

Testimony

In favor of

House 6016

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House Committee on Finance
Submitted to Christopher O'Brien
Committee Clerk

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Preserve Rhode Island, the statewide nonprofit advocate for historic places, urges the passage of **House Bill 6016** which would extend the sunset of the Historic Tax Credits for one more year. We're attaching a Fact Sheet that quantifies the benefits of Rhode Island's Historic Tax Credit program.

Since 2001, more than 318 historic buildings from all around the state of Rhode Island have been rehabilitated using Historic Tax Credits, representing more than \$2.2 billion in total investment in Rhode Island communities. According to a study of Rhode Island's Historic Tax credit program by PlaceEconomics, fifty cents of every dollar of Historic Tax Credits is returned to the state through sales, income, and corporate taxes even before any credits can be used -- because all projects must be complete before historic tax credits are released.

Unless the General Assembly acts, the program will sunset on **June 30, 2023**. More than 39 projects on the waiting list will die, representing \$335 million in investment to redevelop historic buildings that will be lost in Rhode Island.

In 2021 and 2022, the General Assembly appropriated a total of \$48 million funding for Historic Tax Credit projects; however, not all that money has yet been put to work. Estimating from the Division of Taxation's List of Agreements, about an estimated one half of the funds are still to be allocated. The June 30, 2023 sunset would arbitrarily curtail the pent up demand for the program, stopping this much needed economic development in Rhode Island.

An extension of the sunset will not adversely impact the state budget since funds for the program have already been accounted for and capped. An extension of the sunset will benefit the Rhode Island economy. **Please pass House Bill 6016 to extend the sunset.**

Thanks so much for your past support for historic tax credits as Rhode Island's most successful economic development program. Please let the program live on.

Rhode Island Historic Tax Credits: A Proven Economic Engine 2023 Status Report

Economic Impact (2001 – present)

- **318 historic buildings** have been rehabilitated since 2001 when the state Historic Tax Credit program was established, catalyzing **\$2.2 billion in investment in RI communities.**
- A recent study by PlaceEconomics found that **\$.50 of every \$1 was returned to the state** through sales, income and corporate taxes paid **before the credit is even awarded.**
- **Improvements from Historic Tax Credit projects increase property valuations.** For instance, Lymanville Company Mill in North Providence increased from \$1.9 million to \$14.2 million as apartments, and Meader (Almy) Street School in Providence went from a vacant building valued at \$41,920 to \$607,300 as residential units.



The Artie Mill in West Warwick is an active historic rehabilitation project which was started in 2021. This \$25 million project will create 136 housing units by leveraging \$5 million in state Historic Tax Credits.

State Historic Tax Credits Advance Critical Rhode Island Housing & Employment Needs

(2013 – present)

- Since just 2013, **more than 1,700 units of housing** have been created in our communities, **16% of which are designated as affordable units.** Between 2013 and 2020 this accounted for approximately **20% of the total housing units, as well as the affordable units, created in the state,** making the historic tax credit program a significant generator of much needed housing. During the full 21-year history of the State Historic Tax Credit Program estimates are that more than 5,000 units of housing have been created by Tax Credit projects, with approximately 1,000 designated as affordable units.



(State Historic Tax Credits 2013 – present continued)

- Investment in materials **purchased from Rhode Island businesses: \$80 million.**
- Total cost of **construction labor: \$110 million.**

Projects in Progress: Current Investment and Demand

- There are at least **25 active projects**, representing more than **\$335 million in total project investment** catalyzed by **\$63 million in Historic Tax Credits**. Importantly, these projects will create **1,287 housing units, including 220 affordable units.**
- Currently, there are **39 applications in the queue seeking \$88 million in credit** based on estimated QREs of \$472 million. These represent millions more investments into Rhode Island's economic development.