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September 2017

The Honorable Gina M. Raimondo
Governor of the State of Rhode Island

The Honorable Nicholas A. Mattiello
Speaker of the House of Representatives

The Honorable Dominick J. Ruggerio
President of the Senate

RE: Report on Commerce Corporation Incentive Programs for Fiscal Year 2017

Dear Governor Raimondo, Speaker Mattiello, and President Ruggerio,

I am pleased to submit the Rhode Island Commerce Corporation's ("Commerce Corporation") Fiscal Year 2017 report on Commerce Corporation incentive programs including the Anchor Institution Tax Credit; First Wave Closing Fund; High School, College, and Employer Partnerships program; Industry Cluster Grants; Innovation Vouchers and Network Matching Grants; Main Street Rhode Island Streetscape Improvement Fund; Rebuild Rhode Island Tax Credit; Rhode Island New Qualified Jobs Incentive; Small Business Assistance Program; Tax Increment Financing; and Tax Stabilization Incentive. The Commerce Corporation submits the enclosed report pursuant to statutory provisions that direct the Commerce Corporation to report fiscal year activity in these incentive programs to the Governor, General Assembly, Director of the Department of Revenue, and Division of Taxation.¹

The Commerce Corporation accelerated its strategic investments in Rhode Island's businesses, places, and people in Fiscal Year 2017. These investments are already showing results and will pay dividends for Rhode Islanders in the years to come. Since June 2016, Rhode Island businesses have created 9,000 jobs, continuing a trend of private sector job growth over almost every quarter since 2010. In 2017, the unemployment rate fell to its lowest point in sixteen years and Rhode Island recovered the last private sector jobs lost during the recession. Employment in Rhode Island also reached record levels in 2017 as thousands of Rhode Islanders went back to work. Over the past year, Commerce Corporation investments strengthened the state's economic momentum and supported the growth of Rhode Island businesses of all sizes.

In Fiscal Year 2017, the Commerce Corporation approved investments in 14 real estate projects that will spur \$470.8 million in development within Rhode Island's economy, bringing the total amount of development supported to date to \$693.5 million. Moreover, four Rhode Island

¹ Specifically, the Commerce Corporation submits this report pursuant to the following statutory provisions R.I.G.L. §§ 42-64.20-9(b); 42-64.21-8(a), (c); 42-64.22-14(a); 42-64.23-5(d); 42-64.25-12; 42-64.27-4; 42-64.28-9; 42-64.29-7(a); 42-64.30-10(a), (b); 42-64.31-3; 44-48.3-13(b), (c).

Innovation continues to thrive in Rhode Island, stimulated by 31 Commerce Corporation grants totaling \$1.73 million that are unlocking research and development within the state, strengthening entrepreneurial networks, and encouraging industry cluster formation. Since 2016, the Commerce Corporation has supported a total of 36 companies delivering innovation projects that, together, position the state's economy for growth in the coming years. Additional grants to 9 municipalities and nonprofits are catalyzing \$1.0 million in public investment for streetscape improvements across Rhode Island. The Commerce Corporation is also supporting the development of two new early college programs that will place hundreds of high school students on pathways to careers in growth industries, as well as the development of a Center for Advanced Manufacturing at the William M. Davies, Jr. Career and Technical High School in Lincoln.

In Fiscal Year 2017, we worked together to strengthen the state's economy and improve the prospects of families and businesses throughout Rhode Island. Now, the state is poised for continued growth and we look forward to building on the successes of the previous year and advancing our investments in Rhode Island's businesses, places, and people.

Respectfully submitted,

A handwritten signature in black ink, reading "Darin Early", enclosed within a hand-drawn oval.

Darin Early
President and Chief Operating Officer

cc: The Honorable Marvin L. Abney, Chairman of the House Committee on Finance
The Honorable William J. Conley, Jr., Chairman of the Senate Committee on Finance
Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Stefan Pryor, Secretary of Commerce
Robert Hull, Director of Revenue
Neena Savage, Administrator, Division of Taxation

The Report on Commerce Corporation Incentive Programs for Fiscal Year 2017

First Wave Closing Fund

R.I.G.L. § 42-64.23-5(d)

Funds committed in FY 2017:

Recipient Name	Recipient Local Address	Board Approval Date	Project Location	Committed Incentive Amount²	Award Type	Use of Funds
General Electric (GE Digital)	75 Fountain St., Providence, RI 02902	8/22/2016	Providence	\$650,000	Grant	Office fit-out and student debt loan relief for qualifying employees of the recipient.
Johnson & Johnson	1 Ship St., Providence, RI 02903	1/23/2017	Providence	\$250,000	Grant	Talent attraction activities related to new full-time employees.
LS One Ship	1 Ship St., Providence, RI 02903	3/27/2017	Providence	\$700,000	Grant	One Ship Street use and occupancy costs for Johnson & Johnson.
eMoney Advisor, LLC	100 Westminster St., Providence, RI 02903	3/27/2017	Providence	\$97,500	Grant	Office fit-out and talent attraction activities related to new full-time employees.
Total				\$1,697,500		

Funds disbursed in FY 2017: none

High School, College, and Employer Partnerships (P-TECH)

R.I.G.L. § 42-64.31-3

Grants awarded in FY 2017:

Recipient Name	Recipient Address	Award Date	Project Location	Grant Amount	Project Description
North Providence School Department	2240 Mineral Spring Ave., North Providence, RI 02911	11/21/2016	North Providence	\$200,000	North Providence will develop an early college high school model program focused on healthcare.
Woonsocket School Department	108 High St., Woonsocket, RI 02895	12/19/2016	Woonsocket	\$200,000	Woonsocket will develop an early college high school model program focused on information technology.
William M. Davies, Jr. Career and Technical High School	50 Jenckes Hill Rd., Lincoln, RI 02865	3/27/2017	Lincoln	\$200,000	The William M. Davies, Jr. Career and Technical High School will develop a Center for Advanced Manufacturing that incorporates the elements of an early college high school program.
Community College of Rhode Island	400 East Ave., Warwick, RI 02886	5/11/2017	Lincoln, Newport, Providence, and Warwick	\$50,000	The Community College of Rhode Island will support the statewide development of early college high school model programs.
Total				\$650,000	

Industry Cluster Grants

R.I.G.L. § 42-64.29-7(a)

Grants awarded in FY 2017:

Recipient Name	Recipient Address	Award Date	Project Cost³	Leveraged Resources⁴	Grant Amount	Industry	Specific Activities Undertaken by Recipient
Farm Fresh RI	1005 Main St., Unit 8130 Pawtucket, RI	10/4/2016	\$121,000	\$36,000	\$85,000	Food and Agriculture	Establish a Rhode Island Food and Agriculture Campus where a cluster of food- and farm-related businesses will co-locate and work together to strengthen the local and regional food system.
The University of Rhode Island Research Foundation dba Polaris MEP	75 Lower College Kingston, RI 02881	5/5/2017	\$160,000	\$75,000	\$85,000	Textile manufacturing	Polaris MEP and the Rhode Island Textile Innovation Network are partnering to quantify the capabilities and impact of the state's textile manufacturing cluster, identify and strengthen the industry's supply chain, and enhance the image of textile manufacturing to attract skilled workers, new businesses, and stimulate growth.
International Yacht Restoration School, Inc.	449 Thames St., Newport, RI 02840	5/5/2017	\$296,130	\$136,130	\$160,000	Manufacturing	Complete the Mobile Maker Lab, a trailer equipped with manufacturing technologies, including CAD, 3-D printers, routers and milling machines. The lab offers high school students, teens, and underemployed Rhode Islanders exposure and hands-on experience with technologies associated with manufacturing jobs.
Total Number of Awards Approved: 3			\$577,130	\$247,130	\$330,000		

Innovation Vouchers & Network Matching Grants

R.I.G.L. § 42-64.28-9

Grants awarded in FY 2017:

Recipient Name	Recipient Address	Award Date	Project Location	Program	Project Cost	Leveraged Resources	Grant Amount	Industry	Project Description
NanoSoft, LLC	62 Inez St., Narragansett, RI 02882	11/25/2016	Narragansett & Providence	Voucher	\$49,814	\$0	\$49,814	Nanotechnology	Develop a prototype of nanomaterial imaging technology with an improved control system and mechanical design that can be used in a lab setting to create enhanced fluid-based nanomaterial samples.
Videology	37M Lark Industrial Pkwy., Greenville, RI 02828	11/25/2016	Greenville & Brown University	Voucher	\$69,338	\$19,338	\$50,000	Electronic imaging	Research biometrics imaging of the human iris with the goal of implementing iris feature extraction algorithms into latest camera architecture.
Aquanis, Inc.	224 Wickham Rd., North Kingstown, RI 02852	11/29/2016	North Kingstown & URI	Voucher	\$50,000	\$0	\$50,000	Wind energy	Develop an active flow control system which improves the efficacy of wind turbines and extends their service life, leading to a reduction in the cost of wind energy.
MindImmune Therapeutics, Inc.	7 Greenhouse Rd., Kingston, RI 02881	11/29/2016	Kingston, RI	Voucher	\$92,500	\$42,500	\$50,000	Pharmaceuticals	Establish a core behavioral and imaging facility at the University of Rhode Island that will enable the investigation of new Alzheimer's disease therapies.
PowerDocks, LLC	PO Box 774, Newport, RI 02840	11/29/2016	Newport & RWU	Voucher	\$79,554	\$50,000	\$29,554	Greentech	Investigate techniques, requirements, regulations, and design systems that would allow wireless charging of unmanned aerial vehicles and autonomous underwater vehicles to use PowerDocks' autonomous floating micro-grid platforms as a renewable power source.

Innovation Vouchers & Network Matching Grants

R.I.G.L. § 42-64.28-9 (continued)

Recipient Name	Recipient Address	Award Date	Project Location	Program	Project Cost	Leveraged Resources	Grant Amount	Industry	Project Description
ProThera Biologics, Inc.	349 Eddy St. Providence, RI 02903	11/29/2016	Providence & Rhode Island Hospital	Voucher	\$124,740	\$74,740	\$50,000	Biotechnology	Test whether inter-alpha inhibitor proteins (IAIP) can inhibit active proteins released during immune responses, which may identify a wider range of conditions for which IAIP could you be used for treatment.
FS Maritime, LLC	245 Lakehurst Dr., Coventry, RI 02816	1/25/2017	Coventry & URI	Voucher	\$110,000	\$60,000	\$50,000	Water and air remediation	Complete validation testing of a prototype of its Precise Energy Separation water treatment device that generates light waves of appropriate wavelength and intensity to destroy a range of pollutants commonly present in water, including bacteria.
Rite Solutions	One Corporate Pl., Middletown, RI 02842	1/27/2017	Middletown & URI	Voucher	\$50,000	\$0	\$50,000	Defense	Provide capability to add state-of-the-art artificial intelligence solutions into existing software products for DOD and commercial customers by enabling a system to learn in order to predict equipment failures on submarine's on-board network.
Phoenix Medical Technologies	91 Clemence St., 2nd Fl., Providence, RI 02903	1/30/2017	Providence & Bradley Hospital	Voucher	\$56,000	\$6,000	\$50,000	Medical devices	Provide new clinical data and other important information to guide the further development, design and commercialization of medical device which uses sensory stimuli to non-inversely treat the symptoms of ADHD and similar medical conditions.
Prisere, LLC	PO Box 6163, Warwick, RI 02886	1/30/2017	Warwick & Rhode Island School of Design	Voucher	\$82,500	\$32,500	\$50,000	Data analytics/ Risk management	Quantify and refine the improved outcomes achieved with high-performance building technology for climate resilience in ways that will inform insurance underwriting and pricing models and benefit small businesses.

Innovation Vouchers & Network Matching Grants

R.I.G.L. § 42-64.28-9 (continued)

Recipient Name	Recipient Address	Award Date	Project Location	Program	Project Cost	Leveraged Resources	Grant Amount	Industry	Project Description
Siren Marine	221 Third St., Ste. 200, Newport, RI 02840	1/30/2017	Newport & New England Institute of Technology	Voucher	\$50,000	\$0	\$50,000	Marine technology	Develop wireless transceiver and sensors for the Siren Marine Internet of Things cellular gateway that will improve company's existing technology and expand its system for use beyond marine industry.
Xmark Labs	18 Maple Ave., Ste. 112, Barrington, RI 02806	1/30/2017	Barrington & Providence VA Medical Center	Voucher	\$46,302	\$0	\$46,302	Software & hardware	Develop low cost, low latency tracking technology for virtual reality and augmented reality applications.
BlueSource Energy	257 Franklin St., Unit 15, Bristol, RI 02809	3/29/2017	Bristol & Brown University	Voucher	\$50,000	\$0	\$50,000	Engineering	Provide computational fluid dynamics analysis to prove the efficacy of repurposing oscillating foils that were originally developed to harvest energy from tidal currents for use in marine propulsion.
Medley Genomics	60 Clifford St., Providence, RI 02903	3/29/2017	Providence & Rhode Island Hospital	Voucher	\$50,000	\$0	\$50,000	Life sciences	Acquire and analyze key data from primary and metastatic tumors to validate the company's software in a clinical setting.
NanoDe	8 Tallwood Dr., Barrington, RI 02806	3/29/2017	Barrington & Rhode Island Hospital	Voucher	\$100,000	\$50,000	\$50,000	Pharmaceuticals	Optimize the physical attributes of Nanopieces, a next generation platform nucleic acid delivery technology, in order to maximize the product's efficacy and minimize its toxicity.
PetTech	224 Waterman St., Providence, RI 02906	3/29/2017	Providence & URI	Voucher	\$50,000	\$0	\$50,000	Pet technology	Test Pet Rover device to gather product technical specifications for imbedded systems and real-time activity.

Innovation Vouchers & Network Matching Grants

R.I.G.L. § 42-64.28-9 (continued)

Recipient Name	Recipient Address	Award Date	Project Location	Program	Project Cost	Leveraged Resources	Grant Amount	Industry	Project Description
T-Time Productions	75 South Union St., Ste. 320, Pawtucket, RI 02860	3/29/2017	Pawtucket & New England Institute of Technology	Voucher	\$30,000	\$0	\$30,000	Media production	Design and prototyping of a racial, ethnic, and gender relevant digital curricula portfolio to support academic excellence in the increasingly diverse K-12 population.
Vacuum Processing Systems	PO Box 822, East Greenwich, RI 02818	3/29/2017	East Greenwich & URI	Voucher	\$50,000	\$0	\$50,000	Manufacturing	Use electron microscopy and X-ray spectroscopy instrumentation available at the University of Rhode Island to evaluate the capability of process to clean both internal and external surfaces of complex devices at a higher level than current techniques.
Cooley Group	50 Esten Ave., Pawtucket, RI 02860	5/4/2017	Pawtucket & URI	Voucher	\$50,000	\$0	\$50,000	Manufacturing	Research activities in the development of product technical specifications that will include detailed information of beacon technologies and smart textile antennas, and will provide the records of all the studies and trials conducted on prototypes created for smart billboards.
Core Mechanics	27 South Riv. Dr., Narragansett, RI 02882	5/4/2017	Narragansett & URI	Voucher	\$50,000	\$0	\$50,000	Health and wellness	Enhance CoreForm product through needed industry standard testing on the garment portion of the product including testing of specific pressures exerted on and from the human body while wearing the garment.

Innovation Vouchers & Network Matching Grants

R.I.G.L. § 42-64.28-9 (continued)

Recipient Name	Recipient Address	Award Date	Project Location	Program	Project Cost	Leveraged Resources	Grant Amount	Industry	Project Description
Desmark Industries	530 Wellington Ave., Ste. 3, Cranston, RI 02910	5/4/2017	Cranston & URI	Voucher	\$49,896	\$0	\$49,896	Manufacturing	Investigate, design and test textile composites for body armor focusing on research, development, materials selection, and testing methods in creating wearables for security and military force protection during combat engagement including include non-weapon combat, knife attacks, and bullets.
Navatek	1080 Kingstown Rd., Bldg. 5, South Kingston, RI 02879	5/4/2017	South Kingstown & URI	Voucher	\$50,000	\$0	\$50,000	Textile manufacturing	Develop a better computational methodology for new and increasingly innovative designs of drop stitch inflatable structures.
Prometheus	21 Arnold Ave., Newport, RI 02840	5/4/2017	Newport & Naval Undersea Warfare Center	Voucher	\$56,500	\$6,500	\$50,000	Defense	Provide experimental evidence demonstrating that algorithms applied to acoustic data will find delamination while a submarine is in water, which would provide a method to significantly reduce maintenance costs for the submarines by hundreds of millions of dollars over time.
Sproutel	60 Valley St., Ste. 105, Providence, RI 02909	5/4/2017	Providence & Brown University	Voucher	\$80,000	\$30,000	\$50,000	Healthcare technology	Assess the effectiveness of the Jerry the Bear, an interactive toy for children with type 1 diabetes that helps them learn about their medical procedures and treatment through play, and a new prototype for delivering healthcare information to children.

Innovation Vouchers & Network Matching Grants

R.I.G.L. § 42-64.28-9 (continued)

Recipient Name	Recipient Address	Award Date	Project Location	Program	Project Cost	Leveraged Resources	Grant Amount	Industry	Project Description
EpiVax	146 Clifford St., Providence, RI 02903	6/27/2017	Providence & Rhode Island Hospital	Voucher	\$50,000	\$0	\$50,000	Biotechnology	Accelerate the development of a computational pipeline for personalized cancer vaccine design that will enable the patient's own immune system to recognize tumor-specific mutations to induce tumor control and rejection.
Full Measure	11 Broadcommon Rd., Unit 2 #400, Bristol, RI 02809	6/27/2017	Bristol & RWU	Voucher	\$43,868	\$0	\$43,868	Agricultural	Test product that may reduce substrate acidity and allow small clams to successfully settle onto the sediment surface and survive.
Technologies Against Assault	12 Roger St., Providence, RI 02906	6/27/2017	Providence & Rhode Island Department of Health	Voucher	\$110,000	\$60,000	\$50,000	Biotechnology	Forensically validate iterations of developing technology to guide research and development efforts in support of survivors of sexual assault and rape.
Center for Women and Enterprise	132 George M. Cohan Blvd., 2nd Fl., Providence, RI 02903	6/28/2017	Providence	Network Matching	\$250,000	\$150,000	\$100,000	Small Business Accelerator	Support Power Forward, a 4-month advanced course in entrepreneurship and small business ownership that helps existing small businesses grow.
Total Number of Innovation Vouchers Awards Approved: 27					\$1,731,012	\$431,578	\$1,299,434		
Total Number of Network Matching Grants Awards Approved:1					\$250,000	\$150,000	\$100,000		

Main Street Rhode Island Streetscape Improvement Fund

R.I.G.L. § 42-64.27-4

Funds committed in FY 2017:

Recipient Name	Recipient Address	Award Date	Project Location	Municipality	Project Cost³	Grant Amount	Use of Funds
Bristol	10 Court St., Bristol, RI 02809	5/22/2017	Wood St. (From State St.) to Bayview Ave.	Bristol	\$65,110	\$42,855	Wood Street improvements such as bike racks and recycling receptacles.
East Providence	145 Taunton Ave., East Providence, RI 02914	5/22/2017	Watchemoket Sq. area	East Providence	\$390,000	\$75,000	Landscaping, lighting, and façade upgrades.
Jamestown	93 Narragansett Ave., Jamestown, RI 02835	5/22/2017	East Ferry parking lots	Jamestown	\$313,730	\$65,000	Landscaping, crosswalks, paving, and stone seating walls.
North Kingstown	100 Fairway Dr., North Kingstown, RI 02852	5/22/2017	55 Brown St. (Wickford Waterfront Parking Lot)	North Kingstown	\$291,828	\$204,400	Waterfront upgrades.
Providence	25 Dorrance St., Providence, RI 02903	5/22/2017	Broad St. & Downtown Providence	Providence	\$200,000	\$189,145	Decorative lighting in downtown and improvements along Broad St.

