

2026 -- S 3151 SUBSTITUTE A

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO TAXATION -- HISTORIC PRESERVATION TAX CREDITS 2013

Introduced By: Senators Bissaillon, Urso, DiPalma, Ciccone, Britto, and DiMario

Date Introduced: March 27, 2026

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) "Affordable Housing" means residential housing that has a sales price that is within the
7 means of a household that is of moderate income or less. In the case of dwelling units for sale,
8 housing that is affordable means housing in which principal, interest, taxes, which may be adjusted
9 by state and local programs for property tax relief, and insurance constitute no more than thirty
10 percent (30%) of the gross household income for a household with less than one hundred and twenty
11 percent (120%) of area median income, adjusted for family size.

12 (2) "Affordable rental unit" means residential housing for which the rent, heat, and utilities
13 other than telephone constitute no more than thirty percent (30%) of the gross annual household
14 income for a household with eighty percent (80%) or less of area median income, adjusted for
15 family size.

16 ~~(3)~~ (3) "Certified historic structure" means a property which is located in the state of Rhode
17 Island and is:

18 (i) Listed individually on the national register of historic places; or

19 (ii) Listed individually in the state register of historic places; or

1 (iii) Located in a registered historic district and certified by either the commission or
2 Secretary of the Interior as being of historic significance to the district.

3 ~~(2)~~(4) “Certified rehabilitation” means any rehabilitation of a certified historic structure
4 consistent with the historic character of such property or the district in which the property is located
5 as determined by the commission guidelines.

6 ~~(3)~~(5) “Commission” means the Rhode Island historical preservation and heritage
7 commission created pursuant to § 42-45-2.

8 ~~(4)~~(6) “Construction worker” means any laborer, mechanic, or machine operator employed
9 by a contractor or subcontractor in connection with the construction, alteration, repair, demolition,
10 reconstruction, or other improvements to real property.

11 ~~(5)~~(7) “Exempt from real property tax” means, with respect to any certified historic
12 structure, that the structure is exempt from taxation pursuant to § 44-3-3.

13 ~~(6)~~(8) “Hard construction costs” means the direct contractor costs for labor, material,
14 equipment, and services associated with an approved project, contractor’s overhead and profit, and
15 other direct construction costs.

16 ~~(7)~~(9) “Holding period” means twenty-four (24) months after the commission issues a
17 certificate of completed work to the owner. In the case of a rehabilitation which may reasonably be
18 expected to be completed in phases as described in subdivision (15) of this section, “holding
19 period” shall be extended to include a period of time beginning on the date of issuance of a
20 certificate of completed work for the first phase or phases for which a certificate of completed work
21 is issued and continuing until the expiration of twenty-four (24) months after the certificate of
22 completed work issued for the last phase.

23 ~~(8)~~(10) “Part 2 application” means the Historic Preservation Certification Application Part
24 2—Description of Rehabilitation.

25 ~~(9)~~(11) “Placed in service” means that substantial rehabilitation work has been completed
26 which would allow for occupancy of the entire structure or some identifiable portion of the
27 structure, as established in the Part 2 application.

28 ~~(10)~~(12) “Principal residence” means the principal residence of the owner within the
29 meaning of section 121 of the Internal Revenue Code [26 U.S.C. § 121] or any successor provision.

30 ~~(11)~~(13) “Qualified rehabilitation expenditures” means ~~any amounts~~ the amounts applied
31 for and presented to the division of taxation in the cost certification prepared by an independent
32 certified public accountant for calculation of allowable tax credits under this chapter based on the
33 formula set forth herein, which amounts were expended in the rehabilitation of a certified historic
34 structure properly capitalized to the building and either:

1 (i) Depreciable under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; or
2 (ii) Made with respect to property (other than the principal residence of the owner) held for
3 sale by the owner. Fees paid pursuant to this chapter are not qualified rehabilitation expenditures.
4 Notwithstanding the foregoing, except in the case of a nonprofit corporation, there will be deducted
5 from qualified rehabilitation expenditures for the purposes of calculating the tax credit any funds
6 made available to the person (including any entity specified in § 44-33.5-3(a)) incurring the
7 qualified rehabilitation expenditures in the form of a direct grant from a federal, state, or local
8 governmental entity or agency or instrumentality of government.

9 ~~(12)~~(14) “Registered historic district” means any district listed in the National Register of
10 Historic Places or the state register of historic places.

