RHODE
ISLAND
COMMERCE
CORPORATION

2018

FY 2018 SUPPLEMENTAL ANNUAL REPORT



JULY 1, 2017 - JUNE 30, 2018



### **BUSINESS ASSISTANCE**

During FY18, the team actively engaged with thousands of small businesses and entrepreneurs to raise awareness of the programs and services offered by the Corporation and our partners. Our team educated thousands of businesses about Rhode Island's incentive programs, the best way to navigate state government for a particular business need, and the initiatives state government is undertaking to improve its processes.

### **ACCESS TO FUNDING**

Our Small Business Assistance Program gained momentum in the past year: In FY 2017, 20 companies received loans totaling more than \$600,000 to help grow their business. In FY 2018, we were excited to see this number triple, celebrating the fact that more than 60 companies had received loans through this program. In total through FY18, more than \$2.4 million in assistance from Commerce Corporation has facilitated \$10.2 million of total loans to small businesses through the Small Business Assistance Program.

# SMALL BUSINESS ADVISORY ACTIVITIES

### **BUSINESS ADVISORY**

Rhode Island government is a partner to business, facilitating day-to-day needs, creating a sustainable fiscal environment, and providing business solutions to help Rhode Island companies thrive. In FY18, the Business Advisory team continued to engage in outreach and customer services, actively working with over 1,400 small businesses in the state.

### **PTAC**

In FY 2018, Commerce Corporation Rhode Island Procurement Technical Assistance Center (RI PTAC) maintained its focus on helping Rhode Island businesses of all sizes navigate the complexities of contracting with federal agencies, state purchasing departments, and local government. In an effort to expand awareness, RI PTAC held 40 outreach events, including training seminars, workshops, industry days, matchmakers, and panel presentations.

In 2018, RI PTAC set lofty goals including obtaining 65 new clients and providing 1,650 hours of counseling. Actual statistics far exceeded these goals, with a total of 126 new clients, 98% of which were small businesses. Additionally, a total of 1,765 hours of counseling were provided and staff participated in 33 different events. The team's services for our clients included bid-match profiles, market research, capture management, and compliance with contract requirements.

### **PTAC PERFORMANCE**

ITEM	FY 2018	FY 2017
NUMBER OF PRIME CONTRACTS & SUBCONTRACTS AWARDED BY FEDERAL, STATE, & LOCAL AGENCIES	1,529 government prime contracts and 51 subcontracts for a total of 1,580 contracts	669 government prime contracts and 177 subcontracts for a total of 846 contracts
DOLLAR VALUE OF CONTRACTS AWARDED	\$361,820,190	\$112,314,565
TOTAL NUMBER OF CLIENTS	368	370

## SMALL BUSINESS FINANCE ACTIVITIES

### SMALL BUSINESES ASSISTANCE PROGRAM

In December of 2016, the Commerce Corporation launched the Small Business Assistance Program. The goal of the program is to assist viable entrepreneurs and small businesses that encounter difficulty obtaining adequate credit from traditional lending organizations. The program works collaboratively with seven lending partners, to fill financing needs for small businesses including women-owned and minority-owned enterprises.

The Commerce Corporation's partnership with lenders provides direct loans to businesses ranging from \$2,000 to \$500,000.

ITEM	FY 2018	FY 2017	
NUMBER OF CLOSED LOANS	63	27	
COMMERCE CORPORATION DISBURSEMENT	\$2.2M	\$1M	
TOTAL LOAN VALUE	\$9.2M	\$3.01M	
PRIVATE SECTOR LEVERAGE (PER DOLLAR INVESTED)	\$3.2	\$2.0	

### **FY 2018 HIGHLIGHTS**

- Launched a new Small Business Hotline and website
- Launched SupplyRI, an initiative designed to increase the amount of goods and services employers
  procure with Rhode-Island based suppliers

### FINANCIAL SERVICES

Our Financial Services Team's mission is to increase economic growth by being a one-stop financing center for small to medium-sized businesses in Rhode Island. We provide financing through the Small Business Loan Fund, Private Activity Bonds (taxable and tax exempt) via the RIIFC program, the IRBA/bond mortgage insurance program, and the Renewable Energy Fund.