Main Street Rhode Island Streetscape Improvement Fund

R.I.G.L. § 42-64.27-4 (continued)

Recipient Name	Recipient Address	Award Date	Project Location	Municipality	Project Cost	Grant Amount	Use of Funds
Smithfield	64 Farnum Pike, Smithfield, RI 02917	5/22/2017	Esmond Village	Smithfield	\$20,000	\$11,075	Bus shelters and signage.
Warren	514 Main St., Warren, RI 02885	5/22/2017	Water St	Warren	\$1,106,200	\$203,315	Lighting and street trees.
Warwick	3275 Post Rd., Warwick, RI 02886	5/22/2017	Conimicut Village Business District	Warwick	\$130,000	\$69,000	West Shore Road crosswalks.
Westerly	45 Broad St., Westerly, RI 02891	5/22/2017	Westerly	Westerly	\$373,000	\$140,210	Downtown sidewalks, crosswalks, and pedestrian signage.
Total: 9 projects					\$2,889,868	\$1,000,000	

Funds disbursed in FY 2017: none

Rebuild Rhode Island Tax Credit⁵

R.I.G.L. § 42-64.20-9(b), (c)

Funds committed in FY 2017:

Recipient Name	Project Name	Recipient Address	Award Board Approval Date	Project Location	Project Cost	Approved Tax Credit Amount⁶
Providence Capital III, LLC	Union Trust	100 Dorrance St., Providence, RI 02903	3/28/2016	Providence	\$14,585,160	\$1,091,587
Finlays Extracts & Ingredients USA, Inc.	Finlays	81 Ocean State Dr., North Kingstown, RI 02852	8/10/2016	North Kingstown	\$54,300,000	\$276,972
Lippitt Mill, LLC	Lippitt Mill	148 West Riv. St., Ste. 1E, Providence, RI 02904	8/22/2016	West Warwick	\$15,226,550	\$2,103,501
Royal Oaks Realty, LLC	45 Pike Street	10 Greene St., Providence, RI 02903	9/26/2016	Providence	\$23,227,138	\$2,517,174
Urban Smart Growth, LLC	Hope Artiste Village	1005 Main St, Ste. 1220, Pawtucket, RI 02860	9/26/2016	Pawtucket	\$38,862,809	\$3,569,657

Rebuild Rhode Island Tax Credit
R.I.G.L. § 42-64.20-9(b), (c) (continued)

Recipient Name	Project Name	Recipient Address	Award Board Approval Date	Project Location	Project Cost	Approved Tax Credit Amount
The City of Newport	Innovate Newport	1200 Highland Corporate Dr., Ste. 202, Cumberland, RI 02864	11/21/2016	Newport	\$7,090,295	\$2,128,123
Virgin Pulse, Inc.	Virgin Pulse	111 Chestnut St., Providence, RI 02903	12/19/2016	Providence	\$10,800,000	\$3,240,598
Waldorf Capital Partners, LLC	Chestnut Commons	1 Turks Hd Pl., Ste. 1300, Providence, RI 02903	12/19/2016	Providence	\$32,786,868	\$2,975,356
Cornish Associates LP	Downcity II	46 Aborn St., 4th Floor, Providence, RI 02903	1/23/2017	Providence	\$29,518,882	\$7,320,506
Agoda Travel Operations USA Inc.	Agoda	500 Exchange St., Providence, RI 02903	2/27/2017	Providence	\$5,100,000	\$1,018,374

Rebuild Rhode Island Tax Credit
R.I.G.L. § 42-64.20-9(b), (c) (continued)

Recipient Name	Project Name	Recipient Address	Award Board Approval Date	Project Location	Project Cost	Approved Tax Credit Amount
SAT Development, LLC	Belvedere at Bristol	423 Hope St., Unit N, Bristol, RI 02808	2/27/2017	Bristol	\$9,426,316	\$995,000
Case Mead Assoc., LLC ⁷	Case Mead	100 Westminster St., Ste. 1700, Providence, RI 02903	2/22/2016, 5/1/2017	Providence	\$11,036,847	\$248,330
SSL Partner, LLC	Wexford	Parcels 22/25, Providence, RI 02903	5/1/2017	Providence	\$104,742,077	\$15,000,000
Wexford Development, LLC a Delaware Limited Liability Company	River House	2 South St. and 11 & 15 Point St., Providence RI 02903	5/1/2017	Providence	\$61,908,419	\$8,354,910
110 North Main, LLC and 110 North Main Management, LLC	The Edge	169 Canal St., Providence, RI 02903	5/22/2017	Providence	\$56,885,000	\$3,000,000

Rebuild Rhode Island Tax Credit

R.I.G.L. § 42-64.20-9(b), (c) (continued)

Recipient Name	Project Name	Recipient Address	Award Board Approval Date	Project Location	Project Cost	Approved Tax Credit Amount
TPG 100 Sabin Hotel, LLC	Residence Inn Hotel (Fogarty Building)	1140 Reservoir Ave., Cranston, RI 02920	5/22/2017	Providence	\$59,770,703	\$100,000
Total					\$535,267,064	\$53,940,088

Funds disbursed in FY 2017: none

Rhode Island Qualified Jobs Incentive Tax Credit⁸

R.I.G.L. § 44-48.3-13(b), (c)

Projects approved in FY 2017:

Recipient Name	Recipient Address	Board Approval Date	Estimated Tax Credit Amount⁹	Estimated Jobs Created	Commitment Term
Finlay Extracts and Ingredients USA	81 Ocean State Dr., North Kingstown, RI 02852	8/10/2016	\$1,354,105	73	2018-2027
GE Digital	75 Fountain St., Providence, RI 02902	8/22/2016	\$4,591,700	100	2017-2026
Granite Telecommunications, LLC	1 Albion Rd., Lincoln, RI 02865	8/22/2016	\$779,464	50	2017-2026
Lexington Lighting Group, LLC	181 Narragansett Park Dr., Rumford, RI 02916	8/22/2016	\$219,225	24	2017-2021
Virgin Pulse, Inc.	111 Chestnut St., Providence, RI 02903	12/19/2016	\$2,501,073	292	2017-2021
Surplus Solutions, LLC	2010 Diamond Hill Rd., Woonsocket, RI 02895	12/19/2016	\$454,681	16	2017-2026
Johnson & Johnson	1 Ship St., Providence, RI 02903	1/23/2017	\$4,425,860	75	2018-2027
Whiting & Davis, LLC	PO Box 1270, Attleboro Falls, MA 02763	1/23/2017	\$255,221	15	2017-2026
Agoda Travel Operations USA Inc.	500 Exchange St., Providence, RI 02903	2/27/2017	\$3,039,394	200	2018-2027

Rhode Island Qualified Jobs Incentive Tax Credit

R.I.G.L. § 44-48.3-13(b), (c) (continued)

Recipient Name	Recipient Address	Board Approval Date	Estimated Tax Credit Amount	Estimated Jobs Created	Commitment Term
United Natural Foods, Inc.	313 Iron Horse Way, Providence, RI 02908	2/27/2017	\$1,873,805	150	2018-2027
eMoney Advisor, LLC	100 Westminster St., Providence, RI 02903	3/27/2017	\$3,162,196	100	2018-2027
Vistaprint Corporate Solutions, Inc.	217 Westminster St., Providence, RI 02903	5/22/2017	\$2,244,546	125	2019-2028
Total			\$24,901,270	1,220	

Funds disbursed in FY 2017: none

Tax Increment Financing¹⁰

R.I.G.L. § 42-64.21-8(a), (c)

Agreements entered in FY 2017:

Recipient Name	Project Name	Recipient Address	Award Date	Project Location	Project Cost	Tax Increment Financing Amount
Exchange Street Hotel LLC	Exchange Street Hotel	5 Exchange St., Providence, RI 02903	5/23/2016	Providence	\$24,525,498	\$3,000,000
D'Ambra Warwick Hotel, LLC	Warwick Airport Hotel	800 Jefferson Blvd., Warwick, RI 02886	6/27/2016	Warwick	\$23,450,292	\$3,500,000
Total					\$47,975,790	\$6,500,000

Funds disbursed in FY 2017: none

Small Business Assistance Program

R.I.G.L. § 42-64.25-12

Lending Organization¹²	Total Loan Amount	Total Commerce Funds¹³	Uses of Funds
Business Development Capital Corp. of MA	\$612,000	\$36,720	Acquisition; leasehold improvements; working capital.
Recipient Name and Address:	Hair on Mane	343 Main St., #D South Kingstown, RI 02879	
	Copper Cool, Inc	203 Concord St., Pawtucket, RI 02860	
	KJJM-Med, LLC	28 Cantara St., West Warwick, RI 02893	
	The Capital Good Fund	22 A St., Providence, RI 02907	
	Laughing Gorilla, LLC	14 Parade St., Providence, RI 02909	
Business Development Company of Rhode Island	\$625,000	\$275,000	Equipment purchase; inventory; leasehold improvements; working capital.
Recipient Name and Address:	RI Mushroom	141 Fairgrounds Rd., West Kingston, RI 02892	
	Becker Manufacturing d/b/a Garland Pen	One South Main St., Coventry, RI 02816	
Center for Women & Enterprise	\$15,000	\$15,000	Startup capital.
Recipient Name and Address:	Kindred Community Acupuncture	73 Harrison St., Providence, RI 02909	

Small Business Assistance Program

R.I.G.L. § 42-64.25-12 (continued)

Lending Organization	Total Loan Amount	Total Commerce Funds	Uses of Funds
Community Investment Corporation	\$805,000	\$203,400	Business expansion; equipment purchase; inventory; leasehold improvements; real estate purchase; refinance; working capital.
Recipient Name and Address:	Raymond Brothers Tailor Shop and Laundromat	203 Cranston St., Providence, RI 02907	
	Casa Mexico	802 Atwells Ave., Providence, RI 02909	
	A. Macari Construction	Providence, RI	
	Piccolo	290 County Rd., Barrington, RI 02806	
	RI Dressings	Narragansett, RI	
	Sin Bakery	1413 Westminster St., Providence, RI 02909	
	Anchor Health and Performance	89 Gooding Ave., Bristol, RI 02809	
	Paula Charleson dba CocoFuel	PO Box 8321, Cranston, RI 02920	
	Bileau Built	Pawtucket, RI	
South Eastern Economic Development Corporation	\$806,250	\$217,500	Acquisition; equipment purchase; real estate purchase; refinance; working capital.
Recipient Name and Address:	Kendall Reiss, LLC	469 Wood St., Bristol, RI 02809	
	Chessawanock Island Oysters, Inc.	400 Station St., Cranston, RI 02910	
	Saki's Pizzeria	2339 Diamond Hl. Rd., Cumberland, RI 02864	
	The Town	27 Meadow St., Warwick, RI 02886	
Total	\$2,863,250	\$747,620	

ENDNOTES

1. Anchor Institution Tax Credit. [R.I.G.L. § 42-64.30-10](#). In Fiscal Year 2017, no awards were made pursuant to the Anchor Institution Tax Credit program.
2. Incentive Amount is the dollar value of the incentives awarded by the Commerce Corporation.
3. Project Cost is the cost incurred in connection with the project by the Applicant.
4. Leveraged Resources are the non-incentive resources committed to the project including cash and in-kind support.
5. Economic impact analyses of projects awarded Rebuild Rhode Island tax credits are appended to this report as Exhibit A.
6. Approved Tax Credit Amount represents the maximum amount authorized by the Commerce Corporation, which will be issued over five years beginning with project completion and certificate of occupancy.
7. Amended.
8. Economic impact analyses of projects awarded Qualified Jobs Incentive tax credits are appended to this report as Exhibit B.
9. Estimated Tax Credit Amount projects the award based on current state personal income tax rates, salaries, and committed job creation. Actual tax credit awards will be based on the actual state income tax withholdings, salaries, and numbers of new full-time jobs created.
10. Economic impact analyses of projects awarded Tax Increment Financing incentives are appended to this report as Exhibit C.
11. Tax Stabilization Incentive. [R.I.G.L. § 42-64.22-14\(a\)](#). In Fiscal Year 2017, no agreements were made pursuant to the Tax Stabilization Incentive program.
12. Lending Organization is the outside lending organization as defined by [R.I.G.L. § 42-64.25-4](#).
13. Commerce Funds are funds awarded through the Small Business Assistance Program to the lending organizations.

Appendix A:

[Rebuild Rhode Island Tax Credit](#) Economic Impact Analyses

[R.I.G.L. § 42-64.20-9](#)

1	Providence Capital III, LLC	100 Dorrance St., Providence, RI 02903
2	Finlays Extracts & Ingredients USA, Inc.	81 Ocean State Dr., North Kingstown, RI 02852
3	Lippitt Mill, LLC	148 West Riv. St., Ste. 1E, Providence, RI 02904
4	Royal Oaks Realty, LLC	10 Greene St., Providence, RI 02903
5	Urban Smart Growth, LLC	1005 Main St, Ste. 1220, Pawtucket, RI 02860
6	The City of Newport	1200 Highland Corporate Dr., Ste. 202, Cumberland, RI 02864
7	Virgin Pulse, Inc.	111 Chestnut St., Providence, RI 02903
8	Waldorf Capital Partners, LLC	1 Turks Hd Pl., Ste. 1300, Providence, RI 02903
9	Cornish Associates LP	46 Aborn St., 4th Floor, Providence, RI 02903
10	Agoda Travel Operations USA Inc.	500 Exchange St., Providence, RI 02903
11	SAT Development, LLC	423 Hope St., Unit N, Bristol, RI 02808
12	Case Mead Assoc., LLC	100 Westminster St., Ste. 1700, Providence, RI 02903
13	SSL Partner, LLC	Parcels 22/25, Providence, RI 02903
14	Wexford Development, LLC a Delaware Limited Liability Company	2 South St. and 11 & 15 Point St., Providence RI 02903
15	110 North Main, LLC and 110 North Main Management, LLC	169 Canal St., Providence, RI 02903
16	TPG 100 Sabin Hotel, LLC	1140 Reservoir Ave., Cranston, RI 02920

Rhode Island Commerce Corporation

Rebuild Rhode Island Tax Credits – Economic Impact Analysis

Providence Capital III LLC – Union Trust Building Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to Providence Capital III LLC (the “Sponsor”), owned and managed by Vincent Geoffroy, Managing Member. The credits would be issued in connection with the Sponsor’s decision to invest in the redevelopment of the Union Trust Building, located at 170 Westminster Street/62 Dorrance Street in Providence. The project will consist of the rehabilitation of the building exterior, retention of an existing ground-floor restaurant, one floor of renovated office space, conversion of floors 3 through 11 from office to 61 rental apartments, and potential development of a new rooftop restaurant. The total cost of the proposed project is estimated to be \$15.2 million.

The Sponsor is requesting a Rebuild Rhode Island tax credit of \$3,036,033. This amount shall be reduced by the sales and use tax exemption on eligible and construction and build out costs.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Company’s estimate of total project cost is approximately \$15.2 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Land/building	\$4.5
Construction (hard costs)	\$9.3
Soft costs	\$1.4
Total	\$15.2

After excluding certain costs that do not have a direct, current impact on Rhode Island’s economy (such as land and building acquisition) for the purposes of this analysis, the remaining hard and soft costs total \$10.7 million. Applesseed estimates that direct expenditures of \$10.7 million will directly and indirectly generate:

- 53 person-years² of work in Rhode Island;
- Nearly \$4.7 million in earnings;
- Nearly \$15.0 million in statewide economic output³;
- A projected one-time increase of nearly \$174,000 in personal income taxes paid to the State during construction; and
- A one-time increase of nearly \$7.6 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	53	\$3.1	\$5.0	\$10.7
Indirect Effect	35	1.6	2.6	4.3

² A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

³ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Total Effect	88	\$4.7	\$7.6	\$15.0
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Most of the activity reflected in Table 2 (specifically, that associated with the renovation of second-floor office space and conversion of other floors to residential) is expected to occur through mid-2017, with construction of the remaining units and potential rooftop restaurant space completed in 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁴
Architect	\$41.70
Construction manager	\$52.12
Carpenter	\$19.70
Electrician	\$23.71
Plumber	\$24.03
Painter	\$16.07
Laborer	\$16.77

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

After redevelopment of the Union Trust Building is completed, ongoing operations will include restaurants on the ground floor and the top floor, an office tenant (or tenants) on the second floor, and management, maintenance and leasing of the 61 residential units. Because the ground floor space will continue to be occupied by its current tenant, The Dorrance, we exclude it from our analysis of the economic impact of the project's ongoing operations.

For purposes of this analysis, we assume (consistent with the assumption used in the Sponsor's pro forma) that occupancy of the second-floor office space (about 4,656 square feet) will stabilize at 90 percent. We further assume:

- An employment ratio of 4.25 full-time-equivalent jobs per 1,000 square feet of occupied space, for a total of approximately 28 FTE jobs;
- That the space will be occupied by one or more professional service firms.

The Sponsor estimates that the top-floor restaurant will employ a total of 45 full-and part-time workers. For purposes of this analysis, we assume a total of 38 FTE jobs.

The Sponsor also estimates that when the project is completed, 5 workers will be employed to manage and maintain the building; and that upon stabilization, operating costs will total approximately \$854,000.

Based on these assumptions, Appleseed projects (as shown below in Table 4), that when the project is completed and fully occupied (which is estimated to occur in 2018), it will directly and indirectly account for:

- 85 FTE jobs in Rhode Island;
- Nearly \$3.9 million in annual earnings (in 2017 dollars);
- More than \$8.4 million in annual statewide economic output;
- An increase of approximately \$146,000 in personal income taxes paid annually to the State; and
- An increase of nearly \$4.7 million in Rhode Island's annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	71	\$3.1	\$3.3	\$6.2
Indirect Effect	14	0.8	1.4	2.2

⁴ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2014

Total Effect	85	\$3.9	\$4.7	\$8.4
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Employees of the building’s office tenants are likely to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA), while restaurant and building maintenance workers are likely to be drawn primarily from neighborhoods within the City of Providence or from other nearby communities.

Impact

The state fiscal impacts of the requested tax credits is up to \$3,036,033 in foregone state revenue and/or state expenditures. Direct and indirect economic and fiscal benefits of the proposed project include the estimated state GDP increase of \$4.7 million, the estimated associated job creation, and the gross increase of approximately \$1.9 million in personal income tax revenues during the construction phase and ongoing operations during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Provide 61 units of housing that will support the continued growth of the downtown area’s resident population;
- Provide approximately 4,656 square feet of modernized office space to support continued job growth in the area;
- Provide a new amenity (the top-floor restaurant) that will add to the downtown area’s attractiveness as a place to live, work, visit and do business; and
- Add to City’s tax base.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e. the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Job Tax Credits – Economic Impact Analysis
Finlay Extracts and Ingredients USA, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Finlay Extracts and Ingredients USA, Inc. (the “Company”). The credits would be issued in connection with the Company’s decision to invest in the development of new R&D, manufacturing and distribution facilities in the Quonset Business Park in North Kingstown. This investment would occur in two phases:

- A 28,800 square-foot R&D and pilot-scale production facility, to be completed in 2017 at an estimated cost of \$16.8 million. When completed, this facility would directly employ up to 25 people with average earnings of \$54,813.
- Addition of 65,000 square feet of manufacturing and distribution space (expandable to 130,000), to be completed by 2020 at an estimated cost of \$37.5 million. When completed, this expansion would result in the hiring of 48 additional employees with average earnings of \$50,304.

The Company is requesting a Rebuild Rhode Island tax credit of \$276,972 and Qualified Jobs Incentive tax credits totaling \$1,354,105 for both phases of the project. The Company is also eligible for state sales and use tax exemption for qualifying investments in construction, fixtures and equipment, up to \$572,000. This exemption would offset the value of the Rebuild Rhode Island tax credit on a dollar-for-dollar basis up to \$571,000.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown below in Table 1, the Company’s estimate of the total cost of both phases is \$54.3 million.

