



nerrej

The city's Tax Stabilization program provides tax incentives

December 12, 2013 - Rhode Island

A critical part to spurring new development activity, is to provide strategic incentives that promote private investment. To that end, the city's Tax Stabilization Program has provided tax incentives for development that have bolstered millions in new commercial investment in the city since its establishment in the late 1990s. The existing tax stabilization program provides tax abatements that are tied to the construction of new commercial and industrial structures or the expansion of existing buildings within the city. Until now, these incentives were limited to the construction of commercial and industrial buildings within the city. Proposed changes being incorporated into the program will allow for stabilization of tangible property as well as new multifamily residential developments in the city. As it relates to tangible property, the tax stabilization will be linked to the creation of jobs. Applicants for stabilization of tangible business equipment will be required to document the creation or relocation of no less than 10 full time equivalent jobs in order to receive tax relief. For companies who have significant tangible assets, and who are in a growth mode, the benefits to that company could be substantial. With the availability of additional equity as a result of these tax savings, the company could invest these savings back into their business to further promote their business's growth.

Extension of stabilization benefits to large scale multifamily residential developments makes sense as it is a natural extension of the existing program to provide development incentives for any large scale investment in East Providence that has the potential to generate significant tax benefits to the city in the long term. Several large scale residential developments are currently in the permit review phase in East Providence and it is expected that a tax stabilization incentive for these multi family residential development would help to ensure that these proposed projects proceed more rapidly to construction as a result of the incentives that are offered. It is expected that these changes to the city's Tax Stabilization Ordinance will provide a long term benefits to the city in the form of additional tax revenue generation over the long term. Long-term revenue benefits will be significant in comparison to the initial short term revenue reduction that would occur through the project's tax stabilization. The city expects that these changes to the tax stabilization ordinance will become effective sometime in early 2014 after all approvals are rendered by the city council.

Developers and other parties who are interested in learning more about the economic development activities occurring in East Providence are encouraged to visit the city's website at www.eastprovidence.com or the city's waterfront district website at www.eastprovidencewaterfront.com.

James Moran is the economic planner for East Providence, R.I.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540