### RENEWABLE ENERGY FUND

In FY 2018, a total of 733 projects from the Small Scale and Commercial Scale programs received approval across 19 municipalities.

The growth rate of solar activity and installer companies in the Rhode Island market remains positive. In order to expand with the growing demand, REF proactively focused on improving organizational efficiency in FY18. The year concluded with the enactment of new renewable energy legislation, extending the Renewable Energy Fund until December 31, 2022.



### SMALL BUSINESS INNOVATION AND TECHNOLOGY INVESTMENT ACTIVITIES

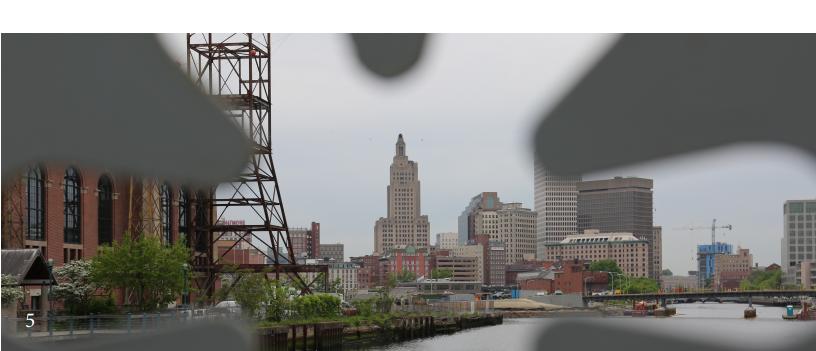
### SCIENCE AND TECHNOLOGY ADVISORY COUNCIL (STAC) COLLABORATIVE RESEARCH GRANTS



The 2018 STAC Collaborative Research awards, totaling \$389,996, will support five projects, representing 16 scientists from small businesses, research universities and hospitals across Rhode Island. The program is designed to advance research projects that are collaborative across institutions, well positioned to receive follow-on funding and with significant technology development and commercialization potential. Award recipients include academic and industry scientists pursuing research in oceanography, physiochemical and molecular biology, ocean modeling, marine ecology and engineering.

### **INNOVATION VOUCHERS**

In FY 2018, the Commerce Corporation's Innovation Team distributed \$3,725,927 to 59 grant recipients.





### **ECONOMIC MOMENTUM**

FY 2018 was an active year for the Business Development team at RI Commerce.

The team continued to be strategically aligned by industry sector, with a specific emphasis on high-growth sectors including: life science, advanced business services, technology/energy tech, and the food ecosystem. Sector leads focused on the growth and retention of RI companies, as well as an aggressive business attraction campaign for the state. Staff worked directly with company leadership, site selectors, and a variety of influencers including university and business service contacts. Sector leads attended industry conferences to market the state directly to expansion projects. In addition, the team was part of a larger strategic retention campaign to assist RI companies with technical assistance and growth.

These initiatives yielded results, including Commerce board approvals for credit and incentive programs to a range of competitive projects. In FY18, Infosys committed to build out a design and innovation center in downtown Providence creating 500 new jobs. Amgen named RI as the first US site for its modern biologics manufacturing facility. And Rubius Therapeutics chose RI for manufacturing expansion creating up to 150 new jobs focused on cutting edge red blood cell therapy manufacturing. In addition, we saw important expansions from RI companies including AddVentures and Magellan RX, and RI was the chosen site for Infinity Meats who committed to a green field development in Quonset Business Park, creating over 700 new jobs in the state. And finally, in the defense sector, ixBlue, a global maritime and defense company also chose Lincoln RI as a new site of operations.

### **OUR INVESTMENTS**



- In FY 2018, the Qualified Jobs Incentive Tax Credit Program attracted eight companies to Rhode Island and helped three companies expand in Rhode Island, facilitating the creation of an estimated 1,772 new full-time jobs.
- The Rebuild Rhode Island Tax Credit Program financed nine real estate investments in FY 2018, representing a \$329.8 million annual GDP growth. These projects will help create an estimated 6,268 direct and indirect construction jobs.