Table 1: Estimated project cost, Phases 1 and 2

Component	Phase 1 (\$mm)	Phase 2 (\$mm)
Hard cost	\$5.9	\$14.6
Equipment	\$7.9	\$16.0
Soft costs (including contingency)	\$3.0	\$6.9
Total	\$16.8	\$37.5

For purposes of this analysis, we assume that all construction spending (both hard and soft costs) occurs in Rhode Island, and that all process machinery and other specialized equipment is procured from out-of-state sources.

Applesseed estimates that Phase 1 spending on hard and soft costs, totaling \$8.1 million, will directly and indirectly generate:

- 62 person-years⁵ of work in Rhode Island;
- More than \$3.8 million in earnings;
- Nearly \$10.6 million in State-wide economic output⁶;
- A projected one-time increase of approximately \$225,000 in taxes paid to the State during construction including approximately:
 - \$144,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
 - \$63,000 in state sales taxes paid on those workers’ taxable household spending;
 - \$18,000 in state business corporation taxes; and
- A one-time increase of \$5.5 million in Rhode Island’s GDP.

Phase 1 construction impacts are summarized below in Table 2.

⁵ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁶ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2016 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	45	\$2.9	\$4.0	\$8.1
Indirect Effect	17	\$0.9	\$1.5	\$2.5
Total Effect	62	\$3.8	\$5.5	\$10.6

In Phase 2, spending on hard and soft costs totaling \$19.8 million will directly and indirectly generate:

- 146 person-years of work in Rhode Island;
- More than \$9.6 million in earnings;
- \$24.2 million in State-wide economic output;
- A projected one-time increase of approximately \$565,000 in taxes paid to the State during construction including approximately:
 - \$361,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
 - \$158,000 in state sales taxes paid on those workers' taxable household spending;
 - \$46,000 in state business corporation taxes; and
- A one-time increase of \$13.6 million in Rhode Island's GDP.

Phase 2 construction impacts are summarized below in Table 3.

Table 3: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	119	\$7.9	\$11.0	\$19.8
Indirect Effect	27	\$1.7	\$2.6	\$4.4
Total Effect	146	\$9.6	\$13.6	\$24.2

Most of the activity reflected in Table 2 will occur during 2016-2017; and that reflected in Table 3 in 2018-2020. The anticipated wage rates for construction jobs are shown below in Table 4. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island as of May 2015.

Table 4: Anticipated wages during construction

Occupation	RI median hourly wage ⁷
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs would be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

⁷ Rhode Island Department of Labor and Training, Occupational Employment Statistics, May 2015.

Appleseed estimates that when the first phase of the project is completed and fully operational (which is expected to occur by the end of 2017), it will directly and indirectly account for:

- 55 full-time equivalent jobs in Rhode Island.
- Approximately \$3.1 million in annual earnings (in 2017 dollars).
- \$16.6 million in annual State-wide economic output.
- An increase of \$5.5 million in Rhode Island’s annual GDP.
- A projected gross increase of nearly \$358,000 in taxes paid to the State during the first two years of operation (in addition to the \$225,000 in tax revenues cited above that would be generated by spending on Phase 1 construction). These taxes will include approximately:
 - \$229,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
 - \$100,000 in state sales taxes paid on those workers’ taxable household spending; and
 - \$29,000 in state business corporation taxes.

Table 5: Direct and indirect impact of Phase 1 annual operations (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	24	\$1.4	\$2.8	\$12.1
Indirect Effect	31	\$1.7	\$2.7	\$4.5
Total Effect	55	\$3.1	\$5.5	\$16.6

The average salary across the 24 new jobs directly created by the Company in 2017 would be \$54,813.

When the second phase of the project is completed and fully operational (which is expected to occur by 2020), the entire operation (including operations started during Phase 1) will directly and indirectly account for:

- 155 full-time equivalent jobs in Rhode Island.
- Approximately \$8.4 million in annual earnings (in 2019 dollars).
- \$44.9 million in annual State-wide economic output.
- An increase of \$15.3 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 6.

Table 6: Direct and indirect impact of annual operations after completion of Phase 2 (employment in FTE; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	73	\$3.8	\$7.9	\$32.6
Indirect Effect	82	\$4.6	\$7.4	\$12.3
Total Effect	155	\$8.4	\$15.3	\$44.9

Workers who fill the jobs cited in Tables 5 and 6 would be drawn primarily from the Providence-Warwick RI-MA NECTA.

During a commitment period of not less than twelve years (including the first two years following completion of Phase 1 construction), annual operations would directly and indirectly account for a projected gross increase of nearly \$5.3 million in taxes paid to the State (in addition to the \$790,000 in tax revenues cited above that would be generated by spending on Phase 1 and Phase 2 construction). These taxes will include approximately:

- \$3.4 million in state personal income taxes paid by Rhode Island workers employed by the Company at its new facility in North Kingstown, or whose jobs are indirectly attributable to the operation of that facility;
- \$1.5 million in state sales taxes paid on those workers’ taxable household spending; and
- \$429,000 in state business corporation taxes.

Benefits

The Company will provide an array of employee benefits that includes (among others):

- Health and dental insurance
- Health savings accounts, partially funded by the Company
- Paid vacation, holidays, and sick leave
- Life and long-term disability insurance
- A 401k retirement plan;
- Profit-sharing
- Tuition assistance for approved job-related courses

The Company estimates that annual spending on employee benefits will total approximately 38 percent of direct salary costs.

Hiring

The Company will use all available resources at state and local levels to recruit new employees, including online postings, job fairs, recruiting through colleges and universities, and referrals from current employees. The Company also plans to structure internship programs aligned with specific programs at Bryant University and Johnson & Wales University.

Impact

The state fiscal impact of the requested tax credits and state sales and use tax exemption is up to \$1.9 million in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include an estimated \$15.3 million increase in Rhode Island’s annual GDP during Phase 2 operations; and a gross increase of nearly \$6.1 million in personal income, sales and business corporation tax revenues directly and indirectly generated by the project during construction and during a twelve-year commitment period.

In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in other ways.

- The company’s decision to locate the proposed facility in Rhode Island will reinforce the state’s efforts to grow its research and development and manufacturing sectors.
- The Company will collaborate with Johnson & Wales University’s culinary arts and nutrition programs in research, new product development and provision of internships for JWU students; with the University of Rhode Island on supply chain management; and with Bryant University on marketing.
- The project will add to North Kingstown’s real property and personal property tax base.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that Rebuild Rhode Island tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly. As the Qualified Jobs tax credit amounts are limited to reasonably expected W-2 withholdings for the new, directly-created jobs, any potential exposure for State taxpayers, or any other foreseeable negative contingency, is limited.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
Lippitt Mill LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to Lippitt Mill LLC (the “Sponsor”). The credits would be issued in connection with the Sponsor’s investment in the redevelopment of a complex of historic mill buildings located at 825 Main Street in the Town of West Warwick. The project would result in the creation of 65 new residential rental units. The Sponsor estimates the total cost of the project to be approximately \$15.2 million.

The Sponsor is requesting a Rebuild Rhode Island Tax Credit with a net value of \$1,893,151 and an exemption from sales taxes on eligible construction materials and furnishings, valued by the sponsor at \$230,691.

This analysis was prepared by Appleaseed, a consulting firm with more than twenty years’ experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$15.2 million. After excluding certain costs that do not have a direct, current impact on Rhode Island’s economy (such as land and building acquisition, reserves and interest costs), Appleaseed estimates that hard construction costs and soft costs will total approximately \$12.7 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Land and building acquisition	\$0.7
Building construction (hard cost)	\$9.1
Soft costs	\$5.4
Total	\$15.2

Appleaseed estimates that direct spending of \$12.7 million will directly and indirectly generate:

- 106 person-years⁸ of work in Rhode Island;
- Approximately \$5.6 million in earnings;
- Approximately \$17.5 million in State-wide economic output⁹; and
- A one-time increase of nearly \$9.3 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

In addition to the impacts on employment, earnings, output and state GDP cited above, a direct expenditure of \$12.7 million would generate a projected one-time increase of approximately \$326,000 in taxes paid to the State during construction, including:

- \$209,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$91,000 in state sales taxes paid on those workers’ taxable household spending;

⁸ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁹ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

- \$26,000 in state business corporation taxes.

Table 2: Direct and indirect impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	68	\$3.9	\$6.4	\$12.7
Indirect Effect	38	\$1.7	\$2.9	\$4.8
Total Effect	106	\$5.6	\$9.3	\$17.5

Most of the activity reflected in Table 1 will occur during an eleven-month construction period, expected to be completed by October 2017. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ¹⁰
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Sponsor estimates that when the project is completed, 3 to 4 workers will be employed (on an FTE basis) to manage and maintain the residential units, and that the project's stabilized-year operating and administrative expenses will total approximately \$441,000.

Based on these estimates, Appleseed projects (as shown below in Table 4), that when the project is completed and fully occupied (which is assumed to occur in 2018), it will directly and indirectly account for:

- 6 full-time equivalent jobs in Rhode Island;
- Nearly \$242,000 in annual earnings (in 2018 dollars);
- More than \$425,000 in annual statewide economic output; and
- An increase of more approximately \$317,000 in Rhode Island's annual GDP.

In addition to the impacts on employment, earnings, output and state GDP cited in Table 4, ongoing operations and maintenance above, would generate a projected gross increase of approximately \$14,000 in taxes paid annually to the State (in addition to the \$322,000 in state tax revenues cited above that would be generated by spending on construction), including:

- \$9,000 in state personal income taxes paid by Rhode Island workers employed in the operation and management of project, or whose jobs are indirectly attributable to the project;
- \$4,000 in state sales taxes paid on those workers' taxable household spending; and

¹⁰ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

- \$1,000 in state business corporation taxes.

Table 4: Direct¹¹ and indirect impact of annual residential building operations (employment in FTE; income, value-added and output in thousands of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	5	\$176	\$233	\$311
Indirect Effect	1	\$66	\$84	\$114
Total Effect	6	\$242	\$317	\$425

The workers employed directly in management and maintenance of the residential building will most likely be drawn from neighborhoods within the Town of West Warwick and from other nearby communities.

Impact

The state fiscal impact of the requested tax credits, state sales and use tax exemption and bridge loan is up to \$2,123,842 in foregone state revenue and direct costs. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase of \$317,000 in annual state GDP, the associated job creation, and a gross increase of approximately \$494,000 in personal income, sales and business corporation tax revenues directly and indirectly generated by the project during the construction phase and by ongoing operations during the twelve years following completion of the project.

In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways:

- Preserve and reuse a historic mill building;
- Remediate a site with potential environmental hazards;
- Increase the supply of rental housing in a community with a low vacancy rate; and
- Add to the Town of West Warwick’s tax base.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e. the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

¹¹ Direct employees in this table include those employed directly by the building management company and contract workers.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
Royal Oaks Realty LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to Royal Oaks Realty LLC (the “Sponsor”). The credits would be issued in connection with the Sponsor’s decision to invest in the development of 45 Pike Street, a mixed-use project in Providence. The project will include:

- 47 residential units in a new building to be constructed on the site;
- 5,800 square feet of office space and 5,100 square feet of retail space in another new building to be built on the site; and
- 10,800 square feet of office space and 2,450 square feet of restaurant space in an existing building that will be preserved on the site.

The total cost of the proposed project is estimated to be more than \$21.5 million. The Sponsor is requesting a Rebuild Rhode Island tax credit of \$2,148,558 and a sales and use tax exemption on eligible construction costs valued at \$404,600.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$21.5 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Land and building acquisition	\$2.8
Building construction (hard cost)	\$15.6
Soft costs	\$3.1
Total	\$21.5

After excluding certain costs that for purposes of this analysis do not have a direct, current impact on Rhode Island’s economy (such as land acquisition and interest costs), the remaining hard and soft costs total \$18.4 million. Appleseed estimates that direct expenditures of \$18.4 million will directly and indirectly generate:

- 152 person-years¹² of work in Rhode Island;
- \$8.3 million in earnings;
- Nearly \$25.9 million in statewide economic output¹³; and
- A one-time increase of nearly \$13.1 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

¹² A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

¹³ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	92	\$5.6	\$8.6	\$18.4
Indirect Effect	60	2.7	4.5	7.5
Total Effect	152	\$8.3	\$13.1	\$25.9

In addition to the impacts cited in Table 2, direct expenditures of \$18.4 million would directly and indirectly generate a projected one-time increase of approximately \$488,000 in taxes paid to the State during construction. These taxes would include approximately:

- \$312,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$136,000 in state sales taxes paid on those workers' taxable household spending; and
- \$40,000 in state business corporation taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 2 is expected to occur between November 2016 and January 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ¹⁴
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

After construction is completed, ongoing operations will include:

- Management and maintenance of the new residential building (including 47 new units)
- The operations of tenants occupying the proposed new office and retail space
- The operations of office and restaurant tenants in the existing building (39 Pike Street)

Because the existing building is already fully occupied, we include in this analysis only the impact of ongoing operations of the new residential and commercial buildings.

For purposes of this analysis, we estimate that the 5,800 square feet of office space to be included in the new building will accommodate 26 employees¹⁵; and that the tenant (or tenants) occupying the 5,100 square feet of retail space to be included in the building will employ 18 (on a full-time-equivalent basis).

¹⁴ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

¹⁵ For purposes of this analysis the occupant of the new office space is assumed to be a real estate firm.

Based on the Sponsor’s estimate of ongoing operating costs, Appleseed estimates that 4 people will be employed (directly or by contractors) in ongoing management, operations and maintenance of the project.

Based on these assumptions, Appleseed projects (as shown below in Table 4), that when the project is completed and fully occupied (which is estimated to occur in 2018), it will directly and indirectly account for:

- 61 FTE jobs in Rhode Island;
- Approximately \$1.8 million in annual earnings (in 2018 dollars);
- Approximately \$6.9 million in annual statewide economic output; and
- An increase of approximately \$9.7 million in Rhode Island’s annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	48	\$1.2	\$5.7	\$7.8
Indirect Effect	13	0.6	1.2	1.9
Total Effect	61	\$1.8	\$6.9	\$9.7

In addition to the impacts cited in Table 4, ongoing operations at 45 Pike Street would directly and indirectly generate a projected increase of approximately \$109,000 in taxes paid annually to the State. These taxes would include approximately:

- \$70,000 in state personal income taxes paid by Rhode Island workers employed directly at 45 Pike Street, or whose jobs are indirectly attributable to tenant and building operations;
- \$30,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$9,000 in state business corporation taxes directly or indirectly attributable to building and tenant company operations.

Workers who fill office jobs at 45 Pike are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA). Retail and building maintenance workers are likely to be drawn primarily from Providence or from other nearby communities.

Impact

The state fiscal impact of the requested tax credits and exemptions is up to \$2,553,158 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$6.9 million, the estimated associated job creation, and the gross increase of nearly \$1.8 million in state personal income, sales and business corporation tax revenues during the construction phase and during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Through quick completion of one of the first projects to be undertaken by a private developer on land acquired from the I-195 Redevelopment District Commission.
- Through the addition of new residential units, retailing and office space in an area likely to play a key role in Rhode Island’s future economic growth.
- By increasing local real property tax revenues.
- By supporting public open space in the area through the I-195 Redevelopment District common area maintenance fund.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
Urban Smart Growth LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to Urban Smart Growth LLC (the “Sponsor”). The credits would be issued in connection with the Sponsor’s decision to invest in the redevelopment of a former mill building, part of the six-building Hope Artiste Village complex in Pawtucket. The project would result in the creation of 149 new market-rate residential units. The Sponsor estimates the total cost of the project to be nearly \$38.9 million.

The Sponsor is requesting a Rebuild Rhode Island Tax Credit of \$3,569,657, as well as an exemption from sales taxes on eligible construction materials and furnishings, valued by the sponsor at \$790,000.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years’ experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$38.9 million. After excluding certain costs that do not have a direct, current impact on Rhode Island’s economy (such as land and building acquisition and interest costs), Applesseed estimates that hard construction costs and soft costs will total approximately \$34.4 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Property	\$2.9
Building construction (hard cost)	\$29.4
Soft costs	\$6.6
Total	\$38.9

Applesseed estimates that direct spending of \$34.4 million will directly and indirectly generate:

- 276 person-years¹⁶ of work in Rhode Island;
- Nearly \$14.8 million in earnings;
- Approximately \$48.1 million in State-wide economic output¹⁷; and
- A one-time increase of nearly \$24.4 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

In addition to these impacts on employment, earnings, output and state GDP, direct spending of \$34.4 million would generate a projected one-time increase of approximately \$867,000 taxes paid to the State during construction, including:

- \$555,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$242,000 in state sales taxes paid on those workers’ taxable household spending;
- \$70,000 in state business corporation taxes.

¹⁶ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

¹⁷ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	166	\$9.8	\$16.0	\$34.4
Indirect Effect	110	\$5.0	\$8.4	\$13.7
Total Effect	276	\$14.8	\$24.4	\$48.1

Most of the activity reflected in Table 1 will occur during a seventeen-month construction period, expected to be completed by March 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ¹⁸
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Sponsor estimates that when the project is completed, 5 to 10 workers will be employed directly to manage and maintain the building’s residential units, and that the building’s stabilized-year operating and administrative expenses will total approximately \$746,000.

Based on these estimates, Applesseed projects (as shown below in Table 3), that when the project is completed and fully occupied (which is assumed to occur in 2018), it will directly and indirectly account for:

- 19 full-time equivalent jobs in Rhode Island;
- More than \$536,000 in annual earnings (in 2018 dollars);
- Approximately \$929,000 in annual statewide economic output; and
- An increase of \$608,000 in Rhode Island’s annual GDP.

In addition to the projected impact on employment, earnings, output and state GDP, ongoing operations would generate a projected gross increase of approximately \$31,000 in taxes paid annually to the State (in addition to the \$867,000 in state tax revenues cited above that would be generated by spending on construction), including:

- \$20,00 in state personal income taxes paid by Rhode Island workers employed in the operation and management of project, or whose jobs are indirectly attributable to the project;
- \$9,000 in state sales taxes paid on those workers’ taxable household spending;
- \$2,000 in state business corporation taxes.

¹⁸ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

Table 4: Direct¹⁹ and indirect impact of annual residential building and restaurant operations (employment in FTE; income, value-added and output in thousands of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	18	\$466	\$496	\$746
Indirect Effect	1	\$70	\$112	\$183
Total Effect	19	\$536	\$608	\$929

The workers employed directly in management and maintenance of the residential building will most likely be drawn from neighborhoods within the City of Pawtucket and from other nearby communities.

Impact

The state fiscal impact of the requested tax credits and state sales and use tax exemption is up to \$4,359,657 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$608,000, the associated job creation, and a gross increase of approximately \$1.244 million in personal income, sales and business corporation tax revenues directly and indirectly generated by the project during the construction phase and by ongoing operations during the twelve years following completion of the project.

In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways:

- Preserve and reuse a historic mill building;
- Build on and reinforce the success of earlier developments at Hope Artiste Village;
- Provide 149 units of housing in and attract new residents to an area undergoing revitalization, and
- Add to Pawtucket’s tax base.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e. the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

¹⁹ Direct employees in this table include those employed directly by the building management company and contract workers.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
City of Newport Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island Tax Credits to the City of Newport (the “Sponsor”). The credits would be issued in connection with Sponsor’s proposed investment in Innovate Newport, a project that entails redevelopment of a 33,974 square-foot former public school in Newport for use by entrepreneurs and other small businesses.

The Sponsor estimates the total cost of project to be nearly \$7.1 million.

