

2025 -- S 0940 SUBSTITUTE A

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO TAXATION -- HISTORIC PRESERVATION TAX CREDITS 2013

Introduced By: Senators Bissaillon, Lawson, Tikoian, DiPalma, Ciccone, Thompson,  
Britto, Patalano, Urso, and Dimitri  
Date Introduced: April 04, 2025  
Referred To: Senate Finance

It is enacted by the General Assembly as follows:

- 1           SECTION 1. Sections 44-33.6-2, 44-33.6-3, 44-33.6-4, 44-33.6-9 and 44-33.6-11 of the  
2   General Laws in Chapter 44-33.6 entitled "Historic Preservation Tax Credits 2013" are hereby  
3   amended to read as follows:
- 4           **44-33.6-2. Definitions.**
- 5           As used in this chapter:
- 6           (1) "Certified historic structure" means a property which is located in the state of Rhode  
7   Island and is:
- 8           (i) Listed individually on the national register of historic places; or  
9           (ii) Listed individually in the state register of historic places; or  
10          (iii) Located in a registered historic district and certified by either the commission or  
11   Secretary of the Interior as being of historic significance to the district.
- 12          (2) "Certified rehabilitation" means any rehabilitation of a certified historic structure  
13   consistent with the historic character of such property or the district in which the property is located  
14   as determined by the commission guidelines.
- 15          (3) "Commission" means the Rhode Island historical preservation and heritage commission  
16   created pursuant to § 42-45-2.
- 17          (4) "Construction worker" means any laborer, mechanic, or machine operator employed  
18   by a contractor or subcontractor in connection with the construction, alteration, repair, demolition,  
19   reconstruction, or other improvements to real property.

1 (5) “Exempt from real property tax” means, with respect to any certified historic structure,  
2 that the structure is exempt from taxation pursuant to § 44-3-3.

3 (6) “Hard construction costs” means the direct contractor costs for labor, material,  
4 equipment, and services associated with an approved project, contractor’s overhead and profit, and  
5 other direct construction costs.

6 (7) “Holding period” means twenty-four (24) months after the commission issues a  
7 certificate of completed work to the owner. In the case of a rehabilitation which may reasonably be  
8 expected to be completed in phases as described in subdivision (15) of this section, “holding  
9 period” shall be extended to include a period of time beginning on the date of issuance of a  
10 certificate of completed work for the first phase or phases for which a certificate of completed work  
11 is issued and continuing until the expiration of twenty-four (24) months after the certificate of  
12 completed work issued for the last phase.

13 (8) “Part 2 application” means the Historic Preservation Certification Application Part 2—  
14 Description of Rehabilitation.

15 (9) “Placed in service” means that substantial rehabilitation work has been completed  
16 which would allow for occupancy of the entire structure or some identifiable portion of the  
17 structure, as established in the Part 2 application.

18 (10) “Principal residence” means the principal residence of the owner within the meaning  
19 of section 121 of the Internal Revenue Code [26 U.S.C. § 121] or any successor provision.

20 (11) “Qualified rehabilitation expenditures” means ~~any amounts~~ the amounts applied for  
21 and presented to the division of taxation in the cost certification prepared by an independent  
22 certified public accountant for calculation of allowable tax credits under this chapter based on the  
23 formula set forth herein, which amounts were expended in the rehabilitation of a certified historic  
24 structure properly capitalized to the building and either:

25 (i) Depreciable under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; or

26 (ii) Made with respect to property (other than the principal residence of the owner) held for  
27 sale by the owner. Fees paid pursuant to this chapter are not qualified rehabilitation expenditures.  
28 Notwithstanding the foregoing, except in the case of a nonprofit corporation, there will be deducted  
29 from qualified rehabilitation expenditures for the purposes of calculating the tax credit any funds  
30 made available to the person (including any entity specified in § 44-33.5-3(a)) incurring the  
31 qualified rehabilitation expenditures in the form of a direct grant from a federal, state, or local  
32 governmental entity or agency or instrumentality of government.

33 (12) “Registered historic district” means any district listed in the National Register of  
34 Historic Places or the state register of historic places.