### **INVESTMENTS APPROVED JULY 2017 - JUNE 2018**

	PROJECTS Approved	ESTIMATED Award Amount	TOTAL PROJECT Costs	PLANNED DIRECT CONSTRUCTION JOBS	PLANNED DIRECT ONGOING JOBS
ALL INVESTMENT PROGRAMS (1)	16	\$92,513,513	\$1,374,886,942	5,305	3,278
QUALIFIED JOBS INCENTIVE TAX CREDITS (2)	11	34,356,039	28,543,245	1,751	1,772
TAX STABILIZATION INCENTIVE	2	359,229	353,135,000	1,273	132
REBUILD RHODE ISLAND TAX CREDITS (3), (4), (5)	9	55,498,245	1,355,926,302	5,218	3,051
FIRST WAVE CLOSING FUND	1	500,000	8,500,000	30	216
TAX INCREMENTAL FINANCING	1	1,800,000	18,960,640	84	24

Information on FY18 investments are available at: https://commerceri.com/wp-content/uploads/2021/01/Incentive-Program-Report-for-Fiscal-Year-2018.pdf

#### **FOOTNOTES**

- 1. Because projects may have received incentives from more than one program, program subtotals are not additive. There were no Main Street approved during this timeframe.
- 2. Permanent job creation data reflects only eligible new full-time jobs created through the Qualified Jobs Incentive Tax Credit Program.
- 3. Rebuild Rhode Island Tax Credit amounts shown represent gross credit amount excluding any sales and use tax rebate. These tax credits may be redeemed for 90 percent of their value. The estimated Rebuild Rhode Island Sales & Use Tax for FY18 is \$26,955,000.
- 4. Excludes 95 Chestnut Street Project which withdrew from the program. Chestnut Commons and DownCity II were approved in FY 2017, but amended in FY 2018.
- 5. Reflects amended award amounts for Case Mead.



The International Trade Partnership Agreement of the Rhode Island Commerce Corporation with the John H. Chafee Center for International Business at Bryant University continued to help Rhode Island businesses expand into international markets in FY 2018. The services provided were consistent with our focus on business retention, expansion, and attraction. They also served the mutual goals and objectives of improving the RI economy by increasing the number of RI companies that export, increasing the volume of exports, and increasing foreign direct investment in the state. Global market research, corporate training, strategic consulting, and coordination of trade events helped local companies get their products and services to more customers in more places around the world.

### **WORLD TRADE DAY**

The Chafee Center held its 33rd annual World Trade Day, one of the largest international trade conferences in the Northeast region, at Bryant University in May 2018. World Trade Day brings together business people, government leaders, trade experts, and international diplomats to discuss global trade issues and opportunities. Approximately 600 participants from around New England attended the event to discuss the 2018 theme: Technology in Global Trade.

### TRAINING PROGRAMS

The International Trade Partnership provided programs to help local companies keep up to date on export issues and understand important concepts of international trade, including export compliance, regulatory issues, marketing, banking, and more. In FY 2018, fifteen international training seminars were held across Rhode Island, with over 190 registrants. Some of the seminars offered included:

6 sessions of the International Professional Series, covering global business management and marketing, export regulations, global trade finance and accounting, import and export processes and regulations, international supply chain, and logistics

Other training events including: Doing Business Under NAFTA: Canada and Mexico; Global Hazardous Materials Training and Certification, Identifying and Managing Foreign Representatives; Doing Business in the UAE; Doing Business in Israel; Digital Marketing and Social Media Platforms

### **EXPORT ASSISTANCE PROGRAM - STEP GRANT**

The Chafee Center is the recipient of the STEP grant (State Trade Expansion Program), a federally funded grant through the U.S. Small Business Administration, designed to provide financial assistance to eligible small businesses to increase export sales. The Center has been awarded the grant for each of the seven years of the program.

Through this grant in FY18, the Chafee Center provided 175 assistance awards to 47 eligible RI companies in a variety of industries. STEP funds totaling \$367,960 were used to directly assist RI small businesses with export-related activities, including participation in foreign trade missions, exhibiting at international trade shows, designing international marketing media, and attending export trainings. This STEP funding supported the costs of two international trade missions and a Rhode Island booth at the JEC World Composites show in Paris, generating \$26.6 million in forecasted export sales and \$5.5 million in actual export sales.