The Sponsor is requesting Rebuild Rhode Island Tax Credits totaling \$1,915,311 net (\$2,128,123 gross). Because the Sponsor is a tax-exempt organization, the project is not eligible for an exemption from sales and use taxes.

This analysis was prepared by Appleaseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$7.1 million.

Table 1: Innovate Newport estimated total project cost (\$ millions)

Component	Estimated cost
Land and building acquisition	\$0.8
Construction (hard costs)	5.3
Soft costs	1.0
Total	\$7.1

After excluding the cost of property acquisition (an expenditure that does not have a direct, current impact on Rhode Island’s economy), spending on construction (both hard and soft costs) is estimated to total approximately \$6.3 million. Appleaseed estimates that direct expenditures of approximately \$6.3 million will directly and indirectly generate:

- 49 person-years²⁰ of work in Rhode Island, with \$2.8 million in earnings;
- Approximately \$7.8 million in statewide economic output²¹; and
- A one-time increase of \$4.1 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct, indirect and induced impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	37	\$2.2	\$3.1	\$6.1
Indirect Effect	12	\$0.6	\$1.0	\$1.7
Total Effect	49	\$2.8	\$4.1	\$7.8

²⁰ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

²¹ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$6.3 million would generate a projected one-time increase of approximately \$168,000 in taxes paid to the State during construction, including:

- \$107,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$47,000 in state sales taxes paid on those workers' taxable household spending;
- \$14,000 in state business corporation taxes

Most of the activity reflected in Table 2 will occur during 2017 and 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Because the project would be financed in part with funding from the U.S. Economic Development Administration, the project would be subject to the Davis-Bacon Act. Anticipated wage rates are Davis-Bacon prevailing wages for these occupations in Rhode Island (as cited by the Sponsor).

Table 3: Anticipated wages during construction

Occupation	Davis-Bacon hourly wage
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$34.56
Electrician	\$35.83
Plumber	\$36.88
Painter	\$31.52

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Sponsor estimates that through a combination of co-working space and offices the proposed facility will provide work space for 130 people. Based on information provided by the sponsor, we assume that co-working members and office tenants will represent a mix of scientific research and development, computer systems design, customized computer programming, and environmental and technical consulting services. Based on information provided by the sponsor, we further estimate that 2 workers will be employed in management, operations and maintenance of the facility.

Based on these assumptions, Appleseed estimates (as shown below in Table 4) that when the project is completed and fully occupied (which is assumed to occur in 2017, it will directly and indirectly account for:

- 184 full-time equivalent jobs in Rhode Island, with approximately \$12.2 million in annual earnings (in 2017 dollars);
- \$25.2 million in annual statewide economic output; and
- An increase of \$14.7 million in Rhode Island's annual GDP.

Table 4: Direct, indirect and impact of annual operations of Innovate Newport (employment in FTE; earnings, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	130	\$9.2	\$9.9	\$17.6
Indirect Effect	54	\$3.0	\$4.8	\$7.6
Total Effect	184	\$12.2	\$14.7	\$25.2

In addition to the impacts on employment, earnings, output and state GDP cited in Table 4, the ongoing operations of Innovate Newport would generate a projected gross increase of more than \$653,000 in taxes paid annually to the state (in addition to the \$168,000 in state tax revenues cited above that would be generated by spending on construction), including:

- \$455,000 in state personal income taxes paid by Rhode Island workers employed by tenant businesses or in building operations, or whose jobs are indirectly attributable to the project; and
- \$198,000 in state sales taxes paid on those workers' taxable household spending.

Tenant businesses could also generate corporate business tax revenues. However, given that many of the facility's tenants will be solo entrepreneurs or small start-ups, revenues from this source are likely to be minimal.

Workers employed by office-based businesses could be drawn from communities throughout the Providence-Warwick RI-MA NECTA, while co-working members may be more concentrated among residents of Newport and adjoining communities.

Impact

The state fiscal impact of the requested tax credits is up to \$1,915,311 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include an estimated increase in annual state GDP of \$14.7 million; the associated job creation; and a gross increase of \$8.0 million in personal income and sales tax revenues directly and indirectly generated by the project during the construction phase, and by ongoing operations during the twelve years following completion of the project.

In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Support the development of new science and technology-based companies in sectors that are likely to play a major role in the growth of Rhode Island's economy, including oceanography and ocean engineering, defense technology and information security
- Lead over time to additional job creation over time as companies started at Innovate Newport move out and expand.
- Reinforce the City of Newport's economic development efforts, including the planned Innovation Hub in the City's North End.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the credits will be issued only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the credit is capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the credit will be reduced accordingly.

Rhode Island Commerce Corporation

Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis

Virgin Pulse Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits and Qualified Jobs Incentive tax credits to Virgin Pulse, Inc. (“the Company”),²² The credits would be issued in connection with Virgin Pulse’s decision to relocate its 20 employees from Framingham, Massachusetts to leased space in an existing building at 75 Fountain Street in Providence in 2017, and to increase its employment at that site in stages to 292 in 2021.

The Company provides an on-line and mobile platform, tools and resources that employers and other organizations can use to encourage employees and members to engage in behaviors that support health and wellness.

The Company plans to invest \$10.8 million over five years in tenant improvements, fixtures, furniture and equipment, and is requesting:

- Rebuild Rhode Island tax credits of \$3,240,598;
- An exemption from the State’s sales and use tax on eligible costs associated with building out and equipping its leased space, valued by the Company at \$341,798; and
- Qualified Jobs Incentive tax credits of \$2,501,073.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Company’s estimate of its investment at its new location is \$10.8 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Tenant improvements	\$8.4
Fixtures, furniture, office equipment	\$1.7
Information technology	\$0.7
Total	\$10.8

Appleseed estimates that from 2017 through 2021, direct expenditures of \$10.8 million will directly and indirectly generate:

- 62 person-years²³ of work in Rhode Island;
- \$3.8 million in earnings;
- \$11.1 million in statewide economic output²⁴; and
- A temporary increase of more than \$5.8 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

²² As of December 31, 2016 Virgin Pulse Inc. and ShapeUp Inc. will merge and will thereafter operate solely as Virgin Pulse Inc.

²³ A person-year is equivalent to the time worked by one person who is employed full-time for a year. In this case, 62 person-years of work would represent an average of 12.2 full-time-equivalent jobs each year for five years.

²⁴ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	47	\$3.0	\$4.4	\$8.8
Indirect Effect	15	0.8	1.4	2.3
Total Effect	62	\$3.8	\$5.8	\$11.1

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$10.8 million would generate a projected one-time increase of approximately \$216,000 in taxes paid to the state during construction, including:

- \$143,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$55,000 in state sales taxes paid on those workers' taxable household spending;
- \$18,000 in state business corporation taxes.

Most of the activity reflected in Table 2 is expected to occur between 2017 and 2021. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ²⁵
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

As shown below in Table 4, the number of workers the Company will employ in Providence is expected to rise from 57 relocated and new positions in 2017 to 292 in 2021.²⁶

Table 4: Growth of Virgin Pulse employment in RI, 2017-2021

Year	Number employed
2017	57
2018	100
2019	152
2020	215
2021	292

²⁵ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

²⁶ In addition to these 292 relocated and new jobs, employment at Virgin Pulse will include 63 positions now held by people who are already employed in Rhode Island by ShapeUp Inc, which is being acquired by Virgin Pulse. The number of people employed at Virgin Pulse in 2021 would thus total 355. However, because these already-existing jobs do not represent a net addition to the state's economy, they are not included in our analysis.

Based on these estimates, Appleseed projects (as shown below in Table 5) that in 2021 the Company will directly and indirectly account for:

- 628 FTE jobs in Rhode Island;
- Approximately \$46.2 million in annual earnings (in 2021 dollars);
- Approximately \$150.5 million in annual statewide economic output; and
- An increase of approximately \$58.9 million in Rhode Island’s annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2021 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	292	\$23.3	\$25.2	\$94.7
Indirect Effect	336	22.9	33.7	55.8
Total Effect	628	\$46.2	\$58.9	\$150.5

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations would generate a projected increase of approximately \$2.7 million in taxes paid to the state in 2021, including:

- \$1.733 million in state personal income taxes paid by workers employed at Virgin Pulse, or whose jobs are indirectly attributable to the company’s operations and in Rhode Island;
- \$756,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$219,000 in state business corporation taxes.

Workers employed by the Company are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers its full-time employees a comprehensive benefits Package, including a choice between two health plans, dental and vision coverage, health savings accounts, dependent care flexible spending accounts, a 401(k) retirement plan with a company match, paid vacation and holidays and employee discounts.

Hiring

Virgin Pulse posts all available positions on its own website and on other sites such as LinkedIn and Indeed.com. Current employees may also refer candidates and are eligible to receive a bonus if their candidates are hired.

After a review of all resumes received, applicants are selected for preliminary telephone interviews with the hiring manager. Those whom the hiring manager selects for further consideration will then be scheduled for a second interview. After the second interview, background checks are conducted on all applicants who have been selected for hiring, and offers are extended to the selected candidates.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is up to \$6,083,469 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP (in 2021) of \$58.9 million, the estimated associated job creation, and the gross increase of approximately \$10.5 million in personal income, sales and business corporation tax revenues during the construction phase and ongoing operations during the six years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways:

- Contribute to the ongoing revitalization of downtown Providence;
- Support the development of retail and restaurant space at 75 Fountain Street and at other nearby locations;
- Reinforce the state’s attractiveness as a location for fast-growing digital media companies;
- Increase local real property tax revenues.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that Rebuild Rhode Island tax credits will be payable only upon completion of the first and second phases of construction. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly. Moreover, if the final value of the requested sales and use tax exemption exceeds the estimate cited on p.1, the increased value of that exemption would be offset by a reduction in the value of the approved Rebuild Rhode Island tax credits.

Similarly, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
Waldorf Capital Management LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to Waldorf Capital Management LLC (the “Sponsor”). The credits would be issued in connection with the Sponsor’s decision to invest in the development of Chestnut Commons, a residential project to be located on Parcel 30 of the I-195 Redevelopment District in Providence. The project will include:

- 91 residential units in a newly-constructed seven-story building;
- 5,300 square feet of street-level retail and restaurant space;
- 55 covered parking spaces; and
- 5,000 square feet of public open space.

The total cost of the proposed project is estimated to be approximately \$32.8 million. The Sponsor is requesting a Rebuild Rhode Island tax credit of \$2,677,820 (net) and a sales and use tax exemption on eligible construction costs valued at \$572,000.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$32.8 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Land and building acquisition	\$1.5
Building construction (hard cost)	\$27.0
Soft costs	\$4.3
Total	\$32.8

After excluding certain costs that for purposes of this analysis do not have a direct, current impact on Rhode Island’s economy (such as land acquisition, interest costs and operating reserves), the remaining hard and soft costs total \$30.4 million. Appleseed estimates that direct expenditures of \$30.4 million will directly and indirectly generate:

- 250 person-years²⁷ of work in Rhode Island;
- \$13.5 million in earnings;
- Approximately \$42.5 million in statewide economic output²⁸; and
- A one-time increase of approximately \$21.1 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

²⁷ A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

²⁸ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	150	\$9.0	\$13.6	\$30.3
Indirect Effect	100	4.5	7.5	12.3
Total Effect	250	\$13.5	\$21.1	\$42.6

In addition to the impacts cited in Table 2, direct expenditures of \$30.4 million would directly and indirectly generate a projected one-time increase of approximately \$792,000 in taxes paid to the State during construction. These taxes would include approximately:

- \$507,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$221,000 in state sales taxes paid on those workers' taxable household spending; and
- \$64,000 in state business corporation taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 2 is expected to occur between the spring of 2017 and the fall of 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ²⁹
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

After construction is completed, ongoing operations at Chestnut Commons will include:

- The operations of tenant businesses occupying the proposed 5,300 square feet of street-level commercial space – retail tenants that the Sponsor expects to employ 20 people (on a full-time-equivalent basis) and a fitness center employing 2 FTE's; and
- Management and maintenance of the new building.

Based on these assumptions, Appleseed projects (as shown below in Table 4), that when the project is completed and fully occupied (which for purposes of this analysis is assumed to occur in 2019), it will directly and indirectly account for:

- 31 FTE jobs in Rhode Island;
- Approximately \$1.23 million in annual earnings (in 2019 dollars);
- Approximately \$2.86 million in annual statewide economic output; and
- An increase of approximately \$1.85 million in Rhode Island's annual GDP.

²⁹ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	27	\$0.99	\$1.39	\$2.11
Indirect Effect	4	0.24	0.46	0.75
Total Effect	31	\$1.23	\$1.85	\$2.86

In addition to the impacts cited in Table 4, ongoing operations at Chestnut Commons would directly and indirectly generate a projected increase of approximately \$72,000 in taxes paid annually to the State. These taxes would include approximately:

- \$46,000 in state personal income taxes paid by Rhode Island workers employed directly at Chestnut Commons, or whose jobs are indirectly attributable to tenant and building operations;
- \$20,000 in state sales taxes paid on those workers' taxable household spending; and
- \$6,000 in state business corporation taxes directly or indirectly attributable to building and tenant company operations.

Workers who fill retail, fitness and building services jobs at Chestnut Commons are expected to be drawn primarily from Providence or from other nearby communities.

Impact

The state fiscal impact of the requested tax credits and sales and use tax exemptions is up to \$3,249,820 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$1.85 million, the estimated associated job creation, and the gross increase of nearly \$1.66 million in state personal income, sales and business corporation tax revenues during the construction phase and during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Increase the supply of housing in the I-195 Redevelopment District
- Expand retail and restaurant options in the District
- Create new, green open space in the District
- Increase local real property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credit Fund Loan – Economic Impact Analysis
Cornish Associates LP Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue a Rebuild Rhode Island Tax Credit Fund Loan to Cornish Associates LP (the “Sponsor”). The loan would be issued in connection with the Company’s proposed investment in its Downcity Redevelopment, a mixed-use project located in downtown Providence. The project includes the conversion of three existing historic buildings into 65 units of multifamily housing and approximately 25,800 square feet of office, retail and entertainment space. (Phase 2, to be undertaken at a later date and not included in this analysis, would include construction of a 6-story building with 93 residential units with ground floor commercial space; and a parking structure).

The Sponsor estimates the total cost of project (excluding Phase 2) to be \$29.5 million.

The Sponsor is requesting a Rebuild Rhode Island Tax Credit Fund Loan for the project totaling \$7,320,506 as well as an exemption from sales and use taxes on construction materials and furnishings valued at \$500,081.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$29.5 million.

Table 1: Downcity II estimated total project cost (\$ millions)

Component	Estimated cost
Land and building acquisition	\$5.7
Construction (hard costs)	16.8
Soft costs	7.0
Total	\$29.5

After excluding certain expenditures that do not have a direct, current impact on Rhode Island’s economy (such as property acquisition costs and interest expenses), spending on construction (both hard and soft costs) is estimated to total approximately \$22.4 million. Appleseed estimates that direct expenditures of approximately \$22.4 million will directly and indirectly generate:

- 180 person-years³⁰ of work in Rhode Island, with \$10.2 million in earnings;
- Approximately \$30.9 million in statewide economic output³¹; and
- A one-time increase of \$15.8 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct, indirect and induced impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	112	\$7.0	\$10.5	\$22.3

³⁰ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

³¹ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Indirect Effect	68	\$3.2	\$5.3	\$8.6
Total Effect	180	\$10.2	\$15.8	\$30.9

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$22.4 million would generate a projected one-time increase of approximately \$599,000 in taxes paid to the State during construction, including:

- \$383,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$167,000 in state sales taxes paid on those workers' taxable household spending;
- \$49,000 in state business corporation taxes

Most of the activity reflected in Table 2 will occur during 2017 and 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ³²
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

Based on square-feet-per worker ratios typical of office-based industries, retailing, restaurants and entertainment venues, we estimate that after the project is completed, businesses occupying the proposed commercial space at Downcity II would employ approximately 104 people (on a full-time-equivalent basis).³³ We further estimate that 4 people will be employed in management and maintenance of the proposed residential units.

As shown below in Table 4, Applesseed estimates that when the project is completed and fully occupied (which is assumed to occur in 2019, it will directly and indirectly account for:

- 142 full-time equivalent jobs in Rhode Island, with approximately \$7.1 million in annual earnings (in 2018 dollars);
- \$18.3 million in annual statewide economic output; and
- An increase of \$10.8 million in Rhode Island's annual GDP.

Table 4: Direct, indirect and impact of annual operations of Downcity II (employment in FTE; earnings, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	108	\$4.7	\$7.4	\$12.6
Indirect Effect	34	\$2.4	\$3.4	\$5.7
Total Effect	142	\$7.1	\$10.8	\$18.3

³² Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

³³ We assume for purposes of this analysis that in addition to the headquarters of Betaspring and the Founders' League, office space at Downcity II will be occupied by a range of businesses that reflect the continued growth of the State's "knowledge economy," including information technology and professional service firms.

In addition to the impacts on employment, earnings, output and state GDP cited in Table 4, ongoing operations would generate a projected gross increase of more than \$416,000 in taxes paid annually to the State (in addition to the \$599,000 in state tax revenues cited above that would be generated by spending on construction), including:

- \$266,000 in state personal income taxes paid by Rhode Island workers employed by tenant businesses or in building operations, or whose jobs are indirectly attributable to the project;
- \$116,000 in state sales taxes paid on those workers' taxable household spending;
- \$34,000 in state business corporation taxes

While detailed information on wages that will be paid to those working in Downcity II's commercial spaces is not yet available, we can use the results of our analysis cited above to estimate these workers' earnings. We estimate those directly employed by Downcity II tenant businesses will earn an average of \$49,900 per FTE job.

Fringe benefits associated with these jobs will vary substantially across, office, retail, restaurant and entertainment businesses, and building operations and management.

Workers employed by office-based businesses could be drawn from communities throughout the Providence-Warwick RI-MA NECTA, while those employed at the planned music venue, in retail and restaurants and building maintenance would mostly be drawn from neighborhoods within Providence and other nearby communities.

Impact

The state fiscal impact of the requested loan and sales tax exemption is up to \$7,820,587 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include an estimated increase in annual state GDP of \$10.8 million; the associated job creation; and a gross increase of nearly \$5.592 million in personal income, sales and business corporation tax revenues directly and indirectly generated by the project during the construction phase, and by ongoing operations during the twelve years following completion of the project.

In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Rehabilitate and activate three vacant buildings in downtown Providence;
- Provide 65 housing units and amenities (an entertainment venue and a park) that will support the continued growth of the Downcity area's resident population;
- Provide office space that will support the continued growth of Rhode Island's innovation economy; and
- Add to the City's tax base.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. While the state bears the risk of non-repayment of the requested loan, various features of the program mitigate other risks to the state. In particular, the completion risk (i.e. the risk that the project is not completed) is mitigated by the fact that the loan will be issued only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the loan is capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the loan will be reduced accordingly.

Rhode Island Commerce Corporation

Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis

Agoda Travel Operations USA, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Agoda Travel Operations USA Inc. (“the Company”), the U.S. arm of Agoda.com, an Asian-based worldwide hotel reservations website and a brand of The Priceline Group, the world’s largest online travel company. The Company’s U.S. operations are currently based in Delaware. The requested credits would be issued in connection with the Company’s decision to establish a new, 25,000 square-foot facility for its Customer Experience Group in leased space at 500 Exchange Street in Providence.

The Company is planning to invest approximately \$5.1 million to fit out and equip its new facility. The Company would begin hiring in Rhode Island in 2017 with its Rhode Island headcount reaching 200 new full-time employees by 2018. The Company is requesting:

- Rebuild Rhode Island Tax credits valued at \$1,018,374; and
- Qualified Jobs Incentive tax credits with an estimated value of \$3,039,394 over ten years.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Facility investments

As noted above, the Company estimates that it will spend approximately \$5.1 million in 2017 on leasehold improvements, fixtures and furnishings, and purchase and installation of IT equipment. A breakdown of this expenditure is shown below in Table 1.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Tenant improvements – hard costs	\$2.9
Tenant improvements – soft costs	\$0.4
Furniture and fixtures	\$1.0
IT equipment	\$0.7
Total	\$5.1

For purposes of this analysis we assume that most of the spending summarized above would occur in Rhode Island; IT equipment, however, would be procured from out-of-state sources. Based on these assumptions we estimate that in-state spending on the Company’s new facility would total \$4.5 million.