11 ~~(13)~~(15) “Remain idle” means that substantial work has ceased at the subject project; work
12 crews have been reduced by more than twenty-five percent (25%) for reasons unrelated to
13 scheduled completion of work in accordance with the project schedule, reasonably unanticipated
14 physical conditions, or force majeure; or the project schedule that was originally submitted by the
15 taxpayer to the commission has been extended by more than twelve (12) months for reasons other
16 than reasonably unanticipated physical conditions or an event of force majeure (by way of example,
17 and not in limitation, any delays, work stoppage, or workforce reduction caused by issues with
18 project funding, finances, disputes, or violation of laws shall be deemed to cause a project to remain
19 idle).

20 ~~(14)~~(16) “Scattered site development” means a development project for which the
21 developer seeks unified financing to rehabilitate dwelling units in two (2) or more buildings located
22 in an area that is defined by a neighborhood revitalization plan and is not more than one mile in
23 diameter.

24 ~~(15)~~(17) “Social club” means a corporation or other entity and/or its affiliate that offers its
25 facilities primarily to members for social or recreational purposes and the majority source of its
26 revenue is from funds and/or dues paid by its members and/or an entity defined as a social club
27 pursuant to the Internal Revenue Code section 501(c)(7).

28 ~~(16)~~(18) “Substantial construction” means that: (i) The owner of a certified historic
29 structure has entered into a contract with the division of taxation and paid the processing fee; (ii)
30 The commission has certified that the certified historic structure’s rehabilitation will be consistent
31 with the standards set forth in this chapter; and (iii) The owner has expended ten percent (10%) of
32 its qualified rehabilitation expenditures, estimated in the contract entered into with the division of
33 taxation for the project or its first phase of a phased project.

34 ~~(17)~~(19) “Substantial rehabilitation” means, with respect to a certified historic structure,

1 that the qualified rehabilitation expenses of the building during the twenty-four-month (24) period
2 selected by the taxpayer ending with or within the taxable year exceed the adjusted basis in such
3 building and its structural components as of the beginning of such period. In the case of any
4 rehabilitation, which may reasonably be expected to be completed in phases set forth in
5 architectural plans and specifications completed before the rehabilitation begins, the above
6 definition shall be applied by substituting “sixty-month (60) period” for “twenty-four-month (24)
7 period.”

8 ~~(18)~~(20) “Trade or business” means an activity that is carried on for the production of
9 income from the sale or manufacture of goods or performance of services, excluding residential
10 rental activity.

11 **44-33.6-3. Tax credit.**

12 (a) Subject to the maximum credit provisions set forth in subsections (c) and (d) below,
13 any person, firm, partnership, trust, estate, limited liability company, corporation (whether for
14 profit or nonprofit) or other business entity that incurs qualified rehabilitation expenditures for the
15 substantial rehabilitation of a certified historic structure, provided the rehabilitation meets standards
16 consistent with the standards of the Secretary of the United States Department of the Interior for
17 rehabilitation as certified by the commission and said person, firm, partnership, trust, estate, limited
18 liability company, corporation or other business entity is not a social club as defined in § 44-33.6-
19 2, shall be entitled to a credit against the taxes imposed on such person or entity pursuant to chapter
20 11, 12, 13, 14, 17, or 30 of this title in an amount equal to the following:

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

24 (2) Thirty-five percent (35%) of the qualified rehabilitation expenditures; provided that, at
25 least eighty percent (80%) of the total rental area of the certified historic structure shall be made
26 available for multi-family housing in which twenty percent (20%) of rental units would constitute
27 affordable rental units, or ten percent (10%) of available units would be sold as affordable housing;

28 ~~(2)(3)~~ (3) Twenty-five percent (25%) of the qualified rehabilitation expenditures ~~provided that~~
29 ~~either:~~ for all other projects.

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

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

34 (b) Tax credits allowed pursuant to this chapter shall be allowed for the taxable year in

1 which such certified historic structure or an identifiable portion of the structure is placed in service
2 provided that the substantial rehabilitation test is met for such year.