1 (13) “Remain idle” means that substantial work has ceased at the subject project; work  
2 crews have been reduced by more than twenty-five percent (25%) for reasons unrelated to  
3 scheduled completion of work in accordance with the project schedule, reasonably unanticipated  
4 physical conditions, or force majeure; or the project schedule that was originally submitted by the  
5 taxpayer to the commission has been extended by more than twelve (12) months for reasons other  
6 than reasonably unanticipated physical conditions or an event of force majeure (by way of example,  
7 and not in limitation, any delays, work stoppage, or workforce reduction caused by issues with  
8 project funding, finances, disputes, or violation of laws shall be deemed to cause a project to remain  
9 idle).

10 (14) “Scattered site development” means a development project for which the developer  
11 seeks unified financing to rehabilitate dwelling units in two (2) or more buildings located in an area  
12 that is defined by a neighborhood revitalization plan and is not more than one mile in diameter.

13 (15) “Social club” means a corporation or other entity and/or its affiliate that offers its  
14 facilities primarily to members for social or recreational purposes and the majority source of its  
15 revenue is from funds and/or dues paid by its members and/or an entity defined as a social club  
16 pursuant to the Internal Revenue Code section 501(c)(7).

17 (16) “Substantial construction” means that: (i) The owner of a certified historic structure  
18 has entered into a contract with the division of taxation and paid the processing fee; (ii) The  
19 commission has certified that the certified historic structure’s rehabilitation will be consistent with  
20 the standards set forth in this chapter; and (iii) The owner has expended ten percent (10%) of its  
21 qualified rehabilitation expenditures, estimated in the contract entered into with the division of  
22 taxation for the project or its first phase of a phased project.

23 (17) “Substantial rehabilitation” means, with respect to a certified historic structure, that  
24 the qualified rehabilitation expenses of the building during the twenty-four-month (24) period  
25 selected by the taxpayer ending with or within the taxable year exceed the adjusted basis in such  
26 building and its structural components as of the beginning of such period. In the case of any  
27 rehabilitation, which may reasonably be expected to be completed in phases set forth in  
28 architectural plans and specifications completed before the rehabilitation begins, the above  
29 definition shall be applied by substituting “sixty-month (60) period” for “twenty-four-month (24)  
30 period.”

31 (18) “Trade or business” means an activity that is carried on for the production of income  
32 from the sale or manufacture of goods or performance of services, excluding residential rental  
33 activity.

34 **44-33.6-3. Tax credit.**

(a) Subject to the maximum credit provisions set forth in subsections (c) and (d) below, any person, firm, partnership, trust, estate, limited liability company, corporation (whether for profit or nonprofit) or other business entity that incurs qualified rehabilitation expenditures for the substantial rehabilitation of a certified historic structure, provided the rehabilitation meets standards consistent with the standards of the Secretary of the United States Department of the Interior for rehabilitation as certified by the commission and said person, firm, partnership, trust, estate, limited liability company, corporation or other business entity is not a social club as defined in § 44-33.6-2, shall be entitled to a credit against the taxes imposed on such person or entity pursuant to chapter 11, 12, 13, 14, 17, or 30 of this title in an amount equal to the following:

(1) ~~Twenty percent (20%)~~ Thirty percent (30%) of the qualified rehabilitation expenditures; provided that, at least eighty percent (80%) of the total rental area of the certified historic structure will be made available for multi-family housing; or

(2) Twenty-five percent (25%) of the qualified rehabilitation expenditures ~~provided that either:~~ for all other projects.

~~(i) At least twenty-five percent (25%) of the total rentable area of the certified historic structure will be made available for a trade or business; or~~

~~(ii) The entire rentable area located on the first floor of the certified historic structure will be made available for a trade or business.~~

(b) Tax credits allowed pursuant to this chapter shall be allowed for the taxable year in which such certified historic structure or an identifiable portion of the structure is placed in service provided that the substantial rehabilitation test is met for such year.

(c) Maximum project credit. The credit allowed pursuant to this chapter shall not exceed ~~five million dollars (\$5,000,000)~~ eight million dollars (\$8,000,000) for any certified rehabilitation project under this chapter. No building to be completed in phases or in multiple projects shall exceed the maximum project credit of ~~five million dollars (\$5,000,000)~~ eight million dollars (\$8,000,000) for all phases or projects involved in the rehabilitation of such building.

(d) Maximum aggregate credits. The aggregate credits authorized to be reserved pursuant to this chapter shall not exceed sums estimated to be available in the historic preservation tax credit trust fund pursuant to this chapter.