We estimate that direct spending of \$4.5 million will directly and indirectly support:

- 32 person-years³⁴ of work in Rhode Island;
- \$2.0 million in earnings;
- \$5.2 million in statewide economic output³⁵; and
- A one-time increase of \$2.8 million in Rhode Island’s GDP.

³⁴ A person-year is equivalent to the time worked by one person who is employed full-time for a year. In this case, 22 person-years of direct employment could for example represent 22 workers employed full-time for one year, or 44 employed full-time for six months.

³⁵ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

These impacts are summarized below in Table 2. The project's *direct impact* is the impact of the company's direct spending on renovation and fit-out. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct and indirect impact of renovation and fit-out (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	24	\$1.5	\$2.1	\$4.0
Indirect Effect	8	\$0.5	0.7	\$1.2
Total Effect	32	\$2.0	\$2.8	\$5.2

Most of the activity reflected in Table 2 is expected to occur in 2017. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ³⁶
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$4.5 million would generate a projected one-time increase of approximately \$115,000 in taxes paid to the state during construction and fit-out, including:

- \$74,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$32,000 in state sales taxes paid on those workers' taxable household spending;
- \$9,000 in state business corporation taxes.

Annual operations

The Company plans to begin hiring at its new facility in 2017, increasing its headcount to 200 by 2018. Table 4 summarizes the estimated annual impact of the Company's operations in Providence when it reaches its target of 200 employees.

Based on data provided by the Company, Appleseed estimates that ongoing operations associated with the 200 full-time jobs the Company is expects to have created in Providence in 2018 will directly and indirectly support:

- 311 full-time-equivalent (FTE) jobs in Rhode Island;
- \$14.6 million in annual earnings (in 2017 dollars);
- \$46.7 million in statewide economic output³⁷; and
- An increase of \$19.5 million in Rhode Island's annual GDP.

³⁶ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

³⁷ Output is a measure of the total sales by Rhode Island companies (including the "sale" of labor by Rhode Island households) generated by the Center's operations.

These impacts are summarized below in Table 4.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	200	\$8.3	\$9.1	\$29.2
Indirect Effect	111	6.3	10.4	17.5
Total Effect	311	\$14.6	\$19.5	\$46.7

In addition to the impacts on employment, earnings, output and state GDP cited above, in 2018 the Company’s operations in Providence would generate a projected increase of approximately \$856,000 in annual state tax revenues, including:

- \$548,000 in state personal income taxes paid by workers employed by the Company at its new location, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s operations at that site;
- \$239,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$69,000 in state business corporation taxes.

Workers employed by the Company in Providence are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers a package of benefits that include health, dental and vision care insurance, a retirement plan, pre-tax flex spending accounts and transportation benefits, and paid vacation, sick leave and family leave.

Hiring

The Company is using several approaches to recruiting employees for its new Providence location, including:

- Posting available positions on job sites such as jobrapido.com, Glassdoor, Indeed.com and Zip Recruiter
- Social media blasts via Facebook, Twitter and LinkedIn
- Career fairs at the University of Rhode Island and elsewhere
- Collaboration with Brown University, Johnson & Wales University, Rhode Island College, Providence College, Community College of Rhode Island and Salve Regina University
- Employee referrals

Impact

The state fiscal impact of the requested tax credits is up to \$4.1 million in foregone state tax revenues. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$19.5 million by 2018, the estimated associated job creation, and the gross increase of approximately \$10.4 million in personal income, sales and business corporation tax revenues during renovation and during the twelve-year commitment period beginning in 2018. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in other ways:

- Strengthen the state’s reputation as an attractive location for customer service operations, and for internet-based businesses more broadly
- Help diversify the state’s economy

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. Completion risk is mitigated by the fact that Rebuild Rhode Island tax credits will be issued only after construction is completed. The risk of project cost overruns is mitigated by the fact that tax credits and the value of the requested sales tax exemption are capped at the amounts set forth above. In addition, if project costs come in lower than anticipated, the value of the sales and use tax exemption could be reduced.

Moreover, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
SAT Development LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to SAT Development LLC (the “Sponsor”), an entity owned by James Roiter. The credits would be issued in connection with the Sponsor’s decision to invest in the second phase of redevelopment the former Belvedere Hotel in Bristol. The project would include the development of 24 residential units and 2,783 rentable square feet of restaurant and retail space, and a 2,000 square-foot seasonal roof deck restaurant. The total cost of the proposed project is estimated to be more than \$9.4 million.

The Sponsor is requesting:

- A Rebuild Rhode Island tax credit with a gross value of \$995,000 gross (\$895,500 net);
- A sales and use tax exemption (approximately \$166,270) on eligible and construction and build-out costs;
- \$600,000 in tax increment financing.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is more than \$9.4 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Property cost	\$1.4
Construction (hard cost)	\$6.8
Soft costs	\$1.2
Total	\$9.4

After excluding certain costs that for purposes of this analysis do not have a direct, current impact on Rhode Island’s economy (such as site acquisition, interest payments and a deferred developer’s fee), the remaining hard and soft costs total \$7.6 million. Using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact studies), Appleseed estimates that direct expenditures of \$7.6 million will directly and indirectly generate:

- 64 person-years³⁸ of work in Rhode Island;
- \$3.6 million in earnings;
- Approximately \$10.7 million in statewide economic output³⁹; and
- A one-time increase of nearly \$5.3 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

³⁸ A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

³⁹ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	39	\$2.4	\$3.4	\$7.6
Indirect Effect	25	1.2	1.9	3.1
Total Effect	64	\$3.6	\$5.3	\$10.7

In addition to the impacts cited in Table 2, direct expenditures of \$7.6 million would directly and indirectly generate a projected one-time increase of approximately \$208,000 in taxes paid to the State during construction. These taxes would include approximately:

- \$133,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$58,000 in state sales taxes paid on those workers' taxable household spending; and
- \$17,000 in state business corporation taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 2 is expected to occur between the spring of 2017 and the spring of 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁴⁰
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Sponsor has stated that after the project is completed (expected to occur in 2018) most of the 2,783 square feet of rentable ground floor retail space will be occupied by a Providence Coal Fired Pizza restaurant with 17 full-time and 15 part-time employees. A smaller ground-floor space will be occupied by a small local retailer yet to be identified, with approximately 2 to 3 employees. The Sponsor also estimates that another 1.5 FTE's will be directly employed in management and operation of the building, with additional FTE jobs being supported through the purchase of other services such as building maintenance and repair, utilities, and insurance.

Using IMPLAN, Appleseed estimates that the commercial tenants and building management, operations and maintenance at the Belvedere at Bristol will directly and indirectly account for:

- 31 FTE jobs in Rhode Island;
- Approximately \$900,000 in annual earnings (in 2018 dollars);
- Approximately \$2.0 million in annual statewide economic output; and
- An increase of approximately \$1.2 million in Rhode Island's annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2018 dollars)

Employment	Earnings	Value added	Output
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⁴⁰ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

Direct Effect	28	\$0.7	\$0.9	\$1.5
Indirect Effect	3	0.2	0.3	0.5
Total Effect	31	\$0.9	\$1.2	\$2.0

Workers who fill new restaurant, retail and building operations jobs are expected to be drawn primarily from Bristol and from other nearby communities.

In addition to the impacts cited in Table 4, ongoing operations at the Belvedere at Bristol would directly and indirectly generate a projected increase of approximately \$51,000 in taxes paid annually to the State. These taxes would include approximately:

- \$33,000 in state personal income taxes paid by Rhode Island workers employed directly at the Belvedere at Bristol, or whose jobs are indirectly attributable to tenant and building operations;
- \$14,000 in state sales taxes paid on those workers' taxable household spending; and
- \$4,000 in state business corporation taxes directly or indirectly attributable to building and tenant company operations.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is up to \$1,061,770 in foregone state revenues, and \$600,000 in tax increment financing. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase of \$1.2 million in annual state GDP, the estimated associated job creation, and a gross increase of approximately \$820,000 in personal income, sales and business corporation tax revenues during the construction phase and during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Increase density in the Town's residential core
- Provide four units of moderately-priced "workforce" housing
- Strengthen the area's retail sector, both through the development of new first-floor restaurant and retail space and by adding 30 to 40 new residents to the neighborhood
- Substantially increase local real property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits and sales and use tax exemption are capped at the amounts set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
Case Mead Associates LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits or a loan to Case Mead Associates LLC (the “Sponsor”). It is managed by Joseph R. Paolino, Jr., the Managing Partner of Paolino Properties. The credits or the loan would be issued in connection with the Sponsor’s decision to invest in the redevelopment of the Case Mead Building, located at 68-76 Dorrance Street in Providence. The project will consist of the rehabilitation of the building exterior, the development of 44 residential micro lofts, and the construction of a second means of egress. The total cost of the proposed project is estimated to be approximately \$11 million.

The Sponsor is requesting Rebuild Rhode Island Tax Credits of \$248,330 or, in the event that the construction lender reduces the project’s construction loan, the Sponsor is requesting a loan of up to \$1.6 million. The Sponsor is also seeking a sales and use tax exemption for its eligible construction and build-out costs with an estimated value of \$225,000.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$11 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Land	\$1.6
Construction	\$7.3
Soft costs	\$1.5
Fixtures, furniture and equipment	\$0.6
Total	\$11.0

After excluding certain costs that do not have a direct, current impact on Rhode Island’s economy (such as land acquisition), Applesseed estimates that the remaining hard and soft costs total \$9.5 million. Applesseed estimates that direct expenditures of \$9.5 million will directly and indirectly generate:

- 74 person-years⁴¹ of work in Rhode Island;
- More than \$4.0 million in earnings;
- More than \$12.5 million in statewide economic output⁴²; and
- A one-time increase of nearly \$6.5 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (e.g. insurance, construction materials, etc) purchased from other Rhode Island businesses.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	46	\$2.7	\$4.3	\$9.0
Indirect Effect	28	\$1.3	\$2.2	\$3.5
Total Effect	74	\$4.0	\$6.5	\$12.5

⁴¹ A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁴² Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$9.5 million would generate a projected one-time increase of approximately \$235,000 in taxes paid to the State during construction, including:

- \$150,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$66,000 in state sales taxes paid on those workers' taxable household spending;
- \$19,000 in state business corporation taxes

Most of the activity reflected in Table 2 will occur during a nineteen-month construction period (estimated to be 2017-2018). The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁴³
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Sponsor estimates that when the project is completed, two workers will be employed to manage and maintain the building, each with annual earnings of \$45,000. Upon stabilization, other operating costs are estimated at \$243,399. Based on these estimates, Applesseed projects (as shown below in Table 4), that when the project is completed and fully occupied (which is estimated to occur in 2018), it will directly and indirectly account for:

- 4 full-time equivalent jobs in Rhode Island, with approximately \$168,000 in annual earnings (in 2019 dollars);
- Approximately \$443,000 in annual statewide economic output;
- An increase of \$258,000 in Rhode Island's annual GDP.

Table 4: Direct and indirect impact of annual operations (employment in FTE; income, value-added and output in thousands of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	3 ⁴⁴	\$132	\$196	\$334
Indirect Effect	1	\$36	\$62	\$109
Total Effect	4	\$168	\$258	\$443

In addition to the impacts on employment, earnings, output and state GDP cited above, ongoing operations of the completed project would generate approximately \$9,900 in taxes paid annually to the State, including:

- \$6,300 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$2,800 in state sales taxes paid on those workers' taxable household spending;
- \$800 in state business corporation taxes

⁴³ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

⁴⁴ Direct employment includes both the two workers cited above and 1 FTE with contract service providers

Workers employed directly in management and maintenance of the building will most likely be drawn from neighborhoods within the City of Providence or from other nearby communities.

Impact

The state fiscal impacts of the requested tax credits and the sales and use tax exemption is up to \$448,497 in state tax credits and foregone state revenue. Alternatively, if the loan option is exercised, the state fiscal impacts of the requested loan and the sales and use tax exemption is up to \$1,813,798 in state loans and foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated annual state GDP increase of \$258,000, the estimated associated job creation, and the gross increase of approximately \$354,000 in state personal income, sales and business corporation tax revenues during the construction phase and ongoing operations during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Provide 44 units of housing that will support the continued growth of the downtown area's resident population;
- Increase the variety of housing options that are available in the area; and
- Add to City's tax base.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e. the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
SSL Partner, LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to SSL Partner, LLC (the “Sponsor”), a subsidiary of Wexford Science + Technology. The credits would be issued in connection with the Sponsor’s decision to invest in the development of an approximately 191,000 square-foot office building/innovation center which will include office, research and education space as well as an approximately 9,300 square-foot District Hall and Café, a meeting and event space that would be open to the public. The project is part of the first phase of a proposed three-phase, mixed-use development on Parcels 22 and 25 in the I-195 Redevelopment District in Providence. A second element of Phase One – an approximately 164-room Aloft Hotel with ground floor retail – is not included in the Sponsor’s application for Rebuild Rhode Island tax credits and thus the economic impacts associated with the future hotel are not considered in this analysis.

The Sponsor estimates that total project cost for the project will be approximately \$104.7 million, which includes base building costs, tenant improvements, and operating incentives for an anchor tenant, the Cambridge Innovation Center.

The Sponsor is requesting:

- A Rebuild Rhode Island tax credit of \$15,000,000 which is anticipated to be redeemed for a value of \$13,500,000; and
- A sales and use tax exemption (valued at \$1,597,036) requested by the Sponsor on eligible office building construction and build-out costs.

Other incentives already approved include:

- Base building and tenant improvement and inducement subsidies for the office building and District Hall totaling \$18,500,000, to be paid from the I-195 Fund;
- A contribution of land from the I-195 Redevelopment District Commission.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$104.7 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Land acquisition	\$3.9
Building construction (hard cost)	\$54.1
Tenant improvements	\$25.2
Soft costs	\$18.4
Developer’s fee	\$3.1
Total	\$104.7

After excluding certain costs that for purposes of this analysis do not have a direct, current impact on Rhode Island’s economy (such as property acquisition and interest costs), the remaining hard and soft costs total \$91.3 million. Appleseed estimates that direct expenditures of \$91.3 million will directly and indirectly generate:

- 679 person-years⁴⁵ of work in Rhode Island;
- \$40.7 million in earnings;

⁴⁵ A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

- \$116.0 million in statewide economic output⁴⁶; and
- A one-time increase of \$62.0 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (e.g., insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	515	\$31.5	\$47.1	\$91.3
Indirect Effect	164	9.2	14.9	24.7
Total Effect	679	\$40.7	\$62.0	\$116.0

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$91.3 million would generate a projected one-time increase of \$2.384 million in taxes paid to the state during construction, including:

- \$1.525 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$666,000 in state sales taxes paid on those workers’ taxable household spending;
- \$193,000 in state business corporation taxes

Most of the activity reflected in Table 2 is expected to occur between mid to late-2017 and mid to late-2019. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁴⁷
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

After construction is completed, ongoing operations at the Innovation Center will include:

- The operations of office tenant businesses, including shared office and co-working space to be leased and managed by Cambridge Innovation Center
- District Hall, a public meeting space and café, also managed by Cambridge Innovation Center
- Brown University’s School of Professional Studies

⁴⁶ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

⁴⁷ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

As shown in Table 4, we estimate based on information provided by the Sponsor that when the project is completed and fully occupied, 814 people will be directly employed at the new office building/innovation center.

Table 4: Current estimates of employment by business type, 2019

Business type	Jobs
Office tenants and shared space users ⁴⁸	706
Brown University	100
Food service	8
Total	814

Because approximately 90 of the estimated 100 employees of the Brown University School of Professional Studies who will be moving into the new building in 2020 represent already-existing Rhode Island jobs, we have included only 10 of the 100 Brown jobs in our analysis of the proposed development’s economic impact. Similarly, for purposes of this analysis, one-third of the 260 positions associated with shared office space users were assumed to be already-existing Rhode Island jobs. These 87 jobs are also excluded from our analysis, leaving a total of 637 new jobs in Rhode Island directly associated with Wexford’s proposed office building/innovation center.

Based on these job estimates, Appleseed projects (as shown below in Table 4), that when the project is completed and fully occupied, it will directly and indirectly account for:

- 1,106 FTE jobs in Rhode Island;
- Approximately \$81.9 million in annual earnings (in 2020 dollars);
- Approximately \$232.4 million in annual statewide economic output; and
- An increase of approximately \$121.1 million in Rhode Island’s annual GDP.

Table 5: Direct and indirect annual impact of ongoing operations from net new jobs in Rhode Island (employment in FTE; income, value-added and output in millions of 2020 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	637	\$50.0	\$73.0	\$153.4
Indirect Effect	469	31.9	48.1	79.0
Total Effect	1,106	\$81.9	\$121.1	\$232.4

In addition to the impacts on employment, earnings, output and state GDP cited above, office, research, educational and food service tenant operations would generate a projected increase of nearly \$4.81 million in taxes paid annually to the state, including:

- \$3.07 million in state personal income taxes paid by Rhode Island workers employed by office building tenants, or whose jobs are indirectly attributable to office tenant operations;
- \$1.34 in state sales taxes paid on those workers’ taxable household spending; and
- \$389,000 in state business corporation taxes.

Workers who fill jobs with office, research and university tenants are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Impact

The state fiscal impact of the requested Rebuild Rhode Island tax credits is up to \$15,000,000 in foregone state revenue; an additional \$1,597,036 in foregone state revenue resulting from the request for exemption of certain eligible construction and fit-out costs from the state sales tax.

Direct and indirect economic and fiscal benefits of the proposed project include the estimated annual state GDP increase of \$121.1 million, the estimated associated job creation, and the gross increase of more than \$60.1 million in personal income, sales and business corporation tax revenues during the

⁴⁸ For purposes of this analysis we have assumed that office tenants will include a mix of research and development, information technology, digital media, professional and technical services and investment firms.

construction phase and ongoing operations during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Contribute to the ongoing development of the Providence Innovation District
- Set the stage for completion of the second and third phases of Wexford's proposed development
- Help attract additional private investment in the I-195 Redevelopment District
- Enhance opportunities for commercialization of new technologies initially developed at Rhode Island's universities
- Provide growth space for Rhode Island-based technology start-ups
- Help attract and retain highly skilled young workers and entrepreneurs
- Provide amenities and resources – including shared office space, meeting and event space and educational programs that will benefit businesses in and residents of the wider community

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above; and any increase in the value of the requested sales and use tax exemption would be offset by a corresponding reduction in the value of the Rebuild Rhode Island tax credits. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly. The future hotel development may also be eligible for an incentive through Tax Increment Financing (TIF), and any net TIF incentive will offset the Rebuild Rhode Island tax credits on a dollar-for-dollar basis.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credit – Economic Impact Analysis
Wexford Science & Technology LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island Tax Credits to Wexford Science & Technology LLC (the “Sponsor”). The credits would be issued in connection with Sponsor’s proposed investment in the development of River House, a 174-unit (270-bed), approximately 152,800 gross square-foot residential building located on the Providence River in Providence, just north of the Point Street Bridge. The building – which will also include 4,194 square feet of ground-floor retail space – will primarily serve graduate, medical and undergraduate students from Brown University and other nearby institutions.

River House is the third and final element of a larger project that also includes South Street Landing (the redevelopment of a 265,000 square-foot power station) and construction of a new 744-car parking garage.

