

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

ARTICLE 23

RELATING TO HISTORIC STRUCTURES -- TAX CREDIT

SECTION 1. Section 44-33.2-2 of the General Laws in Chapter 44-33.2 entitled "Historic Structures – Tax Credit" is hereby amended to read as follows:

44-33.2-2. Definitions. -- As used in this chapter:

(1) "Abandoned Project" means a certified rehabilitation approved as of May 15, 2008 that has voluntarily withdrawn and forfeited any rights to tax credits under this chapter or a certified rehabilitation approved as of May 15, 2008 that has not met substantial construction on or before May 15, 2013.

~~(2)~~ "Certified historic structure" means a property which is located in the state of Rhode Island and is:

- (i) Listed individually on the National Register of Historic Places; or
- (ii) Listed individually in the state register of historic places; or
- (iii) Located in a registered historic district and certified by either the commission or Secretary of the Interior as being of historic significance to the district.

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

~~(4)~~ "Commission" means the Rhode Island historical preservation and heritage commission created pursuant to Chapter 44-3-3.

(5) "Economic Development Corporation" means the Rhode Island economic development corporation created pursuant to chapter 42-64.

~~(6)~~ "Exempt from real property tax" means, with respect to any certified historic structure, that the structure is exempt from taxation pursuant to Chapter 44-3-3.

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

1 ~~(6)~~(8) “Placed in service” means that substantial rehabilitation work has been completed
2 which would allow for occupancy of the entire structure or some identifiable portion of the
3 structure, or the owner has commenced depreciation of the qualified rehabilitation expenditures,
4 whichever occurs first.

5 ~~(7)~~(9) “Principal residence” means the principal residence of the owner within the
6 meaning of § 121 of the Internal Revenue Code [26 U.S.C § 121] or any successor provision.

7 ~~(8)~~(10) “Qualified rehabilitation expenditures” means any amounts expended in the
8 rehabilitation of a certified historic structure properly capitalized to the building and either: (i)
9 depreciable under the Internal Revenue Code, 26 U.S.C § 1 et seq., or (ii) made with respect to
10 property (other than the principal residence of the owner) held for sale by the owner. Fees
11 pursuant to § 44-33.2-4(d) are not qualified rehabilitation expenditures. Notwithstanding the
12 foregoing, except in the case of a nonprofit corporation, there will be deducted from qualified
13 rehabilitation expenditures for the purposes of calculating the tax credit any funds made available
14 to the person (including any entity specified in § 44-33.2.-3(a)) incurring the qualified
15 rehabilitation expenditures in the form of a direct grant from a federal, state or local governmental
16 entity or agency or instrumentality of government. Qualified rehabilitation expenditures shall be
17 limited on replacement projects to qualified expenditures incurred and actually paid.

18 ~~(9)~~(11) “Registered historic district” means any district listed in the National Register of
19 Historic Places, or the state register of historic places.

20 (12) “Replacement Project” means any certified historic structure project approved after
21 July 1, 2012 pursuant to section 44-33.2-3.1.

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

26 (14) “Substantial Construction” means that: (i) the owner of a certified historic structure
27 has entered into a contract with the division of taxation and paid the processing fee; (ii) the
28 commission has certified that the certified historic structure’s rehabilitation will be consistent
29 with the standards set forth in section 44-33.2-4 and (iii) the owner has expended ten percent
30 (10%) of its qualified rehabilitation expenditures, estimated in the contract entered into with the
31 division of taxation for the project or its first phase of a phased project, or has amended the
32 contract to provide for abandonment of a portion of credits due to a change in the scope of the
33 project.

34 ~~(10)~~(15) “Substantial rehabilitation” means, with respect to a certified historic structure,

1 that the qualified rehabilitation expenses of the building during the twenty-four (24) month period
2 selected by the taxpayer ending with or within the taxable year exceed fifty (50%) of the adjusted
3 basis in such building and its structural components as of the beginning of such period. In the
4 case of 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 (60) month period” for “twenty-four (24) month
7 period”.

8 SECTION 2. Chapter 44-33.2 of the General Laws entitled "Historic Structures – Tax
9 Credit" is hereby amended by adding thereto the following section:

10 **44-33.2-3.1. Replacement Projects.** -- (a) The tax administrator shall make available to
11 the economic development corporation, the department of labor and training, and the commission
12 any information and/or data that the administrator may consider necessary to administer this
13 chapter.