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

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

11 (e) Subject to the exception provided in subsection (g) of this section, if the amount of the
12 tax credit exceeds the taxpayer's total tax liability for the year in which the substantially
13 rehabilitated property is placed in service, the amount that exceeds the taxpayer's tax liability may
14 be carried forward for credit against the taxes imposed for the succeeding ten (10) years, or until
15 the full credit is used, whichever occurs first for the tax credits. Credits allowed to a partnership, a
16 limited liability company taxed as a partnership, or multiple owners of property shall be passed
17 through to the persons designated as partners, members, or owners respectively pro rata or pursuant
18 to an executed agreement among such persons designated as partners, members, or owners
19 documenting an alternate distribution method without regard to their sharing of other tax or
20 economic attributes of such entity. Credits may be allocated to partners, members, or owners that
21 are exempt from taxation under section 501(c)(3), section (c)(4) or section 501(c)(6) of the U.S.
22 Code and these partners, members, or owners must be treated as taxpayers for purposes of this
23 section.

24 (f) If the taxpayer has not claimed the tax credits in whole or part, taxpayers eligible for
25 the tax credits may assign, transfer, or convey the credits, in whole or in part, by sale or otherwise
26 to any individual or entity, including, but not limited to, condominium owners in the event the
27 certified historic structure is converted into condominiums and assignees of the credits that have
28 not claimed the tax credits in whole or part may assign, transfer, or convey the credits, in whole or
29 in part, by sale or otherwise to any individual or entity. The assignee of the tax credits may use
30 acquired credits to offset up to one hundred percent (100%) of the tax liabilities otherwise imposed
31 pursuant to chapter 11, 12, 13 (other than the tax imposed under § 44-13-13), 14, 17, or 30 of this
32 title. The assignee may apply the tax credit against taxes imposed on the assignee until the end of
33 the tenth calendar year after the year in which the substantially rehabilitated property is placed in
34 service or until the full credit assigned is used, whichever occurs first. Fiscal year assignees may

1 claim the credit until the expiration of the fiscal year that ends within the tenth year after the year
2 in which the substantially rehabilitated property is placed in service. The assignor shall perfect the
3 transfer by notifying the state of Rhode Island division of taxation, in writing, within thirty (30)
4 calendar days following the effective date of the transfer and shall provide any information as may
5 be required by the division of taxation to administer and carry out the provisions of this section.

6 For purposes of this chapter, any assignment or sales proceeds received by the taxpayer for
7 its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from this
8 title. If a tax credit is subsequently recaptured under this chapter, revoked, or adjusted, the seller's
9 tax calculation for the year of revocation, recapture, or adjustment shall be increased by the total
10 amount of the sales proceeds, without proration, as a modification under chapter 30 of this title. In
11 the event that the seller is not a natural person, the seller's tax calculation under chapter 11, 12, 13
12 (other than with respect to the tax imposed under § 44-13-13), 14, 17, or 30 of this title, as
13 applicable, for the year of revocation, recapture, or adjustment, shall be increased by including the
14 total amount of the sales proceeds without proration.

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

18 (h) Substantial rehabilitation of property that either:

19 (1) Is exempt from real property tax;

20 (2) Is a social club; or

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

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

32 (j) For construction projects that have executed a tax credit agreement on or after July 1,
33 2025, and involving a budget of direct hard construction costs (as defined in § 44-33.6-2) in excess
34 of twenty-five million dollars (\$25,000,000), all construction workers construction workers shall

1 be paid in accordance with the wages and benefits required pursuant to chapter 13 of title 37 and
2 all contractors and subcontractors shall file certified payrolls on a monthly basis for all work
3 completed in the preceding month on a uniform form prescribed by the director of labor and
4 training. Failure to follow the requirements pursuant to chapter 13 of title 37 shall constitute a
5 material violation and a material breach of the agreement with the state. The tax administrator, in
6 consultation with the director of labor and training, shall promulgate such rules and regulations as
7 are necessary to implement the enforcement of this subsection.

8 (k) No tax credits shall be awarded under this chapter unless the division of taxation
9 receives confirmation from the department of labor and training that there has been compliance
10 with the prevailing wage requirements set forth in subsection (j) of this section.

11 **44-33.6-4. Administration.**

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

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

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

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

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

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

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

33 (c) No taxpayer may benefit from the provisions of this chapter unless the owner of the
34 certified historic structure grants a restrictive covenant to the commission, agreeing that during the

1 holding period no material alterations to the certified historic structure will be made without the
2 commission's prior approval and agreeing that such shall be done in a manner consistent with the
3 standards of the Secretary of the United States Department of the Interior; and, in the event the
4 owner applies for the ~~twenty-five percent (25%)~~ thirty percent (30%) tax credit, that ~~either~~:

5 (1) At least ~~twenty-five percent (25%)~~ eighty percent (80%) of the total ~~rentable rental~~ area
6 of the certified historic structure will be made available for ~~a trade or business; or~~ multi-family
7 housing.