The Sponsor estimates the total cost of River House to be \$61.9 million. The Sponsor is requesting a Rebuild Rhode Island Tax Credit of \$7,519,419 (net), along with an exemption from state sales and use taxes on construction materials and certain other eligible costs totaling \$700,000.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$61.9 million.

Table 1: River House estimated total project cost (\$ millions)

Component	Estimated cost
Land acquisition	\$2.5
Construction (hard costs)	50.8
Soft costs	8.6
Total	\$61.9

After excluding certain expenditures (such as property acquisition and interest payments) that do not have a direct, current impact on Rhode Island’s economy, direct spending on construction (both hard and soft costs) is estimated to total approximately \$56.6 million. Appleseed estimates that direct expenditures of approximately \$56.6 million will directly and indirectly generate:

- 464 person-years⁴⁹ of work in Rhode Island, with \$25.0 million in earnings (in 2017 dollars);
- Approximately \$78.3 million in statewide economic output⁵⁰; and
- A one-time increase of \$38.9 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct, indirect and induced impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	280	\$16.7	\$25.1	\$55.7
Indirect Effect	184	\$8.3	\$13.8	\$22.6
Total Effect	464	\$25.0	\$38.9	\$78.3

⁴⁹ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁵⁰ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$56.6 million would generate a projected one-time increase of approximately \$1.465 million in taxes paid to the State during construction, including:

- \$938,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$409,000 in state sales taxes paid on those workers' taxable household spending;
- \$118,000 in state business corporation taxes

Most of the activity reflected in Table 2 will occur during 2017 and 2018. The anticipated wage rates for construction jobs are shown below in Table 3.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁵¹
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

After construction is completed, ongoing operations at River House will include:

- The operations of a tenant business (or businesses) occupying the proposed 4,194 square feet of street-level commercial space; and
- Management, operations and maintenance of the new building.

Appleseed estimates that when fully operational first-floor retail tenants will directly employ 14 people (on a full-time-equivalent basis); and that 13 additional FTE's will be employed (either directly or through contractors and vendors) in building management, operations and maintenance.

Appleseed projects (as shown below in Table 4), that when the project is completed and fully occupied (which for purposes of this analysis is assumed to occur in 2018), it will directly and indirectly account for:

- 31 FTE jobs in Rhode Island;
- Approximately \$1.19 million in annual earnings (in 2018 dollars);
- Approximately \$2.82 million in annual statewide economic output; and
- An increase of approximately \$1.80 million in Rhode Island's annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	27	\$0.97	\$1.38	\$2.12
Indirect Effect	4	0.22	0.42	0.70
Total Effect	31	\$1.19	\$1.80	\$2.82

⁵¹ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

In addition to the impacts cited in Table 4, ongoing operations at River House would directly and indirectly generate a projected increase of approximately \$70,000 in taxes paid annually to the State. These taxes would include approximately:

- \$45,000 in state personal income taxes paid by Rhode Island workers employed directly at River House, or whose jobs are indirectly attributable to tenant and building operations;
- \$19,000 in state sales taxes paid on those workers' taxable household spending; and
- \$6,000 in state business corporation taxes directly or indirectly attributable to building and tenant company operations.

Workers who fill retail and building services jobs at River House are expected to be drawn primarily from Providence or from other nearby communities.

Impact

The state fiscal impact of the requested tax credits and sales and use tax exemptions is up to \$8,219,419 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated one-time, construction-related increase in state GDP increase in state GDP of \$38.9 million, followed by an increase in annual state GDP of \$1.8 million, the estimated associated job creation, and the gross increase of \$2.31 million in state personal income, sales and business corporation tax revenues during the construction phase and during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Support the ongoing development of the Jewelry District as a "24/7" mixed-use community
- Expand retail options for people living and working in the area
- Support continued enrollment growth and the development of new programs at several of the state's colleges and universities
- Increase local real property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. The risk of project cost overruns is mitigated by the fact that tax credits and the value of the requested sales tax exemption are capped at the amounts set forth above. In addition, if project costs come in lower than anticipated, the value the requested tax benefits may be reduced.

Rhode Island Commerce Corporation

Rebuild Rhode Island Tax Credit – Economic Impact Analysis

110 North Main LLC/110 North Main Management LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island Tax Credits to 110 North Main LLC and 110 North Main Management LLC (the “Sponsor”). The credits would be issued in connection with Sponsor’s proposed investment in the development of The Edge Providence, which includes construction of a new, mixed-use 15-story building at 169 Canal Street (122,775 gross square feet), and rehabilitation of existing buildings at 100 North Main Street (21,360 gross square feet) and 106-108 North Main Street (11,175 gross SF). The project is anticipated to create 247 residential units and approximately 10,000 square feet of retail space.

The Sponsor estimates the total cost of The Edge to be approximately \$56.9 million. The Sponsor is requesting a Rebuild Rhode Island Tax Credit of \$3,000,000, along with an exemption from state sales and use taxes on construction materials and certain other eligible costs totaling \$1,000,000.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$56.9 million.

Table 1: The Edge estimated total project cost (\$ millions)

Component	Estimated cost
Land acquisition	\$9.5
Construction (hard costs)	38.7
Soft costs	8.7
Total	\$56.9

After excluding certain expenditures (such as property acquisition and interest payments) that do not have a direct, current impact on Rhode Island’s economy, direct spending on construction (both hard and soft costs) is estimated to total approximately \$45.6 million. Applesseed estimates that direct expenditures of approximately \$45.6 million will directly and indirectly generate:

- 334 person-years⁵² of work in Rhode Island, with \$19.8 million in earnings (in 2017 dollars);
- Approximately \$56.2 million in statewide economic output⁵³; and
- A one-time increase of \$29.9 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct effect* is the impact of the Sponsor’s direct spending on design, construction and related costs. Its *indirect effect* is the impact of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct, indirect and induced impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	253	\$15.3	\$22.7	\$44.2
Indirect Effect	81	\$4.5	\$7.2	\$12.0
Total Effect	334	\$19.8	\$29.9	\$56.2

⁵² A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁵³ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$45.6 million would generate a projected one-time increase of approximately \$1.161 million in taxes paid to the State during construction, including:

- \$743,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$324,000 in state sales taxes paid on those workers' taxable household spending;
- \$94,000 in state business corporation taxes

Most of the activity reflected in Table 2 will occur during 2017 and 2018. The anticipated wage rates for construction jobs are shown below in Table 3.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁵⁴
Architect	\$42.50
Construction manager	\$50.86
Carpenter	\$22.42
Electrician	\$25.26
Plumber	\$24.84
Painter	\$18.69
Laborer	\$18.68

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

After construction is completed, ongoing operations at The Edge will include:

- The operations of tenant business (or businesses) occupying the proposed 10,087 square feet of street-level commercial space; and
- Management, operations and maintenance of the two buildings.

The Sponsor estimates that when fully operational the first-floor restaurant, café and fitness center tenants will directly employ 9 people full-time and 17 part-time. Assuming that all part-time workers will be employed half-time, we can estimate that ground-floor tenants will employ 17.5 people, on a full-time-equivalent basis. The Sponsor also estimates that 3 workers will be employed full-time and 2 part-time in the management, maintenance and operations of the two buildings.

Appleseed estimates (as shown below in Table 4), that when the project is completed and fully occupied (which for purposes of this analysis is assumed to occur in the fall of 2018), it will directly and indirectly account for:

- 31 FTE jobs in Rhode Island;
- Approximately \$886,000 in annual earnings (in 2018 dollars);
- Approximately \$2.573 million in annual statewide economic output; and
- An increase of approximately \$1.487 million in Rhode Island's annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	28 ⁵⁵	\$0.689	\$1.115	\$1.942
Indirect Effect	3	0.197	0.372	0.631
Total Effect	31	\$0.886	\$1.487	\$2.573

⁵⁴ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016

⁵⁵ In addition to direct employment in tenant businesses and building management and maintenance, this estimate includes direct employment with contract service providers.

In addition to the impacts cited in Table 4, ongoing operations at The Edge would directly and indirectly generate a projected increase of approximately \$52,000 in taxes paid annually to the State. These taxes would include approximately:

- \$33,000 in state personal income taxes paid by Rhode Island workers employed directly at The Edge, or whose jobs are indirectly attributable to tenant and building operations;
- \$15,000 in state sales taxes paid on those workers' taxable household spending; and
- \$4,000 in state business corporation taxes directly or indirectly attributable to building and tenant company operations.

Workers who fill restaurant, fitness center and building services jobs at The Edge are expected to be drawn primarily from Providence or from other nearby communities.

Impact

The state fiscal impact of the requested tax credits and sales and use tax exemptions is up to \$4,000,000 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated one-time, construction-related increase in state GDP of \$29.9 million, followed by an increase in annual state GDP of \$2.57 million, the estimated associated job creation, and the gross increase of \$1.78 million in state personal income, sales and business corporation tax revenues during the construction phase and during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Providing an attractive new residential option for students, located within a short walk from the Rhode Island School of Design and Brown University's College Hill campus.
- Shifting students' demand for off-campus housing away from the broader housing market.
- Increasing local real property tax revenues.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. The risk of project cost overruns is mitigated by the fact that tax credits and the value of the requested sales tax exemption are capped at the amounts set forth above. In addition, if project costs come in lower than anticipated, the value of the requested tax credits and sales and use tax exemption would be reduced accordingly.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
TPG 100 Sabin Hotel LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to TPG 100 Sabin Hotel LLC (the “Sponsor”), an entity owned by the Procaccianti Companies. The credits would be issued in connection with the Sponsor’s decision to invest in the development of a new, 176-room Residence Inn by Marriott extended-stay hotel. The project would also include the development of 6,000 square feet of third-party retail space. The total cost of the proposed project is estimated to be nearly \$59.8 million.

The Sponsor is requesting:

- A Rebuild Rhode Island tax credit with a gross value of \$100,000;
- A sales and use tax exemption on eligible construction and fit-out costs, valued at nearly \$1.3 million; and
- \$6,000,000 in tax increment financing (TIF).

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project costs is nearly \$59.8 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Property cost	\$2.5
Construction (hard cost)	\$43.7
Soft costs	\$13.6
Total	\$59.8

After excluding certain costs that for purposes of this analysis do not have a direct, current impact on Rhode Island’s economy (such as site acquisition and interest payments), the remaining hard and soft costs total \$55.9 million. Using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact studies), Appleseed estimates that direct expenditures of \$55.9 million will directly and indirectly generate:

- 383 person-years⁵⁶ of work in Rhode Island;
- \$23.0 million in earnings (in 2018 dollars);
- Approximately \$66.1 million in statewide economic output⁵⁷; and
- A one-time increase of more than \$35.3 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2018 dollars)

⁵⁶ A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁵⁷ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

	Employment	Earnings	Value added	Output
Direct Effect	290	\$17.8	\$27.0	\$52.2
Indirect Effect	93	5.2	8.3	13.9
Total Effect	383	\$23.0	\$35.3	\$66.1

In addition to the impacts cited in Table 2, direct expenditures of \$55.9 million would directly and indirectly generate a projected one-time increase of approximately \$1.35 million in taxes paid to the State during construction (a total that excludes approximately \$1.3 million in state sales and use taxes on construction materials for which the Sponsor has requested an exemption). This increase of \$1.35 million would include approximately:

- \$863,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$377,000 in state sales taxes paid on those workers' taxable household spending; and
- \$109,000 in state business corporation taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 2 is expected to occur between the spring of 2017 and the end of 2018. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁵⁸
Architect	\$42.50
Construction manager	\$50.86
Carpenter	\$22.42
Electrician	\$25.26
Plumber	\$24.84
Painter	\$18.69
Laborer	\$18.68

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Sponsor has stated that after the project is completed (expected to occur in 2018), the proposed Residence Inn would employ 30 to 40 people. For purposes of this analysis, Appleseed assumes that the hotel will employ 35.

The Sponsor expects that the proposed 6,000 square feet of ground-floor retail space would be occupied by a restaurant employing 30 people.

Using IMPLAN, Appleseed estimates that the ongoing operations of the proposed hotel and restaurant together would directly and indirectly account for:

- 76 FTE jobs in Rhode Island;
- Nearly \$2.9 million in annual earnings (in 2019 dollars);
- Nearly \$8.4 million in annual statewide economic output; and
- An increase of approximately \$5.2 million in Rhode Island's annual GDP.

⁵⁸ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	65	\$2.2	\$4.2	\$6.6
Indirect Effect	11	0.7	1.0	1.8
Total Effect	76	\$2.9	\$5.2	\$8.4

Workers who fill new hotel and restaurant jobs are expected to be drawn primarily from Providence and from other nearby communities.

In addition to the impacts cited in Table 4, ongoing operations at the new Residence Inn would directly and indirectly generate a projected increase of approximately \$937,000 in taxes paid annually to the state. These taxes would include approximately:

- \$769,000 in state sales and hotel taxes paid on room rents and restaurant bills
- \$108,000 in state personal income taxes paid by Rhode Island workers employed directly by the Residence Inn or by the restaurant, or whose jobs are indirectly attributable to those businesses;
- \$47,000 in state sales taxes paid on those workers' taxable household spending; and
- \$13,000 in state business corporation taxes directly or indirectly attributable to hotel and restaurant operations.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is up to \$7.4 million in foregone state revenues. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase of \$5.2 million in annual state GDP, the estimated associated job creation, and a gross increase of approximately \$12.6 million in personal income, sales, hotel and business corporation tax revenues during the construction phase and during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Add new hotel capacity in a segment of the market that is not now well-served in the Downcity area
- Support the Convention Center and the arena by providing a new dining option immediately across the street
- Increase local property tax and hotel tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits and sales and use tax exemption are capped at the amounts set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.

Appendix B:

[Rhode Island Qualified Jobs Incentive Tax Credit](#) Economic Impact Analyses

[R.I.G.L. § 44-48.3-13 \(b\), \(c\)](#)

1	Finlay Extracts and Ingredients USA	81 Ocean State Dr., North Kingstown, RI 02852
2	GE Digital	75 Fountain St., Providence, RI 02902
3	Granite Telecommunications, LLC	1 Albion Rd., Lincoln, RI 02865
4	Lexington Lighting Group, LLC	181 Narragansett Park Dr., Rumford, RI 02916
5	Virgin Pulse, Inc.	111 Chestnut St., Providence, RI 02903
6	Surplus Solutions, LLC	2010 Diamond Hill Rd., Woonsocket, RI 02895
7	Johnson & Johnson	1 Ship St., Providence, RI 02903
8	Whiting & Davis, LLC	PO Box 1270, Attleboro Falls, MA 02763
9	Agoda Travel Operations USA Inc.	500 Exchange St., Providence, RI 02903
10	United Natural Foods, Inc.	313 Iron Horse Way, Providence, RI 02908
11	eMoney Advisor, LLC	100 Westminster St., Providence, RI 02903
12	Vistaprint Corporate Solutions, Inc.	217 Westminster St., Providence, RI 02903

Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Job Tax Credits – Economic Impact Analysis
Finlay Extracts and Ingredients USA, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Finlay Extracts and Ingredients USA, Inc. (the “Company”). The credits would be issued in connection with the Company’s decision to invest in the development of new R&D, manufacturing and distribution facilities in the Quonset Business Park in North Kingstown. This investment would occur in two phases:

- A 28,800 square-foot R&D and pilot-scale production facility, to be completed in 2017 at an estimated cost of \$16.8 million. When completed, this facility would directly employ up to 25 people with average earnings of \$54,813.
- Addition of 65,000 square feet of manufacturing and distribution space (expandable to 130,000), to be completed by 2020 at an estimated cost of \$37.5 million. When completed, this expansion would result in the hiring of 48 additional employees with average earnings of \$50,304.

The Company is requesting a Rebuild Rhode Island tax credit of \$276,972 and Qualified Jobs Incentive tax credits totaling \$1,354,105 for both phases of the project. The Company is also eligible for state sales and use tax exemption for qualifying investments in construction, fixtures and equipment, up to \$572,000. This exemption would offset the value of the Rebuild Rhode Island tax credit on a dollar-for-dollar basis up to \$571,000.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown below in Table 1, the Company’s estimate of the total cost of both phases is \$54.3 million.

Table 1: Estimated project cost, Phases 1 and 2

Component	Phase 1 (\$mm)	Phase 2 (\$mm)
Hard cost	\$5.9	\$14.6
Equipment	\$7.9	\$16.0
Soft costs (including contingency)	\$3.0	\$6.9
Total	\$16.8	\$37.5

For purposes of this analysis, we assume that all construction spending (both hard and soft costs) occurs in Rhode Island, and that all process machinery and other specialized equipment is procured from out-of-state sources.

Applesseed estimates that Phase 1 spending on hard and soft costs, totaling \$8.1 million, will directly and indirectly generate:

- 62 person-years⁵⁹ of work in Rhode Island;
- More than \$3.8 million in earnings;
- Nearly \$10.6 million in State-wide economic output⁶⁰;
- A projected one-time increase of approximately \$225,000 in taxes paid to the State during construction including approximately:
 - \$144,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
 - \$63,000 in state sales taxes paid on those workers’ taxable household spending;
 - \$18,000 in state business corporation taxes; and
- A one-time increase of \$5.5 million in Rhode Island’s GDP.

Phase 1 construction impacts are summarized below in Table 2.

⁵⁹ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁶⁰ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2016 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	45	\$2.9	\$4.0	\$8.1
Indirect Effect	17	\$0.9	\$1.5	\$2.5
Total Effect	62	\$3.8	\$5.5	\$10.6

In Phase 2, spending on hard and soft costs totaling \$19.8 million will directly and indirectly generate:

- 146 person-years of work in Rhode Island;
- More than \$9.6 million in earnings;
- \$24.2 million in State-wide economic output;
- A projected one-time increase of approximately \$565,000 in taxes paid to the State during construction including approximately:
 - \$361,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
 - \$158,000 in state sales taxes paid on those workers' taxable household spending;
 - \$46,000 in state business corporation taxes; and
- A one-time increase of \$13.6 million in Rhode Island's GDP.

Phase 2 construction impacts are summarized below in Table 3.

Table 3: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	119	\$7.9	\$11.0	\$19.8
Indirect Effect	27	\$1.7	\$2.6	\$4.4
Total Effect	146	\$9.6	\$13.6	\$24.2

Most of the activity reflected in Table 2 will occur during 2016-2017; and that reflected in Table 3 in 2018-2020. The anticipated wage rates for construction jobs are shown below in Table 4. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island as of May 2015.

Table 4: Anticipated wages during construction

Occupation	RI median hourly wage ⁶¹
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs would be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

⁶¹ Rhode Island Department of Labor and Training, Occupational Employment Statistics, May 2015.

Annual operations

Appleseed estimates that when the first phase of the project is completed and fully operational (which is expected to occur by the end of 2017), it will directly and indirectly account for:

- 55 full-time equivalent jobs in Rhode Island.
- Approximately \$3.1 million in annual earnings (in 2017 dollars).
- \$16.6 million in annual State-wide economic output.
- An increase of \$5.5 million in Rhode Island's annual GDP.
- A projected gross increase of nearly \$358,000 in taxes paid to the State during the first two years of operation (in addition to the \$225,000 in tax revenues cited above that would be generated by spending on Phase 1 construction). These taxes will include approximately:
 - \$229,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
 - \$100,000 in state sales taxes paid on those workers' taxable household spending; and
 - \$29,000 in state business corporation taxes.

Table 5: Direct and indirect impact of Phase 1 annual operations (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	24	\$1.4	\$2.8	\$12.1
Indirect Effect	31	\$1.7	\$2.7	\$4.5
Total Effect	55	\$3.1	\$5.5	\$16.6

The average salary across the 24 new jobs directly created by the Company in 2017 would be \$54,813.

When the second phase of the project is completed and fully operational (which is expected to occur by 2020), the entire operation (including operations started during Phase 1) will directly and indirectly account for:

- 155 full-time equivalent jobs in Rhode Island.
- Approximately \$8.4 million in annual earnings (in 2019 dollars).
- \$44.9 million in annual State-wide economic output.
- An increase of \$15.3 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 6.

