

# Real Estate Conveyance Tax

2021 Legislative Agenda

**SUPPORT**

**House Bill: H 5456**

Sponsored by Representative Slater

**SUPPORT**

**Senate Bill: S 229**

Sponsored by Senators DiPalma, Picard, Burke

**OPPOSE**

**House Bill: H 5687**

Sponsored by Representatives Speakman, Alzate, Williams, Potter, Kislak

**OPPOSE**

**Senate Bill: S 365**

Sponsored by Senators Kallman, Murray, Goodwin, Cano, Ruggerio, Euer, Acosta

## Legislative Explanation

[H 5456](#) and [S 229](#) would require the State of Rhode Island to utilize the portion of the real estate conveyance tax for housing initiatives previously used for state spending. [H 5687](#) and [S 365](#) would double the real estate conveyance tax on property sold above \$700,000 and require the State to use the new revenue to fund housing initiatives.

## Issue Background

Rhode Island imposes a transfer tax on Rhode Islanders who sell real property. During the last two legislative sessions, the Governor has proposed doubling the transfer tax on certain properties based on the sale price and using the new revenue to fund affordable housing. In this year's budget proposal, doubling the real estate transfer tax would be imposed only on homes that sell for more than \$700,000.

Rhode Island's real estate conveyance tax is currently \$2.30 per \$500 of the transaction's sale price, with the host municipality retaining \$1.10 of the tax or 48 percent. Moreover, the State's coffers reap \$.60 or 26 percent of the tax and the distressed community relief program is allocated \$.30 of the tax or 13 percent. The Housing Resources Commission (HRC), which is responsible for steering the State's planning, policy, and programs relative to housing issues, is ONLY allocated \$.30 or 13 percent of the tax.

That is why the Rhode Island Association of REALTORS® (RIAR) strongly supports [H 5456](#) and [S 229](#), which would require the State of Rhode Island to fund affordable housing projects using the full state allocation. RIAR believes that these critical investments in our future will lessen borrowing costs for future generations to pay for, while addressing Rhode Island's housing crisis.

## Please let your Representatives and Senators Know:

### Rhode Islanders Support Using Current Transfer Tax Revenue to Fund Affordable Housing

- Rhode Island only spends 13 percent of the current real estate conveyance tax on housing initiatives.
- A recent poll conducted by RIAR revealed that six in ten Rhode Islanders say they favor using all revenue generated from the State's real estate conveyance tax to fund housing programs.
- The Governor's budget proposal would allocate less than seven percent of the current revenue generated for housing initiatives.

### A Holistic Approach to Housing is Crucial.

- Our State cannot solely rely on tax increases to address Rhode Island's housing crisis.
- Municipalities must make difficult choices that embrace housing reform.
- Opponents of local reforms embrace suburban sprawl, which limits the number of students enrolled in a jurisdiction's school system, thereby reducing budget costs. Unlike dense zoning, suburban sprawl effectuates higher housing costs.
- RIAR supports [H 5950](#), which would create a legislative commission to study all aspects of land use, preservation, development, production, regulation, zoning, housing and the environment.
- RIAR supports [H 5953](#), which would create a special legislative commission to study the Rhode Island Low- and Moderate-Income Housing Act.

### Which Policy is the Right One?

- RIAR recommends conducting a state-by-state analysis of real estate transfer taxes prior to implementing any new policy changes.