8 (2) ~~The entire rentable area located on the first floor of the certified historic structure will~~
9 ~~be made available for a trade or business, in either case, for a period of sixty (60) months after the~~
10 ~~placed in service date of the certified historic structure or identifiable portion thereof.~~ Thirty-five
11 percent (35%) of the qualified rehabilitation expenditures; provided that, at least eighty percent
12 (80%) of the total rental area of the certified historic structure shall be made available for multi-
13 family housing in which twenty percent (20%) of rental units would constitute affordable rental
14 units, or ten percent (10%) of available units would be sold as affordable housing.

15 (d) The division of taxation shall charge a fee equal to ~~three percent (3%)~~ one percent (1%)
16 of qualified rehabilitation expenditures. The fee shall be payable upon submission of the Part 2
17 application. The fee shall be ~~non-refundable~~ refundable upon receipt of a certificate of occupancy
18 for the project.

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

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

1 identifiable portion of a structure.

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

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

6 (2) A banking institution as defined by § 44-14-2(2) or credit union as defined in § 44-15-
7 1.1(1) without any consent from the division of taxation; or

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

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

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

28 **44-33.6-9. Reporting requirements.**

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

31 (1) The number of total jobs created;

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

33 (3) The total amount of qualified rehabilitation expenditures upon which tax credits were
34 calculated and awarded;

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

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

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

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

12 (d) By September 1st of each year the division of taxation shall report in the aggregate the
13 information required under subsection (a) of this section. This report shall be available to the public
14 for inspection by any person and shall be published by the tax administrator on the tax division
15 website.

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

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

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

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

29 **44-33.6-11. Sunset.**

30 No credits shall be authorized to be reserved pursuant to this chapter on or after June 30,
31 ~~2026~~ 2031, or upon the exhaustion of the maximum aggregate credits, whichever comes first.

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

34 **42-64.20-5. Tax credits.**

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

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

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

9 (2) There is a project financing gap in which after taking into account all available private
10 and public funding sources, the project is not likely to be accomplished by private enterprise
11 without the tax credits described in this chapter; ~~and~~

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

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

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

25 (iii) Involves a total project cost of not less than \$5,000,000, except for a qualified
26 development project located in a hope community or redevelopment area designated under § 45-
27 32-4 in which event the commerce corporation shall have the discretion to modify the minimum
28 project cost requirement.

29 (4) Until July 1, 2025, pursuant to P.L. 2022 ch. 271 and P.L. 2022 ch. 272, for construction
30 projects in excess of ten million dollars (\$10,000,000), all construction workers shall be paid in
31 accordance with the wages and benefits required pursuant to chapter 13 of title 37 with all
32 contractors and subcontractors required to file certified payrolls on a monthly basis for all work
33 completed in the preceding month on a uniform form prescribed by the director of labor and
34 training. Failure to follow the requirements pursuant to chapter 13 of title 37 shall constitute a

1 material violation and a material breach of the agreement with the state. The commerce corporation,
2 in consultation with the director of labor and training and the tax administrator, shall promulgate
3 such rules and regulations as are necessary to implement the enforcement of this subsection. The
4 provisions of this subsection shall expire and sunset on July 1, 2025.

5 (5) Notwithstanding any general or special law or rule or regulation to the contrary, for
6 construction projects that have executed a tax credit agreement on or after July 1, 2025, and
7 involving a budget of direct hard construction costs (as defined in § 44-33.6-2) in excess of twenty-
8 five million dollars (\$25,000,000), all construction workers shall be paid in accordance with the
9 wages and benefits required pursuant to chapter 13 of title 37 with all contractors and
10 subcontractors required to file certified payrolls on a monthly basis for all work completed in the
11 preceding month on a uniform form prescribed by the director of labor and training. Failure to
12 follow the requirements pursuant to chapter 13 of title 37 shall constitute a material violation and
13 a material breach of the agreement with the state. The commerce corporation, in consultation with
14 the director of labor and training and the tax administrator, shall promulgate such rules and
15 regulations as are necessary to implement the enforcement of this subsection.

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

- 18 (1) Qualified development projects that involve certified historic structures;
- 19 (2) Qualified development projects that involve recognized historical structures;
- 20 (3) Qualified development projects that involve at least one manufacturer; and
- 21 (4) Qualified development projects that include affordable housing or workforce housing.

