

RHODE ISLAND'S REAL ESTATE CONVEYANCE TAX

INVESTING IN HOUSING SOLUTIONS



What is a Real Estate Conveyance Tax?

A **Real Estate Conveyance Tax** is a fee collected when property is sold or transferred in Rhode Island. It helps fund state and local housing programs, homelessness prevention efforts, and municipal services.

The tax has two tiers:

1 First Tier – All Real Estate Transfers

Applies to **all** property sales, with revenue distributed among the state's general fund, municipalities, and the Housing Resources and Homelessness restricted account.

2 Second Tier – High-Value Residential Properties

Applies to the portion of residential property sales **above \$800,000**, with revenue dedicated to the **Housing Production Fund (HPF)** and **Housing Resources and Homelessness restricted account**.



Why this matters:

Rhode Island faces a severe shortage of affordable homes and rising homelessness. This tax ensures that state revenues generated from real estate transactions contribute directly to solving these challenges by:

- **Investing in the expansion of affordable housing production** through the Housing Production Fund
- **Supporting homelessness prevention, shelter, and rehousing programs**
- **Providing dedicated revenue** for long-term housing solutions
- **Fosters tax fairness** by requiring those who can afford high-value homes to contribute more towards our state's shared housing needs

Conveyance Taxes are a **smart, equitable investment** that helps generate much needed revenue to help Rhode Islanders across income levels have a **safe, stable, and affordable place to call home**.

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HOUSING NETWORK
OF RHODE ISLAND

23 Central Street in Central Falls, developed by PCF Development will host 12 affordable rental units for low-income households, also partially funded through the Housing Production Fund.



What's changing and when?

Beginning **October 1, 2025**, both tiers of the Real Estate Conveyance Tax increased, strengthening Rhode Island's investment in housing.

Tax Tier	Previous Rate	New Rate
First Tier – All property sales	0.46%	0.75%
Second Tier – Residential sales over \$800,000	0.46%	0.75% (Added on top of base rate, for a total of 1.5%)
\$800,000 Threshold	Fixed	Indexed for inflation beginning Jan. 1, 2026

Revenue allocation under the enacted law:

- **Base (0.75%)** – distributed under existing law to municipalities, general revenues, and the Housing Resources and Homelessness restricted account.
- **High-Value Add-On (0.75%)** – split between:
 - **0.50%** → Housing Production Fund (HPF)
 - **0.25%** → Housing Resources and Homelessness restricted account



Fiscal impact:

Estimated Total Revenue:

- **\$13.5 million** in FY 2026 (Annualizing to **\$18.7 million** in FY 2027)

Additional Resources Compared to the Governor's Proposal:

- **+\$8.4 million** for general revenues
- **+\$10.7 million** for municipalities (FY 2026)
- **+\$1.5 million** for Housing Resources and Homelessness account
- **+\$0.3 million** for Housing Production Fund