

Rhode Island Approves 63% Increase in Real Estate Conveyance Tax in 2026 Budget

Description

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On June 17, 2025, the Rhode Island House of Representatives approved the state's \$13.9 billion budget for FY 2026, which includes a substantial 63% increase in the real estate transfer (conveyance) tax. Effective July 1, 2026, the transfer tax rate payable by sellers in Rhode Island will rise from \$2.30 to \$3.75 per \$500 of a property's sale price, applying uniformly to all property transfers (residential and commercial) regardless of value.

Previously, Rhode Island had implemented increased transfer taxes on the sale of residential properties exceeding \$800,000. Since January 1, 2022, an additional tax of \$2.30 per \$500 has applied to the portion of a residential sale above this threshold, layered on top of the standard rate. For example, previously a \$1 million home sale incurred the standard tax on the first \$800,000 and the higher rate on the remaining \$200,000. Under the new FY 2026 budget, this additional tax will increase by \$3.75 per \$500, effectively adding \$7.50 per \$500.00 in conveyance taxes on the amount of the purchase price which is above \$800,000.

The increased revenues are dedicated to addressing Rhode Island's housing challenges, funding homelessness services, expanding affordable housing, and supporting low-income housing tax credits.

Clients engaged in real estate transactions or development projects in Rhode Island should carefully review the implications of these changes, as the increased transfer tax rates will significantly impact transaction costs beginning in the third quarter of 2026.

For additional information on the real estate conveyance tax, please contact a member of PSH's [Real Estate Group](#): [Jay Peabody](#), [Allison Fleet](#), [Brian Reilly](#), or Madeline Ursini.

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