(e) Subject to the exception provided in subsection (g) of this section, if the amount of the tax credit exceeds the taxpayer's total tax liability for the year in which the substantially rehabilitated property is placed in service, the amount that exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for the succeeding ten (10) years, or until the full credit is used, whichever occurs first for the tax credits. Credits allowed to a partnership, a

1 limited liability company taxed as a partnership; or multiple owners of property shall be passed  
2 through to the persons designated as partners, members; or owners respectively pro rata or pursuant  
3 to an executed agreement among such persons designated as partners, members, or owners  
4 documenting an alternate distribution method without regard to their sharing of other tax or  
5 economic attributes of such entity. Credits may be allocated to partners, members; or owners that  
6 are exempt from taxation under section 501(c)(3), section (c)(4) or section 501(c)(6) of the U.S.  
7 Code and these partners, members, or owners must be treated as taxpayers for purposes of this  
8 section.

9 (f) If the ~~taxpayer~~ person, firm, partnership, trust, estate, limited liability company,  
10 corporation (whether for profit or nonprofit) or other business entity that incurs qualified  
11 rehabilitation expenditures for the substantial rehabilitation of a certified historic structure, or the  
12 taxpayer that received an allocation of the tax credits, has not claimed the tax credits in whole or  
13 part, ~~taxpayers eligible for the tax credits~~ such person or entity may assign, transfer, or convey the  
14 credits, in whole or in part, by sale or otherwise to any individual or entity, including, but not  
15 limited to, condominium owners in the event the certified historic structure is converted into  
16 condominiums and assignees of the credits that have not claimed the tax credits in whole or part  
17 may assign, transfer, or convey the credits, in whole or in part, by sale or otherwise to any individual  
18 or entity. The assignee of the tax credits may use acquired credits to offset up to one hundred  
19 percent (100%) of the tax liabilities otherwise imposed pursuant to chapter 11, 12, 13 (other than  
20 the tax imposed under § 44-13-13), 14, 17, or 30 of this title. The assignee may apply the tax credit  
21 against taxes imposed on the assignee until the end of the tenth calendar year after the year in which  
22 the substantially rehabilitated property is placed in service or until the full credit assigned is used,  
23 whichever occurs first. Fiscal year assignees may claim the credit until the expiration of the fiscal  
24 year that ends within the tenth year after the year in which the substantially rehabilitated property  
25 is placed in service. The assignor shall perfect the transfer by notifying the state of Rhode Island  
26 division of taxation, in writing, within thirty (30) calendar days following the effective date of the  
27 transfer and shall provide any information as may be required by the division of taxation to  
28 administer and carry out the provisions of this section.

29 For purposes of this chapter, any assignment or sales proceeds received by the taxpayer for  
30 its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from this  
31 title. If a tax credit is subsequently recaptured under this chapter, revoked, or adjusted, the seller's  
32 tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total  
33 amount of the sales proceeds, without proration, as a modification under chapter 30 of this title. In  
34 the event that the seller is not a natural person, the seller's tax calculation under chapter 11, 12, 13

1 (other than with respect to the tax imposed under § 44-13-13), 14, 17, or 30 of this title, as  
2 applicable, for the year of revocation, recapture, or adjustment, shall be increased by including the  
3 total amount of the sales proceeds without proration.

4 (g) Credits allowed to partners, members, or owners that are exempt from taxation under  
5 section 501(c)(3), section (c)(4) or section 501(c)(6) of the U.S. Code, and only said credits, shall  
6 be fully refundable.

7 (h) Substantial rehabilitation of property that either:

8 (1) Is exempt from real property tax;

9 (2) Is a social club; or

10 (3) Consists of a single-family home or a property that contains less than three (3)  
11 residential apartments or condominiums shall be ineligible for the tax credits authorized under this  
12 chapter; provided, however, a scattered site development with five (5) or more residential units in  
13 the aggregate (which may include single-family homes) shall be eligible for tax credit. In the event  
14 a certified historic structure undergoes a substantial rehabilitation pursuant to this chapter and  
15 within twenty-four (24) months after issuance of a certificate of completed work the property  
16 becomes exempt from real property tax, the taxpayer's tax for the year shall be increased by the  
17 total amount of credit actually used against the tax.

18 (i) In the case of a corporation, this credit is only allowed against the tax of a corporation  
19 included in a consolidated return that qualifies for the credit and not against the tax of other  
20 corporations that may join in the filing of a consolidated tax return.

