

**2025 -- S 0940 SUBSTITUTE A AS AMENDED**

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LC001980/SUB A  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2025**

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**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. Section 42-64.20-5 of the General Laws in Chapter 42-64.20 entitled  
2 "Rebuild Rhode Island Tax Credit" is hereby amended to read as follows:
- 3           **42-64.20-5. Tax credits.**
- 4           (a) An applicant meeting the requirements of this chapter may be allowed a credit as set  
5 forth hereinafter against taxes imposed upon such person under applicable provisions of title 44 of  
6 the general laws for a qualified development project.
- 7           (b) To be eligible as a qualified development project entitled to tax credits, an applicant's  
8 chief executive officer or equivalent officer shall demonstrate to the commerce corporation, at the  
9 time of application, that:
- 10           (1) The applicant has committed a capital investment or owner equity of not less than  
11 twenty percent (20%) of the total project cost;
- 12           (2) There is a project financing gap in which after taking into account all available private  
13 and public funding sources, the project is not likely to be accomplished by private enterprise  
14 without the tax credits described in this chapter; and
- 15           (3) The project fulfills the state's policy and planning objectives and priorities in that:
- 16           (i) The applicant will, at the discretion of the commerce corporation, obtain a tax  
17 stabilization agreement from the municipality in which the real estate project is located on such  
18 terms as the commerce corporation deems acceptable;
- 19           (ii) It (A) Is a commercial development consisting of at least 25,000 square feet occupied

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

9 (iii) Involves a total project cost of not less than \$5,000,000, except for a qualified  
10 development project located in a hope community or redevelopment area designated under § 45-  
11 32-4 in which event the commerce corporation shall have the discretion to modify the minimum  
12 project cost requirement.

13 (4) Until July 1, 2025, pursuant to P. L. 2022 ch. 271 and P. L. 2022 ch. 272, for  
14 construction projects in excess of ten million dollars (\$10,000,000), all construction workers shall  
15 be paid in accordance with the wages and benefits required pursuant to chapter 13 of title 37 with  
16 all contractors and subcontractors required to file certified payrolls on a monthly basis for all work  
17 completed in the preceding month on a uniform form prescribed by the director of labor and  
18 training. Failure to follow the requirements pursuant to chapter 13 of title 37 shall constitute a  
19 material violation and a material breach of the agreement with the state. The commerce corporation,  
20 in consultation with the director of labor and training and the tax administrator, shall promulgate  
21 such rules and regulations as are necessary to implement the enforcement of this subsection. The  
22 provisions of this subsection shall expire and sunset on July 1, 2025.

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

34 (c) The commerce corporation shall develop separate, streamlined application processes

for the issuance of rebuild RI tax credits for each of the following:

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

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

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

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

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

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

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

(f) Maximum project credit.

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

(2) The credit allowed pursuant to this chapter, inclusive of any sales and use tax exemptions allowed pursuant to this chapter, shall not exceed fifteen million dollars (\$15,000,000) for any qualified development project under this chapter; except as provided in subsection (f)(3) of

1 this section; provided however, any qualified development project that exceeds the project cap upon  
2 passage of this act shall be deemed not to exceed the cap, shall not be reduced, nor shall it be further  
3 increased. No building or qualified development project to be completed in phases or in multiple  
4 projects shall exceed the maximum project credit of fifteen million dollars (\$15,000,000) for all  
5 phases or projects involved in the rehabilitation of the building. Provided, however, that for  
6 purposes of this subsection and no more than once in a given fiscal year, the commerce corporation  
7 may consider the development of land and buildings by a developer on the “I-195 land” as defined  
8 in § 42-64.24-3(6) as a separate, qualified development project from a qualified development  
9 project by a tenant or owner of a commercial condominium or similar legal interest including  
10 leasehold improvement, fit out, and capital investment. Such qualified development project by a  
11 tenant or owner of a commercial condominium or similar legal interest on the I-195 land may be  
12 exempted from subsection (f)(1)(i) of this section.

13 (3) The credit allowed pursuant to this chapter, inclusive of any sales and use tax  
14 exemptions allowed pursuant to this chapter, shall not exceed twenty-five million dollars  
15 (\$25,000,000) for the project for which the I-195 redevelopment district was authorized to enter  
16 into a purchase and sale agreement for parcels 42 and P4 on December 19, 2018, provided that  
17 project is approved for credits pursuant to this chapter by the commerce corporation.