Table 6: Direct and indirect impact of annual operations after completion of Phase 2 (employment in FTE; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	73	\$3.8	\$7.9	\$32.6
Indirect Effect	82	\$4.6	\$7.4	\$12.3
Total Effect	155	\$8.4	\$15.3	\$44.9

Workers who fill the jobs cited in Tables 5 and 6 would be drawn primarily from the Providence-Warwick RI-MA NECTA.

During a commitment period of not less than twelve years (including the first two years following completion of Phase 1 construction), annual operations would directly and indirectly account for a projected gross increase of nearly \$5.3 million in taxes paid to the State (in addition to the \$790,000 in tax revenues cited above that would be generated by spending on Phase 1 and Phase 2 construction). These taxes will include approximately:

- \$3.4 million in state personal income taxes paid by Rhode Island workers employed by the Company at its new facility in North Kingstown, or whose jobs are indirectly attributable to the operation of that facility;
- \$1.5 million in state sales taxes paid on those workers' taxable household spending; and
- \$429,000 in state business corporation taxes.

Benefits

The Company will provide an array of employee benefits that includes (among others):

- Health and dental insurance
- Health savings accounts, partially funded by the Company
- Paid vacation, holidays, and sick leave
- Life and long-term disability insurance
- A 401k retirement plan;
- Profit-sharing
- Tuition assistance for approved job-related courses

The Company estimates that annual spending on employee benefits will total approximately 38 percent of direct salary costs.

Hiring

The Company will use all available resources at state and local levels to recruit new employees, including online postings, job fairs, recruiting through colleges and universities, and referrals from current employees. The Company also plans to structure internship programs aligned with specific programs at Bryant University and Johnson & Wales University.

Impact

The state fiscal impact of the requested tax credits and state sales and use tax exemption is up to \$1.9 million in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include an estimated \$15.3 million increase in Rhode Island's annual GDP during Phase 2 operations; and a gross increase of nearly \$6.1 million in personal income, sales and business corporation tax revenues directly and indirectly generated by the project during construction and during a twelve-year commitment period.

In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in other ways.

- The company's decision to locate the proposed facility in Rhode Island will reinforce the state's efforts to grow its research and development and manufacturing sectors.
- The Company will collaborate with Johnson & Wales University's culinary arts and nutrition programs in research, new product development and provision of internships for JWU students; with the University of Rhode Island on supply chain management; and with Bryant University on marketing.
- The project will add to North Kingstown's real property and personal property tax base.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that Rebuild Rhode Island tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly. As the Qualified Jobs tax credit amounts are limited to reasonably expected W-2 withholdings for the new, directly-created jobs, any potential exposure for State taxpayers, or any other foreseeable negative contingency, is limited.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
General Electric Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to General Electric (doing business as GE Digital, the “Company”). The credits would be issued in connection with the Company’s decision to create a new information technology center in leased space at 75 Fountain Street in Providence. The Company would employ 50 people in the center’s first year, 75 in its second year, and 100 in its third year and through the remainder of the commitment period. The average annual earnings of Company employees working at the proposed center in 2017 would be approximately \$120,000.

The total value of the requested Qualified Jobs Incentive Tax Credits would be approximately \$4.6 million. The Company would also be requesting a first-year grant of \$150,000 from the First Wave Closing Fund to help cover the cost of tenant improvements. When employment reaches 100, the Company would be eligible for an additional \$500,000 from the First Wave Closing Fund.

Jobs Analysis

Construction

The impact of spending on tenant improvements would be minimal. We estimate that expenditure of \$150,000⁶² on tenant improvements would directly and indirectly support:

- 2 person-years⁶³ of work in Rhode Island;
- \$82,000 in earnings;
- Approximately \$251,000 in State-wide economic output⁶⁴;
- A projected one-time increase of approximately \$4,100 in personal income, sales and business corporation taxes paid to the State during construction; and
- A one-time increase of \$130,000 in Rhode Island’s GDP.

As noted above, the Company would be eligible for \$500,000 in additional First Wave funding when the number of people employed at the new center reaches 100. Assuming that total tenant improvements required for a staff of 100 would be \$650,000, including both disbursements from the First Wave Closing Fund, we estimate that this expenditure would directly and indirectly support:

- 6 person-years of work in Rhode Island;
- \$349,000 in earnings;
- Approximately \$1.1 million in State-wide economic output;
- A projected one-time increase of approximately \$20,000 in personal income, sales and business corporation taxes paid to the State during construction; and
- A one-time increase of \$556,000 in Rhode Island’s GDP

The tenant improvement work supported by the initial grant of \$150,000 would be completed in 2017, while additional work supported by the additional \$500,000 under the second scenario would occur in 2019. The anticipated wage rates for construction jobs are shown below in Table 4. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island as of May 2015.

⁶² Costs actually incurred by the Company for tenant improvements could significantly exceed \$150,000; but since total costs for this work are not yet known, this analysis includes only an amount equivalent to the initial grant from the First Wave Fund.

⁶³ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁶⁴ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 1: Anticipated wages during tenant improvements

Occupation	RI median hourly wage ⁶⁵
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs would be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

As proposed, the number of people employed at the new center would stabilize at 100 in its third year of operation (expected to be 2019). In its third year the center's operations would directly and indirectly account for:

- 160 full-time equivalent jobs in Rhode Island.
- Approximately \$15.1 million in annual earnings (in 2017 dollars).
- \$28.7 million in annual State-wide economic output.
- An increase of \$18.5 million in Rhode Island's annual GDP.
- A projected gross increase of \$1.1 million in taxes paid to the State during the third year of operation. These taxes would include approximately:
 - \$723,000 in state personal income taxes paid by Rhode Island workers employed at the center, or whose jobs are indirectly attributable to the center's operations;
 - \$316,000 in state sales taxes paid on those workers' taxable household spending; and
 - \$91,000 in state business corporation taxes.

Table 2: Direct, indirect and induced impact of annual operations, years 3-12 (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	100	\$12.0	\$13.7	\$21.3
Indirect Effect	60	\$3.1	\$4.8	\$7.4
Total Effect	160	\$15.1	\$18.5	\$28.7

Alternatively, if the number of people employed at the new center did not rise above the first-year level cited above (that is, 50 employees, the estimated impact of annual operations would be reduced commensurately. In this case, the center's annual operations starting in 2017 would directly and indirectly account for:

- 80 full-time equivalent jobs in Rhode Island.
- Approximately \$7.5 million in annual earnings (in 2017 dollars).
- \$14.4 million in annual State-wide economic output.
- An increase of \$9.3 million in Rhode Island's annual GDP.
- A projected gross increase of \$566,000 million in taxes paid to the State during the third year of operation. These taxes would include approximately:

⁶⁵ Rhode Island Department of Labor and Training, Occupational Employment Statistics, May 2015.

- \$362,000 in state personal income taxes paid by Rhode Island workers employed at the center, or whose jobs are indirectly attributable to the center’s operations;
- \$158,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$46,000 in state business corporation taxes.

The new center’s operating impact under this alternative is shown below in Table 3.

Table 3: Direct, indirect and induced impact of annual operations, years 1-12 (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	50	\$6.0	\$6.9	\$10.7
Indirect Effect	30	\$1.5	\$2.4	\$3.7
Total Effect	80	\$7.5	\$9.3	\$14.4

Benefits

The Company will provide a comprehensive set of benefits to those employed at the new center, including health insurance and retirement benefits, typically valued at 33 percent of direct salary costs.

Hiring

Under both scenarios, the Company would be hiring employees with skills in software design, software engineering and high-performance computing. The Company has stated that no employees will be transferred to the new center in Providence from any of its other locations in Rhode Island; all positions would thus represent net new hires in Rhode Island.

Impact

Assuming that the Company’s workforce at the new center reaches 100 employees in 2019, the state fiscal impact of the requested tax credits and grants is \$5.3 million in foregone state revenue and direct spending. In this case, the direct and indirect economic and fiscal benefits of the proposed project include an estimated \$18.5 million increase in Rhode Island’s annual GDP starting in 2019; and a gross increase of more than \$12.7 million in personal income, sales and business corporation tax revenues directly and indirectly generated by the project during construction and during a twelve-year commitment period.

In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in other ways.

- The Company’s decision to locate the new center in Rhode Island will reinforce the state’s efforts to grow its knowledge-based industries.
- By choosing a site in downtown Providence, the Company will enhance the city’s reputation as an attractive location for high-value, innovation-economy jobs.
- The Company’s presence in Providence will assist the city and the state in their efforts to attract and retain well-educated, highly-skilled young workers.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. As the Qualified Jobs tax credit amounts are limited to reasonably expected W-2 withholdings for the new, directly-created jobs, any potential exposure for State taxpayers, or any other foreseeable negative contingency, is limited. Any risk that employment at the new center (and associated tax revenues) might not reach the level assumed in Table 2 (100 employees by 2019) is mitigated by the fact that Qualified Jobs Incentive tax credits will be based on actual employment and wages, and that the additional \$500,000 in First Wave funding cited above would be provided only when employment reaches 100.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Granite Telecommunications, LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Granite Telecommunications, LLC (the “Company”), a firm that provides a full range of telecom services to corporate and institutional customers. The credits would be issued in connection with the Company’s decision to expand its existing regional headquarters in Lincoln. Over a three-year period (2017 through 2019) the Company would add 50 new jobs at this site, including 47 jobs in sales and 3 in administrative support, with median annual earnings of \$48,293.

The total value of the requested Qualified Jobs Incentive Tax Credits would be \$779,464 over ten years, with a Company commitment to maintain the new full-time jobs for at least 12 years.

Jobs Analysis

Construction

Prior to occupying the space into which it will be expanding, the Company estimates that approximately \$800,000 will be spent on tenant improvements, and \$200,000 on fixtures and equipment. We estimate that this expenditure will directly and indirectly support:

- 7 person-years⁶⁶ of work in Rhode Island;
- \$365,000 in earnings;
- Approximately \$1.1 million in State-wide economic output⁶⁷;
- A one-time increase of \$566,000 in Rhode Island’s GDP.

These impacts are summarized below in Table 1. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

In addition to the impacts cited in Table 1, spending on tenant improvements, fixtures and equipment would directly and indirectly generate a projected one-time increase of approximately \$21,000 in taxes paid to the State during construction, including:

- \$13,000 in state personal income taxes paid by workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$6,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$2,000 in state business corporation taxes.

Table 1: Direct and indirect impact of construction and related spending (employment in person-years; income, value-added and output in thousands of 2016 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	5	\$264	\$395	\$843
Indirect Effect	2	\$101	\$171	\$281
Total Effect	7	\$365	\$566	\$1,124

The anticipated wage rates for construction jobs are shown below in Table 2. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

⁶⁶ A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁶⁷ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Anticipated wages during construction

Occupation	RI median hourly wage ⁶⁸
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Company plans to hire 16 employees in 2017, 17 in 2018 and 17 in 2019, for a total of 50 new employees over three years. Based on data provided by the Company, we estimate that as of 2019 this incremental growth would directly and indirectly account for:

- 78 full-time equivalent jobs in Rhode Island;
- Approximately \$4.0 million in annual earnings (in 2017 dollars);
- \$19.7 million in annual State-wide economic output; and
- An increase of \$11.4 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 3. The Company’s *direct impact* is the impact of the Company direct operations – the number of people it employs, the wages it pays, etc. Its *indirect impact* is the effect of spending by the Company’s in-state suppliers and contractors.

In addition to the impacts cited above, the Company would in its third year generate a projected gross increase of \$236,000 in taxes paid to the State. These taxes would include approximately:

- \$151,000 in state personal income taxes paid by the workers hired as part of the Company’s expansion in Lincoln, or whose jobs are indirectly attributable to that expansion;
- \$66,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$19,000 in state business corporation taxes.

Table 3: Incremental direct and indirect annual impact of Granite Telecommunications expansion, years 3-12 (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	50	\$2.4	\$8.4	\$14.6
Indirect Effect	28	\$1.6	\$3.0	\$5.1
Total Effect	78	\$4.0	\$11.4	\$19.7

Benefits

The Company provides an array of benefits that includes medical, dental and eye care coverage, term life insurance, disability insurance, an employee assistance plan, and a group legal plan.

⁶⁸ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

Hiring

Granite uses a variety of methods in its recruitment efforts. These practices include, but are not limited to, college fairs, intern programs, social media postings, online job sites and an internal referral incentive program.

Impact

The state fiscal impact of the requested tax credits is \$779,464 in foregone state revenue. The direct and indirect economic and fiscal benefits of the proposed project include an estimated \$11.4 million increase in Rhode Island's annual GDP as of 2019; and a gross increase of \$2.6 million in personal income, sales and business corporation tax revenues directly and indirectly generated by the Company during construction and during a twelve-year commitment period.

In addition to the economic and tax revenue impacts cited above, Company's expansion would benefit Rhode Island in other ways.

- The Company's decision to expand in Lincoln will reinforce the state's efforts to market Rhode Island as an advantageous location for the regional facilities of national and global businesses.
- The Company's expansion in Lincoln will also highlight the state's attractiveness as a location for technology-based businesses.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Any risk that employment (and associated tax revenues) might not reach the level assumed in this analysis (50 additional employees by 2019) is mitigated by the fact that Qualified Jobs Incentive tax credits will be based on actual employment and wages.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Lexington Lighting Group LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Lexington Lighting Group, LLC (the “Company”). The credits would be issued in connection with the Company’s decision to relocate 20 manufacturing, engineering, and managerial jobs from Massachusetts to leased space in East Providence; and to add four full-time employees by 2021, for a total of 24. Manufacturing operations to be moved to East Providence would include the production of standardized LED lighting for commercial and institutional use, and custom-designed decorative LED lighting for residential customers.

The full-time jobs to be relocated or created would range from operating technicians to engineers and managers, with median annual earnings of approximately \$45,500. The Company would also hire temporary workers as needed.

The total value of the requested Qualified Jobs Incentive Tax Credits would be \$219,225 over five years.

Jobs Analysis

Construction

Based on information provided by the Company, we assume for purposes of this analysis that its relocation to an existing building in East Providence will not entail any significant spending on tenant improvements or other construction.

Annual operations

Upon relocating from Massachusetts, the Company would employ 20 full-time workers in East Providence, with plans to increase this total to 24 by 2021. Based on data provided by the Company, we estimate that in 2017 the Company’s operations in East Providence would directly and indirectly account for:

- 25 full-time equivalent jobs in Rhode Island;
- Approximately \$1.4 million in annual earnings (in 2017 dollars);
- \$4.7 million in annual State-wide economic output;⁶⁹ and
- An increase of \$2.2 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 1. The project’s *direct impact* is the impact of the Company direct operations – the number of people it employs, the wages it pays, etc. Its *indirect impact* is the effect of spending by the Company’s in-state suppliers and contractors.

In addition to the impacts cited above, the Company would in 2017 generate a projected gross increase of \$85,000 in taxes paid to the State. These taxes would include approximately:

- \$54,000 in state personal income taxes paid by workers employed at the Company’s new location in East Providence, or whose jobs are indirectly attributable to that facility’s operations;
- \$24,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$7,000 in state business corporation taxes.

Table 1: Direct and indirect impact of annual operations, year 1 (employment in FTE; income, value-added and output in thousands of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	20	\$1,046	\$1,596	\$3,700
Indirect Effect	5	\$399	\$597	\$1,020
Total Effect	25	\$1,445	\$2,193	\$4,720

As of 2021 the Company’s operations in East Providence would directly and indirectly account for:

- 31 full-time equivalent jobs in Rhode Island;

⁶⁹ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

- Approximately \$1.8 million in annual earnings (in 2017 dollars);
- \$5.8 million in annual State-wide economic output;⁷⁰ and
- An increase of \$2.7 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 2.

In addition to the impacts cited in Table 2, the Company would by 2021 generate \$104,000 in taxes paid to the State. These taxes would include approximately:

- \$66,000 in state personal income taxes paid by workers employed at the Company’s new location in East Providence, or whose jobs are indirectly attributable to that facility’s operations;
- \$29,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$9,000 in state business corporation taxes.

Table 2: Direct and indirect impact of annual operations, years 5 and 6 (employment in FTE; income, value-added and output in thousands of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	24	\$1,281	\$1,955	\$4,532
Indirect Effect	7	\$488	\$731	\$1,250
Total Effect	31	\$1,769	\$2,686	\$5,782

Benefits

The Company provides health insurance coverage for its employees, and pays 75 percent of its cost.

Hiring

The Company advertises job openings on various job boards. Applicants are pre-screened via telephone, followed by face-to-face interviews.

Impact

The state fiscal impact of the requested tax credits is \$219,225 in foregone state revenue. The direct and indirect economic and fiscal benefits of the proposed project include an estimated \$2.7 million increase in Rhode Island’s annual GDP starting as of 2021; and a gross increase of approximately \$581,000 in personal income, sales and business corporation tax revenues directly and indirectly generated by the Company during a six-year commitment period.

In addition to the economic and tax revenue impacts cited above, the Company’s decision to relocate from Massachusetts to East Providence will reinforce the state’s efforts to maintain and grow its manufacturing sector.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Any risk that employment (and associated tax revenues) might not reach the level assumed in this analysis (24 employees by 2021) is mitigated by the fact that Qualified Jobs Incentive tax credits will be based on actual employment and wages.

⁷⁰ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Rhode Island Commerce Corporation

Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis

Virgin Pulse Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits and Qualified Jobs Incentive tax credits to Virgin Pulse, Inc. (“the Company”),⁷¹ The credits would be issued in connection with Virgin Pulse’s decision to relocate its 20 employees from Framingham, Massachusetts to leased space in an existing building at 75 Fountain Street in Providence in 2017, and to increase its employment at that site in stages to 292 in 2021.

The Company provides an on-line and mobile platform, tools and resources that employers and other organizations can use to encourage employees and members to engage in behaviors that support health and wellness.

The Company plans to invest \$10.8 million over five years in tenant improvements, fixtures, furniture and equipment, and is requesting:

- Rebuild Rhode Island tax credits of \$3,240,598;
- An exemption from the State’s sales and use tax on eligible costs associated with building out and equipping its leased space, valued by the Company at \$341,798; and
- Qualified Jobs Incentive tax credits of \$2,501,073.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Company’s estimate of its investment at its new location is \$10.8 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Tenant improvements	\$8.4
Fixtures, furniture, office equipment	\$1.7
Information technology	\$0.7
Total	\$10.8

Appleseed estimates that from 2017 through 2021, direct expenditures of \$10.8 million will directly and indirectly generate:

- 62 person-years⁷² of work in Rhode Island;
- \$3.8 million in earnings;
- \$11.1 million in statewide economic output⁷³; and
- A temporary increase of more than \$5.8 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

⁷¹ As of December 31, 2016 Virgin Pulse Inc. and ShapeUp Inc. will merge and will thereafter operate solely as Virgin Pulse Inc.

⁷² A person-year is equivalent to the time worked by one person who is employed full-time for a year. In this case, 62 person-years of work would represent an average of 12.2 full-time-equivalent jobs each year for five years.

⁷³ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	47	\$3.0	\$4.4	\$8.8
Indirect Effect	15	0.8	1.4	2.3
Total Effect	62	\$3.8	\$5.8	\$11.1

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$10.8 million would generate a projected one-time increase of approximately \$216,000 in taxes paid to the state during construction, including:

- \$143,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$55,000 in state sales taxes paid on those workers' taxable household spending;
- \$18,000 in state business corporation taxes.

