



April 1, 2025

Dear Chairman Abney:

My name is James Bennett, and I currently serve as the President and Chief Operating Officer of the Rhode Island Commerce Corporation. I am writing to the Finance Committee today to express the support of R.I. Commerce for H5741 sponsored by Representative Ray Hull. This is important legislation that will add an additional tool in Commerce's toolchest to provide much needed support for large scale house projects in our communities. For qualifying projects, this legislation would separate any sales and use tax exemptions awarded to a project from the overall amount of Rebuild Rhode Island Tax Credits said project may also be eligible for. In order to qualify, a project must include a restriction that at least twenty percent of the residential units under construction are reserved for residents earning between eighty and one hundred-twenty percent of the applicable area median income ("AMI").

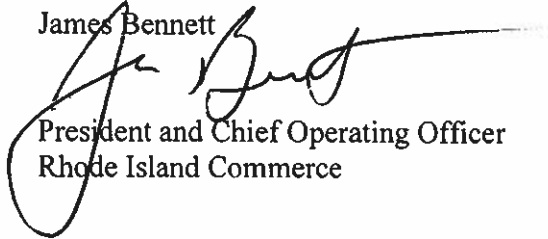
This legislation does not create new programs nor necessitate additional funding being appropriated by the General Assembly. Sales and use tax exemptions are part of the tools given to Commerce to assist development throughout our state. However, under the current law, any sales and use tax exemption afforded to a project is included in the total package that Commerce is able to award a project under the Rebuild Rhode Island Program. Thus, if a project receives \$15 million in Rebuild Rhode Island Tax Credits, due to that being the maximum award allowed under the program, that project is thus ineligible to receive a sales and use tax exemption. If this legislation passes, sales and use tax exemptions would be separate and apart from the total amount of Rebuild Rhode Island tax credits a particular project is awarded, *only* if the project meets the qualifications related to affordable and workforce housing listed above.

This legislation is essential towards assisting large housing construction projects in our state that have been hampered by the rampant rise in construction costs and inflation. Among those projects that would become eligible for a sale and use tax exemption under this proposed legislation is the project located at 111 Westminster. As the Committee is well aware, the General Assembly, RI Commerce Corporation, Governor McKee and the City of Providence worked collaboratively with the developer to put together an incentive package that would bring the "Superman Building" back to life in downtown Providence. However, like many projects, this development has been slowed by skyrocketing construction costs which were not contemplated in the original development proposal.

Over the many months preceding this correspondence, Commerce has worked with the developer, the Governor's Office, the City of Providence and other stakeholders to get this development back on track. This proposed amendment would allow for the development to become eligible for a sales and use tax exemption worth \$4.6 million. With this modified tool together with other existing state, city, and federal programs, and a significant commitment for new equity investment from the developer, RI Commerce and the developer will be able to finally get this project back on the track to completion.

This legislation is an important tool that other projects like 111 Westminster can utilize to build much needed affordable, workforce, and market housing units in our state. This bill will spur construction and permanent job creation, as well as add to our housing stock in the hopes of bringing rents down by increasing much needed housing supply. While I am unable to attend tonight's meeting in person, I want to express my support and the support of the Rhode Island Commerce Corporation for this legislation and thank Representative Hull and Mayor Smiley for including this bill in the City's legislative package.

James Bennett

A handwritten signature in black ink, appearing to read 'James Bennett', with a long horizontal flourish extending to the right.

President and Chief Operating Officer
Rhode Island Commerce