21 (j) For construction projects with a budget of direct hard costs in excess of ~~ten-million~~  
22 ~~dollars (\$10,000,000)~~ twenty-five million dollars (\$25,000,000), all construction workers shall be  
23 paid in accordance with the wages and benefits required pursuant to chapter 13 of title 37 and all  
24 contractors and subcontractors shall file certified payrolls on a monthly basis for all work  
25 completed in the preceding month on a uniform form prescribed by the director of labor and training  
26 (the "prevailing wage requirements"). Failure to follow the ~~requirements~~ prevailing wage  
27 requirements imposed hereunder and pursuant to chapter 13 of title 37 shall constitute a material  
28 violation and a material breach of the agreement with the state. The tax administrator, in  
29 consultation with the director of labor and training, shall promulgate such rules and regulations as  
30 are necessary to implement the enforcement of this subsection.

31 (k) No tax credits shall be awarded under this chapter unless the division of taxation  
32 receives confirmation from the department of labor and training that there has been compliance  
33 with the prevailing wage requirements set forth in subsection (j) of this section. Failure to follow  
34 the prevailing wage requirements imposed hereunder and pursuant to chapter 13 of title 37 shall

1 [constitute a material violation and a material breach of the agreement with the state and shall require](#)  
2 [the pending tax credits to be revoked.](#)

3 **44-33.6-4. Administration.**

4 (a) To claim the tax credit authorized in this chapter, taxpayers shall apply:

5 (1) To the commission prior to the certified historic structure being placed in service for a  
6 certification that the certified historic structure's rehabilitation will be consistent with the standards  
7 of the Secretary of the United States Department of the Interior for rehabilitation;

8 (2) To the commission after completion of the rehabilitation work of the certified historic  
9 structure for a certification that the rehabilitation is consistent with the standards of the Secretary  
10 of the United States Department of the Interior for rehabilitation; and

11 (3) To the division of taxation after completion of the rehabilitation work of the certified  
12 historic structure for a certification as to the amount of tax credit for which the rehabilitation  
13 qualifies. The commission and the division of taxation may rely on the facts represented in the  
14 application without independent investigation and, with respect to the amount of tax credit for  
15 which the rehabilitation qualifies, upon the certification of a certified public accountant licensed in  
16 the state of Rhode Island. The applications shall be developed by the commission and the division  
17 of taxation and may be amended from time to time.

18 (b) Within thirty (30) days after the commission's and division of taxation's receipt of the  
19 taxpayer's application requesting certification for the completed rehabilitation work:

20 (1) The commission shall issue the taxpayer a written determination either denying or  
21 certifying the rehabilitation; and

22 (2) Division of taxation shall issue a certification of the amount of credit for which the  
23 rehabilitation qualifies. To claim the tax credit, the division of taxation's certification as to the  
24 amount of the tax credit shall be attached to all state tax returns on which the credit is claimed.

25 (c) No taxpayer may benefit from the provisions of this chapter unless the owner of the  
26 certified historic structure grants a restrictive covenant to the commission, agreeing that during the  
27 holding period no material alterations to the certified historic structure will be made without the  
28 commission's prior approval and agreeing that such shall be done in a manner consistent with the  
29 standards of the Secretary of the United States Department of the Interior; and, in the event the  
30 owner applies for the ~~twenty-five percent (25%)~~ [thirty percent \(30%\)](#) tax credit, that ~~either:~~

31 ~~(1) At~~ [at](#) least ~~twenty-five percent (25%)~~ [eighty percent \(80%\)](#) of the total ~~rentable~~ [rental](#)  
32 area of the certified historic structure will be made available for ~~a trade or business; or~~ [multi-family](#)  
33 [housing.](#)

34 ~~(2) The entire rentable area located on the first floor of the certified historic structure will~~

~~be made available for a trade or business, in either case, for a period of sixty (60) months after the placed in service date of the certified historic structure or identifiable portion thereof.~~

(d) The division of taxation shall charge a fee equal to three percent (3%) of qualified rehabilitation expenditures. The fee shall be payable upon submission of the Part 2 application. The fee shall be non-refundable.

