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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - THE I -195 TAX
STABILIZATION INCENTIVE ACT

Introduced By: Representatives Ajello, Hull, Diaz, and Palangio

Date Introduced: April 30, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 64.14.1

4 THE I -195 TAX STABILIZATION INCENTIVE ACT

5 **42-64.14.1-1. Findings and declaration.** -- (a) The general assembly finds and
6 declares:

7 (1) As part of a coordinated effort to spur economic growth, the general assembly and the
8 governor seek to enact several economic stimulus laws to assist Rhode Island businesses and
9 municipalities, including legislation providing incentives to encourage economic and real estate
10 development and to create jobs throughout this state.

11 (2) In order to encourage economic growth, the general assembly seeks to enhance and
12 strengthen several of the current statutes governing economic development in this state. The
13 general assembly's goal is to create an economic stimulus program to promote development and
14 growth and address the economic challenges currently impacting the state and local
15 municipalities.

16 (3) The general assembly is confident that its proposed economic stimulus program will
17 enable Rhode Island to take the necessary steps to restore its economic health.

18 **42-64.14.1-2. Definitions.** -- As used in this chapter:

1 (1) "Capital investment" in a qualified project means expenses by a business or any
2 affiliate of the business incurred after application for:

3 (i) Site preparation and construction, repair, renovation, improvement, equipping, or
4 furnishing on real property or of a building, structure, facility, or improvement to real property;

5 (ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
6 including, but not limited to, material goods for the operation of a business on real property or in
7 a building, structure, facility, or improvement to real property;

8 (iii) In addition to the foregoing, if a business acquires or leases a qualified business
9 facility, the capital investment made or acquired by the seller or owner, as the case may be, if
10 pertaining primarily to the premises of the qualified business facility, shall be considered a capital
11 investment by the business and, if pertaining generally to the qualified business facility being
12 acquired or leased, shall be allocated to the premises of the qualified business facility on the basis
13 of the gross leaseable area of the premises in relation to the total gross leaseable area in the
14 qualified business facility. The capital investment described herein may include any capital
15 investment made or acquired within twenty-four (24) months prior to the date of application, so
16 long as the amount of capital investment made or acquired by the business, any affiliate of the
17 business, or any owner after the date of application equals fifty percent (50%) of the amount of
18 capital investment, allocated to the premises of the qualified business facility being leased or
19 acquired on the basis of the gross leaseable area of such premises in relation to the total gross
20 leaseable area in the qualified business facility made or acquired prior to the date of application.

21 (2) "Developer" means any person who develops or proposes to develop a qualified
22 project, or its successors or assigns, including, but not limited to, a lender that completes a real
23 estate project, operates a real estate project, or completes and operates a real estate project.

24 (3) "Eligibility period" means the period in which the city of Providence may apply for
25 reimbursement under this chapter. The eligibility period shall be subject to the term defined in the
26 qualifying tax stabilization agreement granted by the city of Providence. The amounts subject to
27 reimbursement shall cease upon termination or cessation of the underlying qualified tax
28 stabilization agreement.

29 (4) "I-195 Commission" means the I-195 redevelopment district commission established
30 by chapter 64.14 of this title.

31 (5) "Project cost" means the cost incurred in connection with the qualified project by the
32 developer until the issuance of a permanent certificate of occupancy, or until such other time
33 specified by the I-195 redevelopment district commission, for a specific investment or
34 improvement, including the costs relating to lands, buildings, improvements, or real or personal

1 property, or any interest there including leases discounted to present value, including lands under
2 water, riparian rights, space rights and air rights acquired, owned, developed, or redeveloped,
3 constructed, reconstructed, rehabilitated or improved, any environmental remediation costs, plus
4 costs not directly related to construction of an amount not to exceed twenty percent (20%) of the
5 total costs, capitalized interest paid to third parties, and the cost of infrastructure improvements,
6 including ancillary infrastructure projects, but excluding any particular costs for which the project
7 has received federal, state, or local funding.

