

Testimony
In favor of
House 6016

Valerie Talmage, Executive Director, Preserve Rhode Island
April 18, 2023

House Committee on Finance
Submitted to Christopher O'Brien
Committee Clerk
HouseFinance@rilegislature.gov



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.

Testimony

In favor of

House 6186

Valerie Talmage, Executive Director, Preserve Rhode Island

April 18, 2023

House Committee on Finance
Submitted to Christopher O'Brien
Committee Clerk
HouseFinance@rilegislature.gov

Preserve Rhode Island, the statewide nonprofit advocate for historic places, urges the passage of **House Bill 6186** which makes vital clarifications of the time frame for implementing a prevailing wage requirement imposed in 2022. This timing has significant impact on projects using Rhode Island's Historic Tax Credits; attached is a Fact Sheet that quantifies the benefits of the state 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. In 2022 the General Assembly made a significant change to this 21-year-old program by requiring larger projects to comply with laws regarding prevailing wage. In making this change, last year's law did not lay out a framework for implementing the new requirement and did not consider unintended consequences to many projects in mid-stream. When the prevailing wage law went into effect, it did not clarify at what point in the development process – from planning to incentive application to ribbon cutting – projects would be subject to the new provision.

For larger historic rehab projects, state Historic Tax Credits are a vital part of project financing. Many of the large historic rehabilitation projects, such as converting vacant and deteriorated mills to affordable housing, require the assembly of a complicated stack of financing, including Historic Tax Credits. Planning for such projects can take years – from conception, site control, analysis, design, and arranging for financing – all before construction starts. Many projects that were operating under the prior rules of the state Historic Tax Credit program had their financing derailed by last year's new law requiring prevailing wage.

H6186 clarifies when the prevailing wage provisions need to be accommodated, grandfathering projects that had already reached critical stages of project planning prior to January 2023. This change is particularly crucial for affordable housing projects – a state priority given the current housing crisis. We urge you to pass H6186 and allow those projects to proceed.

Thanks so much for your past support for historic tax credits as Rhode Island's most successful economic development program. Please make this adjustment to the program so projects already in the pipeline are allowed to go forward.