns.
- A thorough review and study of the interplay between the proposed bill and the relevant federal statutes is needed to ensure the bill is administrable and operates as intended.
- The effective date for the new tax is upon passage, which is infeasible given the implementation considerations noted above. The Division would respectfully request that the language be changed so that the effective date is tied to a tax year (i.e., effective for tax years beginning on or after January 1, 2027) and that the date be far enough in the future to address the Division's implementation concerns.

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 issues described herein be clarified.

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 Senate Committee on Finance  
(via: [SenateFinance@rilegislature.gov](mailto:SenateFinance@rilegislature.gov))  
The Honorable Dawn Euer (via: [sen-euer@rilegislature.gov](mailto:sen-euer@rilegislature.gov))  
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