8 (6) "Qualifying projects" include:

9 (i) Rehabilitation of an existing structure where the total cost of development budget
10 exceeds fifty percent (50%) of the adjusted basis in such a qualifying property as of the date that
11 the parties applied for said qualifying tax stabilization agreement.

12 (ii) Construction of a new building wherein:

13 (A) The city of Providence has issued a tax stabilization agreement, as set forth herein,
14 and pursuant to § 44-3-9 as well as other applicable rules, regulations, and procedures;

15 (B) Construction commences within twelve (12) months of the subject tax stabilization
16 agreement being approved; and

17 (C) Completion of the proposed development project within thirty-six (36) months,
18 subject to the approval of the city of Providence.

19 (7) "Qualified Tax Stabilization Agreement" are those tax stabilization agreements with a
20 minimum term of twelve (12) years, granted by the city of Providence in connection with a
21 qualifying project.

22 **42-64-14.1-3. Establishment of act. --** The I-195 tax stabilization incentive act is hereby
23 created to provide incentives to the city of Providence to enter into qualifying property tax
24 stabilization agreements in connection with qualifying projects set forth herein. Under this
25 chapter, the city of Providence may apply to the I-195 commission for certification for full
26 reimbursement of the real estate taxes and/or personal property that would have otherwise been
27 paid in exchange for granting a qualified tax stabilization agreement in connection with a
28 qualifying project within the I-195 redevelopment district had the city of Providence not granted
29 said tax stabilization agreement. The qualification for reimbursement shall cease upon any
30 termination or cessation of the underlying tax stabilization agreement.

31 **42-64-14.1-4. Eligibility requirements for qualifying communities. --** In order for the
32 city of Providence to be eligible to receive incentives under this chapter, in addition to the
33 provisions set forth herein, the tax stabilization agreement must be for a qualified project
34 resulting in the creation of at least fifty (50) full-time jobs and the developer must commit a

1 capital investment of not less than ten million dollars (\$10,000,000) towards the project cost.

2 **42-64-14.1-5. Applicability.** -- The amounts subject to reimbursements under this
3 chapter shall apply to any real estate and/or personal property tax abatement provided pursuant to
4 a tax stabilization agreement, granted pursuant to § 44-3-9 after January 1, 2016. The amounts
5 subject to reimbursement shall also include any reduction in the then current real property taxes
6 and/or personal property taxes as well as a reduction in the prospective amounts that would be
7 due in connection with the completion of the qualifying project.

8 **42-64-14.1-6. Approval.** -- The I-195 commission's approval of reimbursement to the
9 city of Providence may be made conditional on compliance with the conditions set forth under §
10 44-3-9 and other guidelines, directives, criteria, that may be adopted by the I-195 commission. In
11 order to distribute funds under this chapter, the I-195 commission shall enter into an agreement
12 with the city of Providence setting forth the terms of the award subject hereto. The I-195
13 commission may require the city of Providence to provide reports and documentation to the
14 Rhode Island commerce corporation, who shall remit payment to the city of Providence under the
15 terms of the agreement, prior to making any awards under this chapter.

16 **42-64-14.1-7. Restrictions.** -- Nothing in this chapter shall be construed to interfere,
17 restrict, or prevent the ability of the city of Providence from granting tax stabilization agreements
18 pursuant to § 44-3-9 and other applicable sections of title 44, entitled "Taxation".

19 **42-64-14.1-8. Implementation, guidelines, directives, criteria, rules, and regulations.**
20 -The I-195 commission shall establish further guidelines, directives, criteria, rules, and
21 regulations of this chapter. The adoption and implementation of the guidelines, directives,
22 criteria, rules, and regulations shall be made pursuant to § 42-35-3 as necessary for the
23 implementation of the I-195 redevelopment district commission's responsibilities under this
24 chapter.

25 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - THE I -195 TAX
STABILIZATION INCENTIVE ACT

1 This act would create the "I -195 Tax Stabilization Incentive Act" to provide incentives to
2 the city of Providence to enter into property tax stabilization agreements in connection with
3 certain projects.

4 This act would take effect upon passage.

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