(e) Notwithstanding any provisions of the general laws or regulations adopted thereunder to the contrary, including, but not limited to, the provisions of chapter 2 of title 37, the division of taxation is hereby expressly authorized and empowered to enter into contracts with persons, firms, partnerships, trusts, estates, limited liability companies, corporations (whether for profit or nonprofit) or other business entities that incur qualified rehabilitation expenditures for the substantial rehabilitation of certified historic structures or some identifiable portion of a structure. Upon payment of the portion of the fee set forth in subdivision (d) above, the division of taxation and the applicant shall enter into a contract for tax credits consistent with the terms and provisions of this chapter.

(f) Upon satisfaction of the requirements set forth herein and the payment of the fees as set forth in subdivision (d) above, the division of taxation shall, on behalf of the State of Rhode Island, guarantee the delivery of one hundred percent (100%) of the tax credit and use of one hundred percent (100%) of the tax credit in the tax year a certified historic structure is placed in service through a contract with persons, firms, partnerships, trusts, estates, limited liability companies, corporations (whether for profit or nonprofit) or other business entities that will incur qualified rehabilitation expenditures for the substantial rehabilitation of a certified historic structure or some identifiable portion of a structure.

(g) Any contract executed pursuant to this chapter by a person, firm, partnership, trust, estate, limited liability company, corporation (whether for profit or nonprofit) or other business entity shall be assignable to:

(1) An affiliate thereof without any consent from the division of taxation;

(2) A banking institution as defined by § 44-14-2(2) or credit union as defined in § 44-15-1.1(1) without any consent from the division of taxation; or

(3) A person, firm, partnership, trust, estate, limited liability company, corporation (whether for profit or nonprofit) or other business entity that incurs qualified rehabilitation expenditures for the substantial rehabilitation of certified historic structures or some identifiable portion of a structure, with such assignment to be approved by the division of taxation, which approval shall not be unreasonably withheld or conditioned. For purposes of this subsection, “affiliate” shall be defined as any entity controlling, controlled by or under common control with



1 such person, firm, partnership, trust, estate, limited liability company, corporation (whether for  
2 profit or nonprofit) or other business entity.

3 (h) If information comes to the attention of the commission or division of taxation at any  
4 time up to and including the last day of the holding period that is materially inconsistent with  
5 representations made in an application, the commission may deny the requested certification or  
6 revoke a certification previously given, and in either instance all fees paid by the applicant shall be  
7 deemed forfeited. In the event that tax credits or a portion of tax credits are subject to recapture for  
8 ineligible costs and such tax credits have been transferred, assigned and/or allocated, the state will  
9 pursue its recapture remedies and rights against the applicant of the tax credits, and all fees paid by  
10 the applicant shall be deemed forfeited. No redress shall be sought against assignees, transferees or  
11 allocates of such credits provided they acquired the tax credits by way of an arms-length  
12 transaction, for value, and without notice of violation, fraud or misrepresentation.

13 (i) The commission, in consultation with the division of taxation, shall promulgate such  
14 rules and regulations as are necessary to carry out the intent and purpose of this chapter.

15 **44-33.6-9. Reporting requirements.**

16 (a) Each taxpayer requesting certification of a completed rehabilitation shall report to the  
17 commission and the division of taxation the following information:

18 (1) The number of total jobs created;

19 (2) The number of Rhode Island businesses retained for work;

20 (3) The total amount of qualified rehabilitation expenditures [upon which tax credits were](#)  
21 [calculated and awarded](#);

22 (4) The total cost of materials or products purchased from Rhode Island businesses;

23 (5) Such other information deemed necessary by the tax administrator.

24 (b) Any agreements or contracts entered into under this chapter by the division, the  
25 commission, or the commerce corporation and the taxpayer shall be sent to the division of taxation  
26 and be available to the public for inspection by any person and shall be published by the tax  
27 administrator on the tax division website.

28 (c) By August 15th of each year the division of taxation shall report the name, address, and  
29 amount of tax credit received for each credit recipient during the previous state fiscal year to the  
30 governor, the chairpersons of the house and senate finance committees, the house and senate fiscal  
31 advisors, and the department of labor and training. This report shall be available to the public for  
32 inspection by any person and shall be published by the tax administrator on the tax division website.

33 (d) By September 1st of each year the division of taxation shall report in the aggregate the  
34 information required under subsection (a) of this section. This report shall be available to the public

for inspection by any person and shall be published by the tax administrator on the tax division website.

(e) By September 1, 2018, and biennially thereafter the division of taxation shall report in the aggregate the total number of approved projects, project costs, and associated amount of approved tax credits.

