



Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations
Department of Revenue

FOR IMMEDIATE RELEASE

August 27, 2013

ADVISORY: ADV 2013-19

Division of Taxation's drawing allocates \$34.5 million in tax credits

The Rhode Island Division of Taxation held a drawing today – open to the public – to allocate approximately \$34.5 million in historic tax credits among applicants.

“We are pleased with the outcome of today’s drawing. It was a very fair and transparent process,” said Rhode Island Tax Administrator David M. Sullivan. A list of the drawing’s results is attached.

“We will work with the developers to make sure that they meet the requirements in order to obtain the credits,” Sullivan added. “It is the intent of Governor Chafee and the General Assembly to get these projects up and running as quickly as possible, and it is our responsibility to ensure that happens.”

Program background

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

It is those unused credits that became available to qualified applicants through a reopened program authorized by legislation approved by the General Assembly and signed into law by Governor Lincoln D. Chafee on July 3, 2013.

The reopened tax credit program – which uses the term “historic preservation tax credits” – 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 – were entered in this morning’s drawing.

Drawing details

The Division of Taxation 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 for the drawing. (The application number was used to preserve taxpayer confidentiality.¹)

The agency put each number in a sealed envelope and placed all the envelopes in a clear drum. During the drawing, the agency pulled each number to establish a queue. In general, those at the front of the queue tentatively obtain the right to claim available credits at a later date – if their completed applications are approved and they meet certain other requirements.

Of the 41 applicants in the drawing, 32 were tentatively allocated credits.² The remaining nine applicants will remain in queue in case someone ahead of them drops out.³

The Division of Taxation will shortly notify by mail the 32 applicants who have been tentatively allocated credits via the drawing. They will have 90 days from the date of that letter to obtain approval from the Rhode Island Historical Preservation & Heritage Commission of Parts 1 and 2 of the commission's application, and 30 days after Part 2 certification to pay the required processing fee and sign a tax credit contract with the Division of Taxation. If they do not complete the Parts 1 and 2 steps in the 90-day period, their credits will be tentatively allocated to the next applicant still in queue.

Other points

■ Today's drawing was overseen by Dorothy Z. Pascale, CPA, CFF, chief of the state Bureau of Audits. She observed the drawing and certified its results. About 50 people attended the drawing, including a number of applicants, Division of Taxation employees, news media, and others. The drawing was held at the state Department of Administration Building (the Powers Building).

■ The new tax credit 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.)

¹ The Division of Taxation at this time 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.

² The full amount of credits were tentatively allocated to the first 31 applicants whose numbers were drawn. The remaining credits were allocated to the 32nd applicant whose number was drawn – in an amount which was less than that applicant had sought. However, processing fees will be added to the pool of available credits. Thus, assuming that the required processing fees are paid by all applicants who have been tentatively allocated credits, the 32nd applicant may be allocated the full amount of credits sought.

³ They will be joined in queue by seven others whose applications were received after August 1, seeking \$7.45 million in credits in the aggregate. Those applicants will be placed at the end of the queue in the order in which they were received.

- 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. See also [Emergency Regulation CR 13-16](#).

-- Please see list of certified drawing results on following pages --

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State of Rhode Island and Providence Plantations

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Certification of Historic Preservation Tax Credit Queue

I, Dorothy Z. Pascale, Chief of the State of Rhode Island Bureau of Audits, hereby certify:

1. On the 27th day of August 2013, at the request of the Tax Administrator, David Sullivan, I observed the Rhode Island Division of Taxation's drawing conducted for the purpose of forming a queue of applicants for historic preservation tax credits.
2. The drawing was held in Conference Room A, of the Powers Building, Providence, Rhode Island.
3. The drawing was conducted in accordance with the provisions and requirements of Rule 9 "Queuing Process" of Division of Taxation Emergency Regulation CR 13-16, *Historic Preservation Tax Credits 2013*. This Emergency Regulation was filed with the Rhode Island Secretary of State Office on July 25, 2013, and became effective on August 1, 2013.
4. The following is an accurate list of the queue in the order drawn:

1. 0801-27
2. 0801-37
3. 0801-34
4. 0801-15
5. 0801-02
6. 0801-06
7. 0801-01
8. 0801-20
9. 0801-11
10. 0801-26
11. 0801-43

- 12. 0801-28
- 13. 0801-19
- 14. 0801-13
- 15. 0801-29
- 16. 0801-31
- 17. 0801-42
- 18. 0801-39
- 19. 0801-18
- 20. 0801-32
- 21. 0801-25
- 22. 0801-04
- 23. 0801-21
- 24. 0801-34
- 25. 0801-38
- 26. 0801-14
- 27. 0801-33
- 28. 0801-17
- 29. 0801-05
- 30. 0801-09
- 31. 0801-16
- 32. 0801-30
- 33. 0801-12
- 34. 0801-08
- 35. 0801-24
- 36. 0801-10
- 37. 0801-22
- 38. 0801-07
- 39. 0801-23
- 40. 0801-03
- 41. 0801-35

Projects above the red line will have credits available to them as a result of the August 27, 2013 drawing. Projects below the red line do not have credits available to them at this time. However, credits may be available in the future.

I hereby certify that the above-listed drawing results are a true and accurate representation of the queue for the 2013 Historic Preservation Tax Credits.

Signed,



Dorothy Z. Pascale, CPA, CFF
Chief, State of Rhode Island Bureau of Audits
August 27, 2013

BEGAN: 10:03 AM
ENDED: 10:28 AM.

Witnessed:

Maulip Shann McCaughey, Esq.
Dept. of Revenue
Administrator of Legal Services
10:29 A.M. 8/27/2013