

## **Assembly approves historic tax credits program in FY14 budget**

6/27/2013

STATE HOUSE – With the passage of the Fiscal Year 2014 budget, the General Assembly has restored the state’s historic tax credits program to help jumpstart the economy and support job creation in the severely impacted construction and building trades.

Rhode Island’s historic structures have continued to experience high vacancy rates and physical deterioration, particularly in Rhode Island’s central business districts. With this observation in mind, lawmakers sought to create an economic incentive to make these buildings more viable for redevelopment and reuse by modern commercial, residential or manufacturing enterprises. Keeping in mind even small spurts of revitalization can improve property values, foster civic beauty, create employment opportunities, enhance commerce and promote public education, the state legislature approved passage of the Historic Preservation Tax Credit Fund using \$34.5 million previously approved for projects that were never completed. While that part of the plan was included in Gov. Lincoln D. Chafee’s budget proposal, Article 22 of the budget also includes a \$5 million per-project cap, as proposed in the House leadership team’s package of economic development legislation.

Under the new provision, projects approved after July 1, 2013 with hard construction costs of at least \$10 million must utilize contractors and subcontractors that participate in registered apprenticeship programs. This will only apply to contractors and subcontractors with five or more employees. Additionally, the program includes reporting requirements so the state can track the total number of jobs created, Rhode Island businesses retained for work, qualified rehabilitation expenditures, total cost of materials or products purchased from Rhode Island businesses and other related information.

No credits shall be issued on or after June 30, 2016, or upon the exhaustion of maximum aggregate credits, whichever comes first. The article allows a taxpayer who has not claimed the tax credits in whole or in part to assign, transfer or convey the credits by sale or otherwise to another individual or entity.

Pieces of the finalized article could be found in a handful of related bills introduced by lawmakers on behalf of House and Senate leadership, as well as the governor this year:

- (2013-H 6060) – Sponsored by Rep. Jeremiah T. O’Grady (D-Dist. 46, Lincoln, Pawtucket) as part of the House leadership’s 18-bill economic development package, this legislation re-establishes the historic tax credit program to include the per project cap of \$5 million.
- (2013-S 0747, 2013-H 5637) Sponsored by Senate Majority Whip Maryellen Goodwin (D-Dist. 1, Providence) and Rep. Agostinho F. Silva (D-Dist. 56, Central Falls) on behalf of the governor, this legislation establishes reporting requirements for each taxpayer seeking a tax credit for rehabilitating a certified historic structure. It would also make available to the public tax credit agreements and annual reports regarding tax credits. The Senate bill was part of the Senate’s “Moving The Needle” economic development bill package.
- (2013-S 0733) – Also sponsored by Senator Goodwin on behalf of the governor, this legislation would have enabled the Rhode Island Economic Development Corporation and the Rhode Island

Historical Preservation and Heritage Commission to solicit and accept applications for replacement projects for those projects which have been abandoned. This bill was also part of the Senate's "Moving The Needle" package.

The Fiscal Year 2014 budget has been transmitted to the governor's office for his signature.

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