(f) By September 1 of each year the division of taxation shall report on:

(1) The projects that have received conditional awards of tax credits from the queue, for which the owner of a certified historic structure has entered into a contract with the division of taxation and paid the processing fee, with such information to include the project owner name, property address, amount of reserved award and queue number; and

(2) The applicants in queue, with such information to include the project owner name, property address, amount of requested award and queue number. Any applicant that refuses the tax credit award or fails to meet the requirements to preserve the award shall be removed from the report. This report shall be available to the public for inspection by any person and shall be published by the tax administrator on the tax division website.

(g) No tax credits shall be awarded under this chapter until the department of labor and training certifies that the project is in compliance with the prevailing wage requirements set forth in § 44-33.6-3(j).

**44-33.6-11. Sunset.**

No credits shall be authorized to be reserved pursuant to this chapter on or after June 30, ~~2026~~ 2030, or upon the exhaustion of the maximum aggregate credits, whichever comes first.

SECTION 2. Section 42-64.20-5 of the General Laws in Chapter 42-64.20 entitled "Rebuild Rhode Island Tax Credit" is hereby amended to read as follows:

**42-64.20-5. Tax credits.**

(a) An applicant meeting the requirements of this chapter may be allowed a credit as set forth hereinafter against taxes imposed upon such person under applicable provisions of title 44 of the general laws for a qualified development project.

(b) To be eligible as a qualified development project entitled to tax credits, an applicant's chief executive officer or equivalent officer shall demonstrate to the commerce corporation, at the time of application, that:

(1) The applicant has committed a capital investment or owner equity of not less than twenty percent (20%) of the total project cost;

(2) There is a project financing gap in which after taking into account all available private and public funding sources, the project is not likely to be accomplished by private enterprise

1 without the tax credits described in this chapter; ~~and~~

2 (3) The project fulfills the state's policy and planning objectives and priorities in that:

3 (i) The applicant will, at the discretion of the commerce corporation, obtain a tax  
4 stabilization agreement from the municipality in which the real estate project is located on such  
5 terms as the commerce corporation deems acceptable;

6 (ii) It (A) Is a commercial development consisting of at least 25,000 square feet occupied  
7 by at least one business employing at least 25 full-time employees after construction or such  
8 additional full-time employees as the commerce corporation may determine; (B) Is a multi-family  
9 residential development in a new, adaptive reuse, certified historic structure, or recognized  
10 historical structure consisting of at least 20,000 square feet and having at least 20 residential units  
11 in a hope community; or (C) Is a mixed-use development in a new, adaptive reuse, certified historic  
12 structure, or recognized historical structure consisting of at least 25,000 square feet occupied by at  
13 least one business, subject to further definition through rules and regulations promulgated by the  
14 commerce corporation; and

15 (iii) Involves a total project cost of not less than \$5,000,000, except for a qualified  
16 development project located in a hope community or redevelopment area designated under § 45-  
17 32-4 in which event the commerce corporation shall have the discretion to modify the minimum  
18 project cost requirement.

19 (4) For construction projects with a budget of direct hard costs in excess of twenty-five  
20 million dollars (\$25,000,000), as set forth in the incentive agreement, all construction workers shall  
21 be paid in accordance with the wages and benefits required pursuant to chapter 13 of title 37 with  
22 all contractors and subcontractors required to file certified payrolls on a monthly basis for all work  
23 completed in the preceding month on a uniform form prescribed by the director of labor and training  
24 (the "prevailing wage requirements"). Failure to follow the prevailing wage requirements imposed  
25 hereunder and pursuant to chapter 13 of title 37 shall constitute a material violation and a material  
26 breach of the agreement with the state and shall require any pending tax credits to be revoked.

27 (c) The commerce corporation shall develop separate, streamlined application processes  
28 for the issuance of rebuild RI tax credits for each of the following:

29 (1) Qualified development projects that involve certified historic structures;

30 (2) Qualified development projects that involve recognized historical structures;

31 (3) Qualified development projects that involve at least one manufacturer; and

32 (4) Qualified development projects that include affordable housing or workforce housing.

33 (d) Applications made for a historic structure or recognized historic structure tax credit  
34 under chapter 33.6 of title 44 shall be considered for tax credits under this chapter. The division of

1 taxation, at the expense of the commerce corporation, shall provide communications from the  
2 commerce corporation to those who have applied for and are in the queue awaiting the offer of tax  
3 credits pursuant to chapter 33.6 of title 44 regarding their potential eligibility for the rebuild RI tax  
4 credit program.

