

## RI Tax Credit Payments On Track Despite COVID-19

Asha Glover | April 29, 2020

**R**hode Island's economy is expected to decline during the first three quarters of 2020 due to the coronavirus pandemic, but state officials said Wednesday they still expect to disperse economic development, film and television and historic preservation investment tax credits.

The Rhode Island Commerce Corp. anticipates dispersing tax credit payments and sales and use tax rebate payments totaling \$9.6 million under the state's Rebuild Rhode Island tax credit program for fiscal year 2020, Jesse Saglio, president of the Commerce Corp., said in a presentation to the state legislature's Revenue Estimating Conference.

The state Commerce Corp. will allocate up to \$15 million in tax credits for qualifying manufacturing and historic rehabilitation projects, according to a fact sheet on the corporation's website. The credits are also available for mixed-use development projects in an opportunity zone or projects that support new affordable or workforce housing. The Commerce Corp. anticipates spending \$18 million in Rebuild RI credit payments in fiscal year 2021, according to the presentation.

Saglio said that lawmakers should not anticipate any revenue impacts of the tax credit expenditures because the credits will be paid out of the established Rebuild RI fund.

"We expect at the end of this fiscal year — June 30 — the Rebuild Fund to be at about \$46 million, give or take, as some of the certifications come in," Saglio told the panel Wednesday. "Rolling that forward into [2021] ... we think that that balance absent any further appropriation funding will run down to \$25 [million] to \$26 million depending [on] what projects come in and their timing."

The Commerce Corp. is also anticipating receiving four project payments in lieu of taxes payments worth a total of \$1.3 million, Saglio said in written testimony. Those payments, which will be made by four hotel chains in association with completed projects, will reimburse cities and towns for property taxes that would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals or certain state-owned facilities that are tax-exempt.

J. Paul Loether, the executive director of the state Historical Preservation and Heritage Commission, estimated that the commission will disperse \$47 million in aggregate tax credits for active projects, in his testimony.

Steven Feinberg, the executive director of the Rhode Island Film and Television Office, told the panel that the office has committed \$14.5 million in film, television documentary and theatrical productions tax incentives for 2020. Most of the productions have been delayed in response to the novel coronavirus, Feinberg said, but two productions have withdrawn from the queue. One production intends on reapplying for 2022 credits, he said.



Rhode Island Democratic Gov. Gina Raimondo, state representatives, and representatives for the Rhode Island Manufacturers Association did not immediately respond to comment requests Wednesday. ■