### **TOURISM**

#### INTERNATIONAL TOURISM

The Marketing & Tourism Team participated in numerous tourism industry engagements; including attending Discover New England's Summit in May 2018, located in New London, CT. The event engaged 80 international and regional tour operators and 270 New England travel and tourism businesses. Through this event alone, Rhode Island participants received 260 appointments with tour operators and international Travel Media.

After the Summit, Rhode Island's Tourism industry hosted 50 international tour operators in state on three separate group tours focused on culinary, outdoor adventure, and cultural experiences.

Rhode Island is represented for both public relations and trade in Europe's German-speaking countries, Scandinavia, the United Kingdom, Ireland, Australia, Japan, and China through Discover New England (DNE), a New England wide partnership.

In 2018, Rhode Island hosted a total of 72 international tour operators and 45 international journalists whose visits will generate millions of dollars in exposure for the state tourism assets. In addition, the marketing team conducted more than 400 sales appointments with tour product developers representing 14 countries at World Travel Market London, ITB Berlin, IPW, and DNE Summit Marketplaces.

The Commerce Corporation coordinated efforts with airports, tour operators, journalists, suppliers, etc. to promote direct flights from three international gates to T.F. Green aboard Norwegian Airlines. The Commerce Corporation managed multiple in-state familiarization tours where German, Irish, Northern Irish, and Scottish groups of industry influencers were in immersed in the destinations.

### VISITRHODEISLAND.COM

The site features a personalized experience through which visitors can customize and plan their trip by persona, area of interest, or simply by using the interactive map to see what's located nearby once a visitor is in market. Our image-rich site features beautiful photography and engaging video from every region in the state and also integrates user-generated content (UGC) from social media. This UGC is used on many pages throughout the site and is categorized by location and theme and showcases what visitors and residents love most about our state by way of stunning photography.

In addition, the popular trip planner feature allows guests to build their itinerary by simply clicking a button on any attraction, accommodation, or event they are interested in. That itinerary can be shared via social media, email or printed, making the planning experience user-friendly and shareable.

The site also features a robust events calendar with more than 900 events per year, searchable by date, category, region, and distance from the visitors' location.

Other site highlights include blogs, the ability to order a Travel Guide and view the digital edition, and a press tab which includes photo assets for members of the media and general public, along with story ideas and our current campaign assets. There is also a Travel Trade page for international tour operators with an educational webinar and suggested itineraries.

In FY 2018, the site welcomed 839,312 users totaling more than 1,031,692 sessions. The top five locations of these visitors were New York, Boston, New Haven, Providence, and Warwick. These visitors hit 2.4 pages per session, on average, and have logged more than 2.5M page views on our site.

### LEGAL



#### **FINANCIAL REPORTS**

Rhode Island Commerce Corporation submitted the board-approved, audited financial statements for the year ending June 30, 2018, to the Governor, Senate president, Speaker of the House and Secretary of State before May 31, 2019, as required by Title 42 Section 64-28, State Affairs and Government.

These statements can be found at:

https://commerceri.com/wp-content/uploads/2018/03/RICC-Financial-Statements.pdf

### **BOARD MEETINGS**

For all board meetings held by the Commerce Corporation including: the subjects addressed; decisions rendered; actions considered and their disposition; the minutes of these meetings can be found at: <a href="http://sos.ri.gov/openmeetings/?page=view\_entity&id=742">http://sos.ri.gov/openmeetings/?page=view\_entity&id=742</a>

The Corporation did not conduct any public hearings in FY2018.

#### LEGAL MATTERS INVOLVING BOARD AUTHORITY

During the relevant time-frame, there were no hearings, complaints, suspensions, or other legal matters related to the authority of the board or corporation.

Commerce Corporation rules and regulations can be found at: https://sos.ri.gov/rules

### **ABOUT THIS REPORT**

In order to provide the most comprehensive and up-to-date picture of RI Commerce's work, our FY17 Annual Report included some information, as was available, that spanned in FY18. This Supplemental FY18 Annual Report seeks to complete that task—adding information about FY18 that was not previously included in the FY17 report. Taken together, the FY17 report and this FY18 Addendum provide readers with a comprehensive look at RI Commerce's work in both FY17 and FY18.

These two documet serve ser meet all annual reporting requirements for FY17 and FY18, pursuant to and in compliance with RI General Laws § 42-64-28 and § 42-64-36.





COMMERCE CORPORATION

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