5 (e) Applicants (1) Who have received the notice referenced in subsection (d) above and  
6 who may be eligible for a tax credit pursuant to chapter 33.6 of title 44; (2) Whose application  
7 involves a certified historic structure or recognized historical structure; or (3) Whose project is  
8 occupied by at least one manufacturer shall be exempt from the requirements of subsections  
9 (b)(3)(ii) and (b)(3)(iii). The following procedure shall apply to such applicants:

10 (i) The division of taxation shall remain responsible for determining the eligibility of an  
11 applicant for tax credits awarded under chapter 33.6 of title 44;

12 (ii) The commerce corporation shall retain sole authority for determining the eligibility of  
13 an applicant for tax credits awarded under this chapter; ~~and~~

14 (iii) The commerce corporation shall not award in excess of fifteen percent (15%) of the  
15 annual amount authorized in any fiscal year to applicants seeking tax credits pursuant to this  
16 subsection (e); and

17 (iv) No tax credits shall be awarded under this chapter unless the commerce corporation  
18 receives confirmation from the department of labor and training that there has been compliance  
19 with the prevailing wage requirements set forth in subsection (b)(4) of this section.

20 (f) **Maximum project credit.**

21 (1) For qualified development projects, the maximum tax credit allowed under this chapter  
22 shall be the lesser of (i) Thirty percent (30%) of the total project cost; or (ii) The amount needed to  
23 close a project financing gap (after taking into account all other private and public funding sources  
24 available to the project), as determined by the commerce corporation.

25 (2) The credit allowed pursuant to this chapter, inclusive of any sales and use tax  
26 exemptions allowed pursuant to this chapter, shall not exceed fifteen million dollars (\$15,000,000)  
27 for any qualified development project under this chapter; except as provided in subsection (f)(3) of  
28 this section; provided however, any qualified development project that exceeds the project cap upon  
29 passage of this act shall be deemed not to exceed the cap, shall not be reduced, nor shall it be further  
30 increased. No building or qualified development project to be completed in phases or in multiple  
31 projects shall exceed the maximum project credit of fifteen million dollars (\$15,000,000) for all  
32 phases or projects involved in the rehabilitation of the building. Provided, however, that for  
33 purposes of this subsection and no more than once in a given fiscal year, the commerce corporation  
34 may consider the development of land and buildings by a developer on the "I-195 land" as defined

1 in § 42-64.24-3(6) as a separate, qualified development project from a qualified development  
2 project by a tenant or owner of a commercial condominium or similar legal interest including  
3 leasehold improvement, fit out, and capital investment. Such qualified development project by a  
4 tenant or owner of a commercial condominium or similar legal interest on the I-195 land may be  
5 exempted from subsection (f)(1)(i) of this section.

6 (3) The credit allowed pursuant to this chapter, inclusive of any sales and use tax  
7 exemptions allowed pursuant to this chapter, shall not exceed twenty-five million dollars  
8 (\$25,000,000) for the project for which the I-195 redevelopment district was authorized to enter  
9 into a purchase and sale agreement for parcels 42 and P4 on December 19, 2018, provided that  
10 project is approved for credits pursuant to this chapter by the commerce corporation.

11 (g) Credits available under this chapter shall not exceed twenty percent (20%) of the project  
12 cost, provided, however, that the applicant shall be eligible for additional tax credits of not more  
13 than ten percent (10%) of the project cost, if the qualified development project meets any of the  
14 following criteria or other additional criteria determined by the commerce corporation from time  
15 to time in response to evolving economic or market conditions:

16 (1) The project includes adaptive reuse or development of a recognized historical structure;

17 (2) The project is undertaken by or for a targeted industry;

18 (3) The project is located in a transit-oriented development area;

19 (4) The project includes residential development of which at least twenty percent (20%) of  
20 the residential units are designated as affordable housing or workforce housing;

21 (5) The project includes the adaptive reuse of property subject to the requirements of the  
22 industrial property remediation and reuse act, § 23-19.14-1 et seq.; or

23 (6) The project includes commercial facilities constructed in accordance with the minimum  
24 environmental and sustainability standards, as certified by the commerce corporation pursuant to  
25 Leadership in Energy and Environmental Design or other equivalent standards.

