



Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations
Department of Revenue

FOR IMMEDIATE RELEASE

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Drawing scheduled for Tuesday to allocate historic tax credits

The Rhode Island Division of Taxation has [scheduled a drawing](#) on August 27, 2013, for applicants in the state's newly reopened historic tax credit program.

The drawing will be held at a meeting to start at 10 a.m. in Conference Room A of the Department of Administration building (the Powers Building), One Capitol Hill, Providence, R.I., which is diagonally across from the State House.

The historic tax credit program has generally been closed since 2008. Certain projects were essentially grandfathered and continue. However, some other projects have been "abandoned" – leaving about \$34.5 million in credits available but unclaimed as of May 15, 2013.

It is those unused credits that will be available to qualified applicants. The reopened program – which uses the term "historic preservation tax credits" – is a result of legislation approved by the General Assembly and signed into law by Governor Lincoln D. Chafee on July 3, 2013. The program is intended to encourage the redevelopment and reuse of historic buildings and help spur economic growth.

The Division of Taxation began accepting applications for the credits on August 1, 2013. On that day, the credits were oversubscribed – the agency received requests for \$54.5 million in credits, which is about \$20 million more than are available. As a result, all of the 41 applications – which were received on or before August 1 – will be entered in the drawing.

Drawing details

The Division of Taxation has mailed letters to the applicants – mainly developers of historic structures, or their representatives – confirming receipt of their applications, inviting them to the drawing, and providing them with their unique application number to be used in the drawing. (The application number is used to preserve taxpayer confidentiality.)

The agency will put each number in a sealed envelope and load all of the envelopes in a clear drum. During the drawing, the agency will pull each number to establish a queue. In general, those at the front of the queue will essentially be approved for inclusion in the program – obtaining the right to claim available credits at a later date if their completed applications are approved and they meet certain other requirements.

There is a cap of \$5 million in credits per applicant. So, for example, if the first seven numbers drawn are for projects of \$5 million apiece, the first six will obtain the right to claim \$5 million in credits each; the seventh will obtain the right to claim \$4.5 million in credits.

The meeting and drawing are open to the public. Applicants are invited – but not required – to attend. After the drawing, the agency will notify all applicants by mail of the drawing results. Those who have obtained the right to claim the credits at a later date will be advised of the requirement to seek approval of Parts 1 and 2 of the Rhode Island Historical Preservation & Heritage Commission’s application, available on the Commission’s website: www.preservation.ri.gov/credits.

Those who did not obtain the right to claim the credits will be advised that they will remain in queue in case someone ahead of them drops out.

The Division of Taxation received an additional seven applications after August 1, seeking \$7.45 million in credits in the aggregate. Those applications will be placed at the end of the queue in the order in which they were received.

Other points

- The new program generally provides a credit of 20 percent (25 percent in certain circumstances) for qualified rehabilitation expenditures (QREs) incurred on or after July 3, 2013, for new or existing historical rehabilitation projects. The maximum project credit is \$5 million. (The \$5 million limitation applies regardless if the structure is to be completed in phases or in multiple projects.) In general, credits may be claimed by any person, firm, partnership, trust, estate, limited liability company, corporation, or other business entity that incurs QREs and meets certain other provisions of the law. In general, credits are allowed for the taxable year in which the certified historic structure is placed in service, and may be applied against the state business corporation tax, franchise tax, public service corporation tax, tax on banks, tax on insurance companies, and personal income tax. Credits may be sold or assigned to a third party.

- More information about the program is available at the Commission’s website: www.preservation.ri.gov/credits. Or contact Donna Dube, principal revenue agent, Rhode Island Division of Taxation, One Capitol Hill, Providence R.I. 02908. Phone: (401) 574-8903. E-mail: Donna.Dube@tax.ri.gov

- At this time, the Division of Taxation cannot disclose project details or applicants’ identities, due to state laws that keep taxpayer information confidential except in certain limited circumstances. However, the applicant shall be publicly identified once the applicant has signed a tax credit contract with the Division of Taxation. In addition, once a credit is received, the original recipient’s name and other information shall be included in a report to be posted publicly by the Division of Taxation.

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