14 (b) On July 1, 2013, and every month thereafter, the division of taxation shall report to
15 the economic development corporation, the commission, the state budget officer, the house fiscal
16 advisor and the senate fiscal advisor on all abandoned projects along with the estimated tax
17 credits for said projects. The division of taxation shall also report the cumulative investment
18 earnings and processing fees received and processing fees reimbursed, in order to provide the
19 economic development corporation and the commission with the maximum limit of replacement
20 projects that can be awarded.

21 (c) The economic development corporation and the commission shall solicit and accept
22 applications for replacement projects, which shall be processed and approved in accordance with
23 the terms and provisions of chapter 44-33.2 and the rules and regulations promulgated and
24 amended from time to time in accordance with this chapter. These replacement project(s) shall be
25 entitled to tax credits under this chapter, the total amount of which can not exceed the amount
26 reported in subsection 44-33.2-3.1(b). The economic development corporation and commission
27 shall award replacement projects based on the following criteria:

28 (1) Replacement projects shall meet all requirements for a certified historic structure
29 under this chapter;

30 (2) Replacement projects shall not be a social club or club defined under Internal
31 Revenue Code section 501(c)(7);

32 (3) Replacement projects shall not consist of a single family home or a property that
33 contains less than four (4) residential apartments or condominiums, provided however a scattered
34 site development with five (5) or more residential units in the aggregate but no more than thirty

1 percent (30%) of the total project, which may include single family homes, shall be eligible for
2 the tax credit;

3 (4) Replacement projects that are immediately ready for commencement and completion
4 within twenty four (24) months after approval shall receive preference;

5 (5) Replacement projects that address qualified historic tax structures and projects located
6 in cities and towns that are eligible for the distressed communities relief fund, as defined in
7 section 45-13-12, shall receive preference.

8 (d) Within ninety (90) days of receiving notification of being awarded a replacement
9 project, the person, firm, partnership, trust, estate, limited liability company, corporation (whether
10 profit or non-profit) or other business entity that incurs qualified rehabilitation expenditures shall
11 pay a nonrefundable fee to the division of taxation in the amount of three percent (3%) of the
12 qualified rehabilitation expenditures.

13 (e) Upon payment of the fees as set forth in this section, the division of taxation shall, on
14 behalf of the state of Rhode Island guaranty, through a contract with persons, firms, partnerships,
15 trusts, estates, limited liability companies, corporations (whether for profit or non-profit) or other
16 business entities that will incur qualified rehabilitation expenditures for the substantial
17 rehabilitation of a certified historic structure, the delivery of one hundred percent (100%) of the
18 tax credit, which shall not exceed twenty-five percent (25%) of the qualified rehabilitation
19 expenditures.

20 (f) For purposes of replacement projects, substantial construction must be met within one
21 (1) year from the date of approval.

22 (g) Replacement projects, where such substantial rehabilitation of a certified historic
23 structure pursuant to this chapter includes qualified rehabilitation expenditures that exceed ten
24 million dollars (\$10,000,000), shall only utilize contractors that participate in a Class A
25 Apprenticeship Program that is registered with and approved by the U.S. Department of Labor or
26 the department of labor and training, as required pursuant to chapter 28-45, and has graduated
27 apprentices to journeyperson status within three of the past five (5) years for each separate trade
28 or classification which it employs craft employees.

29 (1) The tax administrator shall request verification from the department of labor and
30 training of origination of the apprenticeship program seeking to be verified.

31 (2) The department of labor and training shall provide written verification regarding the
32 registration and approval of apprenticeship programs to the tax administrator no later than thirty
33 (30) days from receipt of the request.

34 (3) The tax administrator may disqualify those qualified rehabilitation expenditures

1 related only to the expenditures, for which an approved apprenticeship program was not verified
2 by the department of labor and training.

3 (h) The tax credit for replacement projects under this subsection shall be administered
4 consistent with all other provisions of this chapter.

5 (i) The commission, in consultation with the economic development corporation and
6 division of taxation, shall promulgate such rules and regulations as are necessary to carry out the
7 intent and purpose of this chapter.

8 SECTION 3. This article shall take effect upon passage.