



Rhode Island Department of Revenue

Division of Taxation

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Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
November 18, 2022

Tax credit program changes and updates enacted

One of the main tenets of the Rhode Island Division of Taxation's mission is to "assist taxpayers by helping them understand and meet their tax responsibilities." To ensure taxpayers and tax professionals understand the impacts of recent law changes, the Division is issuing a series of communications, such as this one, intended to be plain-language summaries for reference and use by taxpayers to aid voluntary compliance.

PROVIDENCE, R.I. – A significant number of the tax law changes implemented through legislation passed in the most recent legislative session impact tax credits and tax credit programs. Many of these changes result from the passage of the Fiscal Year 2023 budget¹ and they include changes to:

- Stay Invested in RI Wavemaker Fellowship;
- Motion Picture Production Tax Credits;
- Historic Preservation Tax Credits;
- Rhode Island Qualified Jobs Incentive Act of 2015;
- Rebuild Rhode Island Tax Credit;
- Tax Increment Financing;
- Prevailing wage requirements for certain tax credits.

Wavemaker Fellowship

The "Stay Invested in RI Wavemaker Fellowship," commonly called the Wavemaker Fellowship, is a program available to graduates who have incurred student loan debt that are employed in Rhode Island in certain fields. Wavemaker awards defray the cost of student loan repayments and may be taken in the form of a tax credit or a direct payment.²

Graduates may apply for the program if they have higher education loan debt from the completion of an associate, bachelor's, or graduate degree, and are either employed full-time or with an offer of full-time employment, in science, technology, engineering, mathematics (STEM), or design-related fields in the state.

The Fiscal Year 2023 budget expanded the Wavemaker Fellowship program to healthcare professionals, including high-demand healthcare practitioners or mental health professionals, clinical social workers, and mental health counselors, licensed by the department of health. Funding for healthcare professionals will be administered from a dedicated fund distinct from the fund used to provide the credit to STEM and design awardees. The program's sunset has been extended from December 31, 2022 to December 31, 2023.

¹ Fiscal Year 2023, Rhode Island state budget: [House Bill 7123, Substitute A as amended](#). Signed into law by Governor McKee 6/27/2022.

² Credits cannot exceed 100% of the education loan repayment expenses paid by the taxpayer during each service period completed for up to four consecutive service periods.

Motion Picture Production Tax Credits

The “Motion Picture Production Tax Credits” program encourages development of a capital base for motion picture and related productions in Rhode Island with the goal of creating a more independent, self-supporting motion picture industry in the state.

Credits administered under the program can be applied against the Rhode Island corporate income, public service corporation, bank excise, the insurance company gross premiums, or personal income tax.

As a result of this session’s law changes, the total amount of motion picture tax credits and/or musical and theatrical production tax credits has been raised to \$40 million for tax years 2023 and 2024.

This credit program is still scheduled to sunset in July 2027.

Historic Preservation Tax Credits

The goal of the “Historic Preservation Tax Credits 2013” program is to create economic incentives that stimulate the redevelopment and reuse of Rhode Island’s historic structures, and to generate economic and employment activities.

The program’s sunset has been extended from June 30, 2022 to June 30, 2023. Also see Prevailing Wage section for details on this change that affects this program.

Qualified Jobs Tax Credits

The “Rhode Island Qualified Jobs Incentive Act of 2015” program is intended to create jobs and stimulate business expansion in Rhode Island. Those qualifying under the program may receive a tax credit which can be applied against the Rhode Island corporate income, public service corporation, bank excise, insurance company gross premiums, or personal income tax. In some instances, a recipient may redeem the tax credit in whole or in part for ninety percent (90%) of the value of the tax credit.

The Fiscal Year 2023 budget extended the program’s sunset from December 31, 2022 to December 31, 2023.

Rebuild Rhode Island Tax Credits

The “Rebuild Rhode Island Tax Credit” program provides tax credits to qualified commercial, residential, and mixed-use projects to stimulate business development.

The Fiscal Year 2023 budget extended the program’s sunset from December 31, 2022 to December 31, 2023. Also see Prevailing Wage section for details on this change that affects this program.

Tax Increment Financing

The goal of the “Rhode Island Tax Increment Financing” program is to stimulate business development and create new jobs in Rhode Island.

In general, under a tax increment financing (TIF) agreement, the Division of Taxation pays to the developer the incremental State revenues directly realized from businesses operating in the TIF area. The taxes may include Rhode Island corporate income, public service corporation, bank excise, insurance company gross premiums, personal income, sales, use, and meals and beverage taxes.

The program's sunset has been extended from December 31, 2022 to December 31, 2023.

Prevailing Wage Requirements

A new law regarding prevailing wage requirements applies to certain tax credits. Both the Rebuild Rhode Island Tax Credit program and the Historic Preservation Tax Credits 2013 program are impacted.³

The prevailing wage requirements apply in relation to construction projects and the wages of construction workers. For construction projects over \$10,000,000, construction workers must be paid wages and benefits as set forth in Rhode Island General Laws Chapter 37-13. Tax credits under these two programs can only be awarded after DLT certifies compliance with the prevailing wage requirements, if applicable.

³ [Senate Bill 2551, Substitute B](#) became effective on July 2, 2022, without the Governor's signature.

The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <https://tax.ri.gov/about-us/contact-us>.