26 (h) **Maximum aggregate credits.** The aggregate sum authorized pursuant to this chapter,  
27 inclusive of any sales and use tax exemptions allowed pursuant to this chapter, shall not exceed  
28 two hundred twenty-five million dollars (\$225,000,000), excluding any tax credits allowed  
29 pursuant to subsection (f)(3) of this section.

30 (i) Tax credits shall not be allowed under this chapter prior to the taxable year in which the  
31 project is placed in service.

32 (j) The amount of a tax credit allowed under this chapter shall be allowable to the taxpayer  
33 in up to five, annual increments; no more than thirty percent (30%) and no less than fifteen percent  
34 (15%) of the total credits allowed to a taxpayer under this chapter may be allowable for any taxable

1 year.

2 (k) If the portion of the tax credit allowed under this chapter exceeds the taxpayer's total  
3 tax liability for the year in which the relevant portion of the credit is allowed, the amount that  
4 exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for  
5 the succeeding four (4) years, or until the full credit is used, whichever occurs first. Credits allowed  
6 to a partnership, a limited liability company taxed as a partnership, or multiple owners of property  
7 shall be passed through to the persons designated as partners, members, or owners respectively pro  
8 rata or pursuant to an executed agreement among persons designated as partners, members, or  
9 owners documenting an alternate distribution method without regard to their sharing of other tax  
10 or economic attributes of such entity.

11 (l) The commerce corporation, in consultation with the division of taxation, shall establish,  
12 by regulation, the process for the assignment, transfer, or conveyance of tax credits.

13 (m) For purposes of this chapter, any assignment or sales proceeds received by the taxpayer  
14 for its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from  
15 taxation under title 44. If a tax credit is subsequently revoked or adjusted, the seller's tax calculation  
16 for the year of revocation or adjustment shall be increased by the total amount of the sales proceeds,  
17 without proration, as a modification under chapter 30 of title 44. In the event that the seller is not a  
18 natural person, the seller's tax calculation under chapter 11, 13, 14, or 17 of title 44, as applicable,  
19 for the year of revocation, or adjustment, shall be increased by including the total amount of the  
20 sales proceeds without proration.

21 (n) The tax credit allowed under this chapter may be used as a credit against corporate  
22 income taxes imposed under chapter 11, 13, 14, or 17 of title 44, or may be used as a credit against  
23 personal income taxes imposed under chapter 30 of title 44 for owners of pass-through entities such  
24 as a partnership, a limited liability company taxed as a partnership, or multiple owners of property.

25 (o) In the case of a corporation, this credit is only allowed against the tax of a corporation  
26 included in a consolidated return that qualifies for the credit and not against the tax of other  
27 corporations that may join in the filing of a consolidated tax return.

28 (p) Upon request of a taxpayer and subject to annual appropriation, the state shall redeem  
29 this credit, in whole or in part, for ninety percent (90%) of the value of the tax credit. The division  
30 of taxation, in consultation with the commerce corporation, shall establish by regulation a  
31 redemption process for tax credits.

32 (q) Projects eligible to receive a tax credit under this chapter may, at the discretion of the  
33 commerce corporation, be exempt from sales and use taxes imposed on the purchase of the  
34 following classes of personal property only to the extent utilized directly and exclusively in the

1 project: (1) Furniture, fixtures, and equipment, except automobiles, trucks, or other motor vehicles;  
2 or (2) Other materials, including construction materials and supplies, that are depreciable and have  
3 a useful life of one year or more and are essential to the project.

4 (r) The commerce corporation shall promulgate rules and regulations for the administration  
5 and certification of additional tax credit under subsection (g), including criteria for the eligibility,  
6 evaluation, prioritization, and approval of projects that qualify for such additional tax credit.

7 (s) The commerce corporation shall not have any obligation to make any award or grant  
8 any benefits under this chapter.

9 (t) No tax credits shall be awarded under this chapter until the department of labor and  
10 training certifies that the project is in compliance with the prevailing wage requirements set forth  
11 in subsection (b)(4) of this section.

12 SECTION 3. This act shall take effect as of January 1, 2025.

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LC001980/SUB A  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION -- HISTORIC PRESERVATION TAX CREDITS 2013

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- 1           This act would amend sections of law relative to historic tax credits including increasing  
2   the maximum project credit and implementing requirements relative to following prevailing wage  
3   requirements.  
4           This act would take effect as of January 1, 2025.

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LC001980/SUB A  
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