18 (4) For qualified development projects involving the development of housing and mixed  
19 use projects involving housing which are restricted to require at least twenty percent (20%) of the  
20 housing units being affordable housing or workforce housing development for residents making no  
21 more than between eighty percent (80%) and one hundred twenty percent (120%) of the area  
22 median income (AMI) shall be allowed sales and use tax exemptions of up to thirty percent (30%)  
23 of the maximum project credit in addition to the maximum project credit of fifteen million dollars  
24 (\$15,000,000) pursuant to this chapter. Any sales and use tax exemptions allowed in addition to the  
25 maximum project credit shall be for purchases made by June 30, 2028.

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

- 31 (1) The project includes adaptive reuse or development of a recognized historical structure;  
32 (2) The project is undertaken by or for a targeted industry;  
33 (3) The project is located in a transit-oriented development area;  
34 (4) The project includes residential development of which at least twenty percent (20%) of

1 the residential units are designated as affordable housing or workforce housing;

2 (5) The project includes the adaptive reuse of property subject to the requirements of the

3 industrial property remediation and reuse act, § 23-19.14-1 et seq.; or

4 (6) The project includes commercial facilities constructed in accordance with the minimum

5 environmental and sustainability standards, as certified by the commerce corporation pursuant to

6 Leadership in Energy and Environmental Design or other equivalent standards.

7 (h) Maximum aggregate credits. The aggregate sum authorized pursuant to this chapter,

8 inclusive of any sales and use tax exemptions allowed pursuant to this chapter, shall not exceed

9 two hundred twenty-five million dollars (\$225,000,000), excluding any tax credits allowed

10 pursuant to subsection (f)(3) of this section.

11 (i) Tax credits shall not be allowed under this chapter prior to the taxable year in which the

12 project is placed in service.

13 (j) The amount of a tax credit allowed under this chapter shall be allowable to the taxpayer

14 in up to five, annual increments; no more than thirty percent (30%) and no less than fifteen percent

15 (15%) of the total credits allowed to a taxpayer under this chapter may be allowable for any taxable

16 year.

17 (k) If the portion of the tax credit allowed under this chapter exceeds the taxpayer's total

18 tax liability for the year in which the relevant portion of the credit is allowed, the amount that

19 exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for

20 the succeeding four (4) years, or until the full credit is used, whichever occurs first. Credits allowed

21 to a partnership, a limited liability company taxed as a partnership, or multiple owners of property

22 shall be passed through to the persons designated as partners, members, or owners respectively pro

23 rata or pursuant to an executed agreement among persons designated as partners, members, or

24 owners documenting an alternate distribution method without regard to their sharing of other tax

25 or economic attributes of such entity.

26 (l) The commerce corporation, in consultation with the division of taxation, shall establish,

27 by regulation, the process for the assignment, transfer, or conveyance of tax credits.

28 (m) For purposes of this chapter, any assignment or sales proceeds received by the taxpayer

29 for its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from

30 taxation under title 44. If a tax credit is subsequently revoked or adjusted, the seller's tax calculation

31 for the year of revocation or adjustment shall be increased by the total amount of the sales proceeds,

32 without proration, as a modification under chapter 30 of title 44. In the event that the seller is not a

33 natural person, the seller's tax calculation under chapter 11, 13, 14, or 17 of title 44, as applicable,

34 for the year of revocation, or adjustment, shall be increased by including the total amount of the

1 sales proceeds without proration.

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

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

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

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

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

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

24 SECTION 2. Section 44-33.6-3 of the General Laws in Chapter 44-33.6 entitled "Historic  
25 Preservation Tax Credits 2013" is hereby amended to read as follows:

26 **44-33.6-3. Tax credit.**

27 (a) Subject to the maximum credit provisions set forth in subsections (c) and (d) below,  
28 any person, firm, partnership, trust, estate, limited liability company, corporation (whether for  
29 profit or nonprofit) or other business entity that incurs qualified rehabilitation expenditures for the  
30 substantial rehabilitation of a certified historic structure, provided the rehabilitation meets standards  
31 consistent with the standards of the Secretary of the United States Department of the Interior for  
32 rehabilitation as certified by the commission and said person, firm, partnership, trust, estate, limited  
33 liability company, corporation or other business entity is not a social club as defined in § 44-33.6-  
34 2, shall be entitled to a credit against the taxes imposed on such person or entity pursuant to chapter

1 11, 12, 13, 14, 17, or 30 of this title in an amount equal to the following:

2 (1) Twenty percent (20%) of the qualified rehabilitation expenditures; or

3 (2) Twenty-five percent (25%) of the qualified rehabilitation expenditures provided that

4 either:

5 (i) At least twenty-five percent (25%) of the total rentable area of the certified historic

6 structure will be made available for a trade or business; or

7 (ii) The entire rentable area located on the first floor of the certified historic structure will

8 be made available for a trade or business.