22 (d) Applications made for a historic structure or recognized historic structure tax credit
23 under chapter 33.6 of title 44 shall be considered for tax credits under this chapter. The division of
24 taxation, at the expense of the commerce corporation, shall provide communications from the
25 commerce corporation to those who have applied for and are in the queue awaiting the offer of tax
26 credits pursuant to chapter 33.6 of title 44 regarding their potential eligibility for the rebuild RI tax
27 credit program.

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

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

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

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

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

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

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

14 (2) The credit allowed pursuant to this chapter, inclusive of any sales and use tax
15 exemptions allowed pursuant to this chapter, shall not exceed fifteen million dollars (\$15,000,000)
16 for any qualified development project under this chapter; except as provided in subsection (f)(3) of
17 this section; provided however, any qualified development project that exceeds the project cap upon
18 passage of this act shall be deemed not to exceed the cap, shall not be reduced, nor shall it be further
19 increased. No building or qualified development project to be completed in phases or in multiple
20 projects shall exceed the maximum project credit of fifteen million dollars (\$15,000,000) for all
21 phases or projects involved in the rehabilitation of the building. Provided, however, that for
22 purposes of this subsection and no more than once in a given fiscal year, the commerce corporation
23 may consider the development of land and buildings by a developer on the "I-195 land" as defined
24 in § 42-64.24-3(6) as a separate, qualified development project from a qualified development
25 project by a tenant or owner of a commercial condominium or similar legal interest including
26 leasehold improvement, fit out, and capital investment. Such qualified development project by a
27 tenant or owner of a commercial condominium or similar legal interest on the I-195 land may be
28 exempted from subsection (f)(1)(i) of this section.

29 (3) The credit allowed pursuant to this chapter, inclusive of any sales and use tax
30 exemptions allowed pursuant to this chapter, shall not exceed twenty-five million dollars
31 (\$25,000,000) for the project for which the I-195 redevelopment district was authorized to enter
32 into a purchase and sale agreement for parcels 42 and P4 on December 19, 2018, provided that
33 project is approved for credits pursuant to this chapter by the commerce corporation.

34 (4) For qualified development projects involving the development of housing and mixed

1 use projects involving housing which are restricted to require at least twenty percent (20%) of the
2 housing units being affordable housing or workforce housing development for residents making no
3 more than between eighty percent (80%) and one hundred twenty percent (120%) of the area
4 median income (AMI) shall be allowed sales and use tax exemptions of up to thirty percent (30%)
5 of the maximum project credit in addition to the maximum project credit of fifteen million dollars
6 (\$15,000,000) pursuant to this chapter. Any sales and use tax exemptions allowed in addition to the
7 maximum project credit shall be for purchases made by June 30, 2028.

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

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

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

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

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

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

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

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

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

29 (j) The amount of a tax credit allowed under this chapter shall be allowable to the taxpayer
30 in up to five, annual increments; no more than thirty percent (30%) and no less than fifteen percent
31 (15%) of the total credits allowed to a taxpayer under this chapter may be allowable for any taxable
32 year.

33 (k) If the portion of the tax credit allowed under this chapter exceeds the taxpayer's total
34 tax liability for the year in which the relevant portion of the credit is allowed, the amount that

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

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

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

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

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

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

29 (q) Projects eligible to receive a tax credit under this chapter may, at the discretion of the
30 commerce corporation, be exempt from sales and use taxes imposed on the purchase of the
31 following classes of personal property only to the extent utilized directly and exclusively in the
32 project: (1) Furniture, fixtures, and equipment, except automobiles, trucks, or other motor vehicles;
33 or (2) Other materials, including construction materials and supplies, that are depreciable and have
34 a useful life of one year or more and are essential to the project.

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

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

6 SECTION 3. This act shall take effect on January 1, 2027.

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LC006212/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

1 This act would increase the historic tax credit to thirty percent (30%) of the qualified
2 rehabilitation expenditures; provided that, at least eighty percent (80%) of the total rental area of
3 the certified historic structure would be made available for multi-family housing. This act would
4 further increase the tax credit to thirty-five percent (35%); provided that, at least eighty percent
5 (80%) of the total rental area of the certified historic structure would be made available for multi-
6 family housing in which twenty percent (20%) of rental units would constitute affordable rental
7 units, or ten percent (10%) of available units would be sold as affordable housing.

8 This act would take effect on January 1, 2027.

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LC006212/SUB A
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