



GrowSmartRI
Sustainable Economic Growth
& Quality of Place

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**Testimony of Scott Wolf, Executive Director,
Grow Smart Rhode Island,
Submitted to the House Committee on Finance
in support of H-5458, a bill Repealing the Sunset for the Historic Tax Credit Program
March 1, 2021**

Grow Smart RI is a non-profit public interest group representing a broad coalition of groups and concerned citizens committed to strengthening Rhode Island's economy, Main Streets and Downtowns in a sustainable and equitable way.

We promote such economic progress by advocating for well-designed and planned compact, mixed use development and redevelopment in revitalized urban, town and village centers, as well as investments in a stronger and more user friendly public transportation system, and responsible stewardship of our natural resources, including our farmland, forests, coastline and the Bay.

If RI, and especially our small business dominated Main Streets and Downtowns, are to bounce back quickly and effectively from our current deep recession, we will need to play to our strengths with laser like precision. One of RI's key strengths and competitive advantages is our nationally renowned collection of historic buildings and neighborhoods, many located within our Main Street and Downtown sections. To continue to capitalize on these precious assets, we urge you to support H5458, the bill to extend the State Historic Tax Credit program by repealing its scheduled sunset due to go into effect in less than 4 months -- on June 30, 2021.

In the nineteen years since the State Historic Tax Credit ("HTC") was established, more than 300 historic buildings throughout Rhode Island have been rehabilitated, representing more than \$1.8 Billion in private investment. Other major benefits of the HTC program have been the cleanup of numerous environmentally contaminated sites (aka Brownfields) where many historic buildings are located, the addition of more than 6,000 units of affordable housing, reduced opportunities for vandalism and arson as formerly vacant historic buildings spring back to life, and major increases in the property values and property tax revenue of economically challenged neighborhoods throughout Rhode Island. In fact, data from Providence, Pawtucket and Woonsocket indicate that **the assessed value of historic buildings rehabbed through the HTC typically increases by 600% and sometimes by more than 1,000%.** Moreover, a 2017 study by PlaceEconomics found that approximately fifty cents of every dollar of Historic Tax Credits is returned to the state through sales, income, and corporate taxes received **before** any credits are even awarded, since projects must be complete before state HTC funds are released.

According to the most recent data we have been able to secure from the RI Division of Taxation, **there are 36 projects on the HTC waiting list, representing more than a quarter of a billion dollars--- \$276 Million-- in proposed private investment to redevelop historic buildings in Rhode Island.** Even while no new state funds have been appropriated to the Historic Tax Credit program since 2013, a small number of projects have been able to move ahead, and will continue to be able to do so if the sunset is repealed. This is because projects are called up from the long

waiting list as funds from prior projects are released – either due to a project using less credits than expected or because a project withdraws from the program and releases its credits.

A repeal of the sunset should not impact the FY'22 State Budget, since no new state HTC appropriation is associated with H- 5458

As a state whose Main Streets and Downtowns ooze charm and a profound sense of history, it is critical that we invest strategically in these RI showpieces and economic workhorses. Since the State HTC for nearly two decades has been the best tool for generating major investment in these locations, we thank you for your past support of it and urgently request that you keep this dynamic economic and community development program alive.

Sincerely,

A handwritten signature in cursive script that reads "Scott Wolf". The signature is written in dark ink and is positioned above the typed name.

Scott Wolf, Executive Director, Grow Smart RI