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

10 which such certified historic structure or an identifiable portion of the structure is placed in service

11 provided that the substantial rehabilitation test is met for such year.

12 (c) Maximum project credit. The credit allowed pursuant to this chapter shall not exceed

13 five million dollars (\$5,000,000) for any certified rehabilitation project under this chapter. No

14 building to be completed in phases or in multiple projects shall exceed the maximum project credit

15 of five million dollars (\$5,000,000) for all phases or projects involved in the rehabilitation of such

16 building.

17 (d) Maximum aggregate credits. The aggregate credits authorized to be reserved pursuant

18 to this chapter shall not exceed sums estimated to be available in the historic preservation tax credit

19 trust fund pursuant to this chapter.

20 (e) Subject to the exception provided in subsection (g) of this section, if the amount of the

21 tax credit exceeds the taxpayer's total tax liability for the year in which the substantially

22 rehabilitated property is placed in service, the amount that exceeds the taxpayer's tax liability may

23 be carried forward for credit against the taxes imposed for the succeeding ten (10) years, or until

24 the full credit is used, whichever occurs first for the tax credits. Credits allowed to a partnership, a

25 limited liability company taxed as a partnership, or multiple owners of property shall be passed

26 through to the persons designated as partners, members, or owners respectively pro rata or pursuant

27 to an executed agreement among such persons designated as partners, members, or owners

28 documenting an alternate distribution method without regard to their sharing of other tax or

29 economic attributes of such entity. Credits may be allocated to partners, members, or owners that

30 are exempt from taxation under section 501(c)(3), section (c)(4) or section 501(c)(6) of the U.S.

31 Code and these partners, members, or owners must be treated as taxpayers for purposes of this

32 section.

33 (f) If the taxpayer has not claimed the tax credits in whole or part, taxpayers eligible for

34 the tax credits may assign, transfer, or convey the credits, in whole or in part, by sale or otherwise

1 to any individual or entity, including, but not limited to, condominium owners in the event the  
2 certified historic structure is converted into condominiums and assignees of the credits that have  
3 not claimed the tax credits in whole or part may assign, transfer, or convey the credits, in whole or  
4 in part, by sale or otherwise to any individual or entity. The assignee of the tax credits may use  
5 acquired credits to offset up to one hundred percent (100%) of the tax liabilities otherwise imposed  
6 pursuant to chapter 11, 12, 13 (other than the tax imposed under § 44-13-13), 14, 17, or 30 of this  
7 title. The assignee may apply the tax credit against taxes imposed on the assignee until the end of  
8 the tenth calendar year after the year in which the substantially rehabilitated property is placed in  
9 service or until the full credit assigned is used, whichever occurs first. Fiscal year assignees may  
10 claim the credit until the expiration of the fiscal year that ends within the tenth year after the year  
11 in which the substantially rehabilitated property is placed in service. The assignor shall perfect the  
12 transfer by notifying the state of Rhode Island division of taxation, in writing, within thirty (30)  
13 calendar days following the effective date of the transfer and shall provide any information as may  
14 be required by the division of taxation to administer and carry out the provisions of this section.

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

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

27 (h) Substantial rehabilitation of property that either:

28 (1) Is exempt from real property tax;

29 (2) Is a social club; or

30 (3) Consists of a single-family home or a property that contains less than three (3)  
31 residential apartments or condominiums shall be ineligible for the tax credits authorized under this  
32 chapter; provided, however, a scattered site development with five (5) or more residential units in  
33 the aggregate (which may include single-family homes) shall be eligible for tax credit. In the event  
34 a certified historic structure undergoes a substantial rehabilitation pursuant to this chapter and



1 within twenty-four (24) months after issuance of a certificate of completed work the property  
2 becomes exempt from real property tax, the taxpayer's tax for the year shall be increased by the  
3 total amount of credit actually used against the tax.

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

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

17 (k) No tax credits shall be awarded under this chapter unless the division of taxation  
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 (j) of this section.

20 SECTION 3. This act shall take effect upon passage.

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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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