

**Testimony**

In favor of

**Senate S3151**

Sheryl Hack, Executive Director, Preserve Rhode Island

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Senate Committee on Finance

Submitted to Jamie Plume

Committee Clerk

[SenateFinance@rilegislature.gov](mailto:SenateFinance@rilegislature.gov)

Preserve Rhode Island, RI's statewide nonprofit advocate for historic places, urges the passage of **Senate Bill 3151** which would amend sections of law relative to historic tax credits to make the program competitive with neighboring states.

Historic Tax Credits are Rhode Island's best economic and community development tool. Since 2002, more than 300 historic buildings all around the state have been rehabilitated using Historic Tax Credits, representing more than \$2.18 billion in total investment in Rhode Island communities. According to a study of Rhode Island's Historic Tax credit program by PlaceEconomics, fifty cents of every dollar of Historic Tax Credits is returned to the state through sales, income, and corporate taxes even before any credits can be used -- because all projects must be complete before historic tax credits are released.

Rhode Island's Historic Tax Credits incentivize investment to reactivate and adaptively reuse often blighted historic structures and neighborhoods rather than building new construction in greenfield sites. The credits were designed to cover the additional costs involved in historic rehabilitation (asbestos and lead paint removal, environmental cleanup, structural repairs, etc.), putting these projects on a level playing field with new construction. While once considered a model that other states emulated, over time Rhode Island has added fees and restrictions that outweigh the tax benefits of the program.

Rhode Island doesn't exist in a geographic or economic development vacuum. Rhode Island's historic buildings are being abandoned as developers shift their work to other states where historic tax credit programs are not plagued by our unique set of obstacles and risk.

**Senate Bill 3151** will address the following issues with the current law:

- Increase the tax credit from 20% to 30% for housing intensive projects - those that use at least 80% of their total rental area for multi-family housing

- Increase the tax credit from 20% to 35% for projects that meet the above housing requirement, but also make 20% of housing units affordable rentals, or 10% sold as affordable housing
- Lower the filing fee from 3% to 1% of qualified rehab expenditures and making the fee refundable upon project completion
- Extend the Program's Sunset for 5 years to June 30, 2031.
- Increase transparency of the project waiting list, allowing the public to better understand the location and type of proposed historic rehab projects, and developers to better plan financing for projects

Senate Bill 3151 addresses each of these limitations to make the program viable. A reduced filing fee, a transparent waiting list, increasing the credit for all housing intensive projects to at least 30%, and extending the sunset to 2031 will allow historic rehabilitation and adaptive reuse projects to get off the ground and bring much needed economic growth and housing to the state. **Please pass Senate Bill 3151 to strengthen the program.**

In 2025, in conjunction with Grow Smart RI, we launched a petition drive urging the legislature to fix this vital economic program that addresses so many urgent needs. To date, 33 organizations and 426 citizens have signed on. The public understands the importance of the State Historic Tax Credit program.

While S3151 will make the program viable, projects still cannot move forward due to a lack of funding. **We urge you to find a reliable and consistent source of funding, as our neighboring states do.** Many other states appropriate funds annually to their programs. Connecticut makes \$31.7 Million available each fiscal year; Massachusetts recently doubled its allocation to \$110 Million per year for the next ten years. Maine's program does not have a spending cap.

We urge the Senate to embrace making an annual allocation to Historic Tax Credits. We know this is a difficult budget year, but even a modest first year appropriation would go a long way to recapitalize this critical program, providing the opportunity to build much needed housing.

Thank you for your past support for historic tax credits; they have been Rhode Island's most successful economic development program. Please let the program flourish once again.

Sincerely,



Sheryl Hack,  
Executive Director