



Rhode Island Association of REALTORS® & State-Wide MLS

February 25, 2025

The Honorable Representative  
Abney  
Committee on House Finance  
82 Smith Street,  
Providence, Rhode Island 02903

**RE: H.5076--An Act Relating to Making Appropriations in Opposition of FY 2026  
Article 5, Section 10--Relating to "Real Estate Conveyance Tax"**

Dear Chairman Abney and Committee Members:

I represent the Rhode Island Association of REALTORS®, Inc. (RIAR), which is comprised of 5,300 real estate brokers, salespeople, appraisers and affiliated professionals.

The Rhode Island Association of REALTORS® has been monitoring the Rhode Island state budget and understands the task that legislators are faced with when making difficult decisions to address an unprecedented deficit. RIAR supports your due diligence to ensure that the General Assembly considers a balanced budget. However, after reviewing Article 5, Section 10 of the Governor's FY 2026 budget proposal, we respectfully ask you to oppose increasing the real estate conveyance tax for home sales that exceed \$800,000.

During the last several years, the General Assembly has positioned our state to be competitive with our neighboring states, while incentivizing Rhode Island to become a place where people want to grow their business and raise a family. We are grateful for your efforts and recognize the positive impact these initiatives have had on Rhode Island's economy. Unfortunately, Article 5, Section 10 of the Governor's proposed FY 2026 budget rolls back that progress and puts Rhode Island in a less competitive position than our neighboring states. Rhode Island's real estate industry accounts for 18.8% of Rhode Island's gross state product<sup>1</sup>. Given that home sales and their related expenditures are a strong economic driver, sending investment away from Rhode Island, particularly from higher earners, is not a prudent path.

According to a 2022 study by Sage Policy Group<sup>2</sup>, transfer tax increases have negative economic consequences and can lead to decreases in population, real estate transactions,

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<sup>1</sup> <https://www.nar.realtor/sites/default/files/2025-01/2025-state-economic-impact-of-real-estate-activity-report-rhode-island-01-29-2025.pdf>

<sup>2</sup> Policy Group, S. (2022, June). The Unintended Consequences of Excessive Transfer Taxes.

<https://www.naiop.org/contentassets/1a6b331272744a94885919b25aa514fd/transfer-tax-final-2022.pdf>

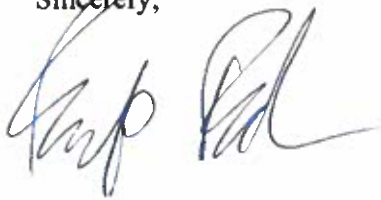
and investment. They are also associated with higher rents, lower property valuations, reduced residential mobility, and diminished homeownership.

The Sage study's findings played out in 2023, when a new luxury market transfer tax in Los Angeles virtually stalled the market and since then, anticipated revenues have fallen short<sup>3</sup>. And, while the Los Angeles transfer tax affects sales over \$5 million, Rhode Island's proposed \$800,000 threshold hits much closer to the state's median sales price. At \$475,000 last year's median price represented a 12% increase from the prior year. Rhode Island's price hikes are due to a supply of homes that would be sold in just 1.5 months at the current rate of sales, far less than the six-month supply that characterizes a balanced market and below most of the rest of the county. Given the critical shortage of housing, those now able to afford a median-priced home, could likely be forced to choose between paying the proposed tax or moving out-of-state to afford a home in the not-too-distant future. In fact, Rhode Island's median price has risen 45% in just the past five years. Without increasing the supply substantially and quickly, continued price hikes are virtually guaranteed.

The Rhode Island Association of Realtors and its members applaud the Governor for opening new doors to conversation on this topic, however, imposing a higher tax to fund housing is not the comprehensive approach needed to confront Rhode Island's challenges, particularly in this time in the housing market. RIAR recommends that the General Assembly delay any proposal that burdens the people of Rhode Island with higher or new taxes. Our association looks forward to collaborating with you on a comprehensive strategic plan of action.

For the reasons stated in this testimony, the Rhode Island Association of REALTORS® respectfully asks you to oppose Article 5, Section 10 of the proposed Fiscal year 2026 budget.

Sincerely,



Philip B. Tedesco, RCE, CAE, CIPS  
Chief Executive Officer

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<sup>3</sup> <https://www.realtor.com/news/trends/los-angeles-mansion-tax-luxury-sales/>