Testimony of Scott Wolf, Executive Director, Grow Smart Rhode Island, Submitted to the House Finance Committee in support of H 5910, Legislation to Recapitalize the State Historic Tax Credit Program June 8, 2017

Grow Smart RI is a non-profit public interest group representing a broad coalition of organizations and concerned citizens committed to revitalizing Rhode Island’s urban and town centers and strengthening our economy through a sustainable, equitable and asset based economic development strategy.

We are submitting this testimony today in full support of passage of both H 5910 and a repeal of the currently scheduled June 30, 2017 Sunsetting of the State Historic Tax Credit program, the version of the program that was reinstated, with significant reforms, in 2013. We are urging you to take both of these legislative actions because we believe that one of Rhode Island’s prime assets and economic engines is our extensive, nationally renowned collection of historic buildings and neighborhoods. Based on a combination of research we have done internally and contracted for, the State Historic Tax Credit program, since it began in 2002, has been responsible for the rehabilitation of hundreds of underutilized historic commercial buildings in a diverse array of Rhode Island’s cities and towns. This has been accompanied by more than $1.6 billion in private investment in the Rhode Island economy along with the creation of thousands of construction and longer term jobs, hundreds of millions of dollars in new state and municipal tax revenue, the cleanup of dozens of environmentally contaminated sites, enhanced public safety in our neighborhoods and the upgrading of both our quality of life and marketability to the nation and world.

As you consider this legislation, we think it’s important to note that there are 29 projects currently on the waiting list for the State Historic Tax Credit program based on the latest available information from the RI Division of Taxation. These projects, with an estimated collective investment of more than $220 million in the Rhode Island economy, represent a major potential boost for community revitalization, sustainable economic growth and expansion of the tax bases of fiscally hard pressed municipalities.

It is our understanding that if the June 30, 2017 Sunset is allowed to happen, these projects would lose all opportunity to take advantage of the State Historic Tax Credit. This is clearly not an outcome anyone should want, particularly if we’re serious about continuing Rhode Island’s economic comeback and further strengthening our state’s image as a business friendly state.

But some people assert that the Rebuild RI Tax Credit program can be a full scale alternative to the existing Historic Tax Credit Program for incenting historic rehab. We strongly disagree, especially for the smaller, “Main Street” based historic rehab projects that comprise the vast majority of all historic rehab initiatives in Rhode Island. The complexity and cost of the legal and financial negotiations still associated with the Rebuild RI program, despite some recent administrative streamlining, make participating in it daunting and unrealistic for smaller historic rehab projects.
Relying exclusively on Rebuild RI for incenting historic rehab also could put us at a competitive disadvantage to other New England states such as Massachusetts, Connecticut and Maine that have a much more predictable and user friendly tool for incenting historic rehab—established, multiyear funded State Historic Tax Credit programs.

My closing message is to urge you to retain and recapitalize our well vetted, high performing State Historic Tax Credit program so that Rhode Island can keep building on our strengths by fully capitalizing on our nationally renowned collection of historic buildings and neighborhoods. This is one asset that gives us a meaningful competitive economic advantage over most other states. Let’s make sure we use this asset and advantage effectively and aggressively.

Respectfully,

Scott Wolf, Executive Director, Grow Smart RI