Most of the activity reflected in Table 2 is expected to occur between 2017 and 2021. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁷⁴
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

As shown below in Table 4, the number of workers the Company will employ in Providence is expected to rise from 57 relocated and new positions in 2017 to 292 in 2021.⁷⁵

Table 4: Growth of Virgin Pulse employment in RI, 2017-2021

Year	Number employed
2017	57
2018	100
2019	152
2020	215
2021	292

⁷⁴ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

⁷⁵ In addition to these 292 relocated and new jobs, employment at Virgin Pulse will include 63 positions now held by people who are already employed in Rhode Island by ShapeUp Inc, which is being acquired by Virgin Pulse. The number of people employed at Virgin Pulse in 2021 would thus total 355. However, because these already-existing jobs do not represent a net addition to the state's economy, they are not included in our analysis.

Based on these estimates, Appleseed projects (as shown below in Table 5) that in 2021 the Company will directly and indirectly account for:

- 628 FTE jobs in Rhode Island;
- Approximately \$46.2 million in annual earnings (in 2021 dollars);
- Approximately \$150.5 million in annual statewide economic output; and
- An increase of approximately \$58.9 million in Rhode Island’s annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2021 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	292	\$23.3	\$25.2	\$94.7
Indirect Effect	336	22.9	33.7	55.8
Total Effect	628	\$46.2	\$58.9	\$150.5

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations would generate a projected increase of approximately \$2.7 million in taxes paid to the state in 2021, including:

- \$1.733 million in state personal income taxes paid by workers employed at Virgin Pulse, or whose jobs are indirectly attributable to the company’s operations and in Rhode Island;
- \$756,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$219,000 in state business corporation taxes.

Workers employed by the Company are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers its full-time employees a comprehensive benefits Package, including a choice between two health plans, dental and vision coverage, health savings accounts, dependent care flexible spending accounts, a 401(k) retirement plan with a company match, paid vacation and holidays and employee discounts.

Hiring

Virgin Pulse posts all available positions on its own website and on other sites such as LinkedIn and Indeed.com. Current employees may also refer candidates and are eligible to receive a bonus if their candidates are hired.

After a review of all resumes received, applicants are selected for preliminary telephone interviews with the hiring manager. Those whom the hiring manager selects for further consideration will then be scheduled for a second interview. After the second interview, background checks are conducted on all applicants who have been selected for hiring, and offers are extended to the selected candidates.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is up to \$6,083,469 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP (in 2021) of \$58.9 million, the estimated associated job creation, and the gross increase of approximately \$10.5 million in personal income, sales and business corporation tax revenues during the construction phase and ongoing operations during the six years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways:

- Contribute to the ongoing revitalization of downtown Providence;
- Support the development of retail and restaurant space at 75 Fountain Street and at other nearby locations;
- Reinforce the state’s attractiveness as a location for fast-growing digital media companies;
- Increase local real property tax revenues.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that Rebuild Rhode Island tax credits will be payable only upon completion of the first and second phases of construction. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly. Moreover, if the final value of the requested sales and use tax exemption exceeds the estimate cited on p.1, the increased value of that exemption would be offset by a reduction in the value of the approved Rebuild Rhode Island tax credits.

Similarly, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Surplus Solutions LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Surplus Solutions LLC (the “Company”), a firm that buys and sells used laboratory and biotechnology industry equipment. The credits would be issued in connection with the Company’s decision to relocate its operations from Massachusetts to a site the Company is seeking to acquire in Woonsocket. The Company would initially employ 12 people at its new location, rising to 16 in 2018.

The jobs to be relocated or created would range from management to sales to warehouse operations, with an overall median salary of approximately \$51,000 in 2018.

The total value of the requested Qualified Jobs Incentive Tax Credits would be \$454,681 over ten years.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

Based on information provided by the Company, we assume for purposes of this analysis that its relocation to an existing building in Woonsocket will not entail any significant spending on tenant improvements or other construction.

Annual operations

Upon relocating from Massachusetts in 2017, the Company would initially employ 12 full-time workers in Woonsocket, with plans to increase this total to 16 by the end of 2018. Based on data provided by the Company, we estimate that in 2018 its operations in Rhode Island would directly and indirectly account for:

- 24 full-time equivalent jobs in Rhode Island;
- Approximately \$1.8 million in annual earnings (in 2018 dollars);
- \$4.9 million in annual State-wide economic output;⁷⁶ and
- An increase of \$3.2 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 1. The project’s *direct impact* is the impact of the Company direct operations – the number of people it employs, the wages it pays, etc. Its *indirect impact* is the effect of spending by the Company’s in-state suppliers and contractors.

Table 1: Direct and indirect impact of annual operations, 2018 (employment in FTE; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	16	\$1.3	\$2.3	\$3.5
Indirect Effect	8	\$0.5	\$0.9	\$1.4
Total Effect	24	\$1.8	\$3.2	\$4.9

In addition to the impacts cited above, the Company would in 2018 generate a projected gross increase of \$108,000 in taxes paid to the State. These taxes would include approximately:

- \$69,000 in state personal income taxes paid by workers employed at the Company’s new location in Woonsocket, or whose jobs are indirectly attributable to that facility’s operations;
- \$30,000 in state sales taxes paid on those workers’ taxable household spending; and

⁷⁶ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

- \$9,000 in state business corporation taxes.

Benefits

Employee benefits provided by the company include medical, dental and long-term disability insurance and a 401(k) profit-sharing plan.

Hiring

The Company's hiring process includes the following steps:

- Posting available positions on sites such as LinkedIn.com, Monster.com and Indeed.com, and with local colleges
- Reviewing resumes and selection of applicants for informal phone interviews
- Inviting those who do well in phone interviews for in-person interviews with the President, General Manager and/or Vice President for Sales
- Final selection, background checks and extending an offer to the elected applicant

Impact

The state fiscal impact of the requested tax credits is \$454,681 in foregone state revenue. The direct and indirect economic and fiscal benefits of the proposed project include an estimated \$3.2 million increase in Rhode Island's annual GDP starting as of 2018; and a gross increase of approximately \$1.3 million in personal income, sales and business corporation tax revenues directly and indirectly generated by the Company during a twelve-year commitment period.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Any risk that employment (and associated tax revenues) might not reach the level assumed in this analysis (16 employees by 2018) is mitigated by the fact that Qualified Jobs Incentive tax credits will be based on actual employment and wages.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Johnson & Johnson Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Johnson & Johnson (“the Company”), a New Jersey-based health care company. The credits would be issued in connection with Johnson & Johnson’s decision to locate a new Digital Health Technology and Analytics Center at 1 Ship Street in Providence.

The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$4,425,860 and a talent attraction grant of \$250,000 through the First Wave Closing Fund. In addition to providing these tax credits, the I-195 Redevelopment District approved an allocation of up to \$1 million to pay for renovation and fit-out of the Company’s space at 1 Ship Street. The State may also provide workforce services valued at up to \$450,000. In addition, negotiations are ongoing to potentially provide the space at 1 Ship Street at a nominal charge.

The analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As noted above, the cost of renovation and fit-out for the Company’s space at 1 Ship Street is expected to be up to \$1 million. For purposes of this analysis, we assume a total cost of \$1,000,000, including \$750,000 for renovation and \$250,000 for fit-out, with all of this spending to occur in 2017.

As shown below in Table 1, we estimate that direct spending of \$1,000,000 will directly and indirectly support:

- 6 person-years⁷⁷ of work in Rhode Island;
- \$350,000 in earnings;
- \$1.0 million in statewide economic output⁷⁸; and
- A one-time increase of \$530,000 in Rhode Island’s GDP.

These impacts are summarized below in Table 1. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 1: Direct and indirect impact of renovation and fit-out (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	4.5	\$0.27	\$0.40	\$0.79
Indirect Effect	1.5	0.08	0.13	0.21
Total Effect	6.0	\$0.35	\$0.53	\$1.00

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$1,000,000 would generate a projected one-time increase of approximately \$20,000 in taxes paid to the state during construction, including:

- \$13,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$5,700 in state sales taxes paid on those workers’ taxable household spending;
- \$1,600 in state business corporation taxes.

⁷⁷ A person-year is equivalent to the time worked by one person who is employed full-time for a year. In this case, 6 person-years of work could for example represent an average of 18 workers employed full-time for four months.

⁷⁸ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Annual operations

As shown in Table 2, the Company expects to hire a total of 75 employees in 2017 to work at its Digital Health Technology and Analytics Center at 1 Ship Street.

Table 1: Projected staffing and salaries

Position	Number	Average salary
Director	1	\$273,000
Managers	3	\$193,000
Senior analysts	71	\$137,000
Total	75	

Using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact studies), Applesseed estimates that when fully staffed the new Center will directly and indirectly support:

- 147 full-time-equivalent (FTE) jobs in Rhode Island;
- \$14.6 million in annual earnings;
- \$33.2 million in statewide economic output⁷⁹; and
- An increase of nearly \$19.3 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 2. The Center's *direct impact* is the impact of the Company's direct spending on its ongoing operations, including payroll and purchases of goods and services from Rhode Island-based companies. Its *indirect impact* is the effect of spending by the Center's Rhode Island-based suppliers on goods and services (insurance, utilities etc.) purchased from other Rhode Island businesses.

Table 2: Direct and indirect annual impact of ongoing operations (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	75	\$10.6	\$12.8	\$23.0
Indirect Effect	72	4.0	6.5	10.2
Total Effect	147	\$14.6	\$19.3	\$33.2

In addition to the impacts on employment, earnings, output and state GDP cited above, the Center's operations would generate a projected increase of approximately \$877,000 in annual state tax revenues, including:

- \$561,000 in state personal income taxes paid by workers employed at the Center, or by Rhode island workers whose jobs are indirectly attributable to the Center's operations;
- \$245,000 in state sales taxes paid on those workers' taxable household spending; and
- \$71,000 in state business corporation taxes.

Workers employed by the Company are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers a package of benefits including health care, pensions, 401k accounts, tuition reimbursement and other benefits. The Company estimates the value of these benefits at approximately \$60,000 per employee.

⁷⁹ Output is a measure of the total sales by Rhode Island companies (including the "sale" of labor by Rhode Island households) generated by the Center's operations.

Hiring

The Company provides extensive, easily accessible online information about available positions, searchable by function, skill level and location, and invites candidates to submit applications online. The Company's Talent Acquisition Team reviews all applications with the responsible hiring managers. The Team then conducts initial phone interviews with selected applicants, who may then be contacted to arrange additional in-person interviews. After interviews are completed, the Talent Acquisition Team will extend a written offer to the selected candidate or candidates.

Impact

The state fiscal impact of the requested tax credits and other incentives is up to \$4,425,860 in foregone state revenue, up to \$1 million in renovation and fit-out costs at 1 Ship Street, and up to \$700,000 in workforce services and talent attraction grant funds. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$19.3 million, the estimated associated job creation, and the gross increase of approximately \$10.5 million in personal income, sales and business corporation tax revenues during renovation and during the twelve-year commitment period following the Center's opening. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways:

- Reinforce the state's attractiveness as a location for the information technology and data analytics functions of major companies in a wide range of industries;
- Help establish the I-195 Redevelopment District as an attractive location for similar high-value jobs.
- Help the state attract and retain highly-skilled workers in high-value industries.
- Increase local real property tax revenues.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Whiting & Davis LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Whiting & Davis LLC (“the Company”), an Attleboro Falls, Massachusetts -based manufacturer of metal-mesh fabrics and jewelry. The credits would be issued in connection with the Company’s decision to purchase and relocate to a building at 901 Waterman Avenue in East Providence.

The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$255,221 over ten years. The Company is planning to relocate 20 of its 22 employees to Rhode Island. However, in order to retain some flexibility with regard to staffing during the twelve-year commitment period, the Company is basing its request for tax credits on only 15 of the 20 jobs to be relocated to East Providence.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

The Company estimates that it will spend \$100,000 on up-front improvements to its new property at 901 Waterman Avenue. We estimate that direct spending of \$100,000 will directly and indirectly support:

- 0.7 person-years⁸⁰ of work in Rhode Island;
- \$43,000 in earnings;
- \$133,000 million in statewide economic output⁸¹; and
- A one-time increase of \$66,000 in Rhode Island’s GDP.

These impacts are summarized below in Table 1. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 1: Direct and indirect impact of renovation and fit-out (employment in person-years; income, value-added and output in 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	0.5	\$31,000	\$46,000	\$100,000
Indirect Effect	0.2	12,000	20,000	33,000
Total Effect	0.7	\$43,000	\$66,000	\$133,000

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$100,000 would generate a projected one-time increase of approximately \$2,500 in taxes paid to the state during construction, including:

- \$1,600 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$700 in state sales taxes paid on those workers’ taxable household spending;
- \$200 in state business corporation taxes.

⁸⁰ A person-year is equivalent to the time worked by one person who is employed full-time for a year. In this case, 4 person-years of work could for example represent an average of 12 workers employed full-time for four months.

⁸¹ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Annual operations

As noted above, the Company expects to relocate 20 jobs to East Providence in 2017, of which it is committing to retain at least 15 throughout the twelve-year commitment period. Based on data provided by the Company, and using the IMPLAN input-output modeling system (an economic modeling tool commonly used in economic impact analyses, Applesseed estimates that ongoing operations associated with the 15 full-time jobs the Company is committing to maintain will directly and indirectly support:

- 19 full-time-equivalent (FTE) jobs in Rhode Island;
- \$1.00 million in annual earnings;
- \$3.65 million in statewide economic output⁸²; and
- An increase of \$1.47 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 2. The Company’s *direct impact* is the impact of the Company’s direct spending on its ongoing operations, including payroll and purchases of goods and services from Rhode Island-based companies. Its *indirect impact* is the effect of spending by the Company’s Rhode Island-based suppliers on goods and services (insurance, utilities etc.) purchased from other Rhode Island businesses.

Table 2: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	15	\$0.69	\$1.01	\$2.88
Indirect Effect	4	0.31	0.46	0.77
Total Effect	19	\$1.00	\$1.47	\$3.65

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations in East Providence would generate a projected increase of approximately \$58,600 in annual state tax revenues, including:

- \$37,500 in state personal income taxes paid by workers covered by the Company’s commitment, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s operations;
- \$16,400 in state sales taxes paid on those workers’ taxable household spending; and
- \$4,700 in state business corporation taxes.

Workers employed by the Company are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers a package of benefits that include medical (Tufts Health Plan), dental and disability insurance, a 401K plan with a company match, vacation and sick days and nine paid holidays.

Hiring

The Company advertises job openings on various job boards. Applicants are interviewed via telephone initially, then face-to-face interviews are arranged for qualified candidates.

Impact

The state fiscal impact of the requested tax credits and other incentives is up to \$255,221 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$1.47 million, the estimated associated job creation, and the gross increase of approximately \$706,000 in personal income, sales and business corporation tax revenues during renovation and during the twelve-

⁸² Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the Center’s operations.

year commitment period following the commencement of operations in East Providence. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways:

- Help to maintain Rhode Island's manufacturing base.
- Highlight the state's ability to attract small manufacturing firms from other states.
- Increase local real property tax revenues.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Rhode Island Commerce Corporation

Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis

Agoda Travel Operations USA, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Agoda Travel Operations USA Inc. (“the Company”), the U.S. arm of Agoda.com, an Asian-based worldwide hotel reservations website and a brand of The Priceline Group, the world’s largest online travel company. The Company’s U.S. operations are currently based in Delaware. The requested credits would be issued in connection with the Company’s decision to establish a new, 25,000 square-foot facility for its Customer Experience Group in leased space at 500 Exchange Street in Providence.

The Company is planning to invest approximately \$5.1 million to fit out and equip its new facility. The Company would begin hiring in Rhode Island in 2017 with its Rhode Island headcount reaching 200 new full-time employees by 2018. The Company is requesting:

- Rebuild Rhode Island Tax credits valued at \$1,018,374; and
- Qualified Jobs Incentive tax credits with an estimated value of \$3,039,394 over ten years.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Facility investments

As noted above, the Company estimates that it will spend approximately \$5.1 million in 2017 on leasehold improvements, fixtures and furnishings, and purchase and installation of IT equipment. A breakdown of this expenditure is shown below in Table 1.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Tenant improvements – hard costs	\$2.9
Tenant improvements – soft costs	\$0.4
Furniture and fixtures	\$1.0
IT equipment	\$0.7
Total	\$5.1

For purposes of this analysis we assume that most of the spending summarized above would occur in Rhode Island; IT equipment, however, would be procured from out-of-state sources. Based on these assumptions we estimate that in-state spending on the Company’s new facility would total \$4.5 million.

We estimate that direct spending of \$4.5 million will directly and indirectly support:

- 32 person-years⁸³ of work in Rhode Island;
- \$2.0 million in earnings;
- \$5.2 million in statewide economic output⁸⁴; and
- A one-time increase of \$2.8 million in Rhode Island’s GDP.

⁸³ A person-year is equivalent to the time worked by one person who is employed full-time for a year. In this case, 22 person-years of direct employment could for example represent 22 workers employed full-time for one year, or 44 employed full-time for six months.

⁸⁴ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

These impacts are summarized below in Table 2. The project's *direct impact* is the impact of the company's direct spending on renovation and fit-out. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct and indirect impact of renovation and fit-out (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	24	\$1.5	\$2.1	\$4.0
Indirect Effect	8	\$0.5	0.7	\$1.2
Total Effect	32	\$2.0	\$2.8	\$5.2

Most of the activity reflected in Table 2 is expected to occur in 2017. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁸⁵
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$4.5 million would generate a projected one-time increase of approximately \$115,000 in taxes paid to the state during construction and fit-out, including:

- \$74,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$32,000 in state sales taxes paid on those workers' taxable household spending;
- \$9,000 in state business corporation taxes.

Annual operations

The Company plans to begin hiring at its new facility in 2017, increasing its headcount to 200 by 2018. Table 4 summarizes the estimated annual impact of the Company's operations in Providence when it reaches its target of 200 employees.

Based on data provided by the Company, Appleseed estimates that ongoing operations associated with the 200 full-time jobs the Company is expects to have created in Providence in 2018 will directly and indirectly support:

- 311 full-time-equivalent (FTE) jobs in Rhode Island;
- \$14.6 million in annual earnings (in 2017 dollars);
- \$46.7 million in statewide economic output⁸⁶; and
- An increase of \$19.5 million in Rhode Island's annual GDP.

⁸⁵ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2015

⁸⁶ Output is a measure of the total sales by Rhode Island companies (including the "sale" of labor by Rhode Island households) generated by the Center's operations.

These impacts are summarized below in Table 4.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	200	\$8.3	\$9.1	\$29.2
Indirect Effect	111	6.3	10.4	17.5
Total Effect	311	\$14.6	\$19.5	\$46.7

In addition to the impacts on employment, earnings, output and state GDP cited above, in 2018 the Company's operations in Providence would generate a projected increase of approximately \$856,000 in annual state tax revenues, including:

- \$548,000 in state personal income taxes paid by workers employed by the Company at its new location, or by Rhode Island workers whose jobs are indirectly attributable to the Company's operations at that site;
- \$239,000 in state sales taxes paid on those workers' taxable household spending; and
- \$69,000 in state business corporation taxes.

Workers employed by the Company in Providence are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers a package of benefits that include health, dental and vision care insurance, a retirement plan, pre-tax flex spending accounts and transportation benefits, and paid vacation, sick leave and family leave.

Hiring

The Company is using several approaches to recruiting employees for its new Providence location, including:

- Posting available positions on job sites such as jobrapido.com, Glassdoor, Indeed.com and Zip Recruiter
- Social media blasts via Facebook, Twitter and LinkedIn
- Career fairs at the University of Rhode Island and elsewhere
- Collaboration with Brown University, Johnson & Wales University, Rhode Island College, Providence College, Community College of Rhode Island and Salve Regina University
- Employee referrals

Impact

The state fiscal impact of the requested tax credits is up to \$4.1 million in foregone state tax revenues. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$19.5 million by 2018, the estimated associated job creation, and the gross increase of approximately \$10.4 million in personal income, sales and business corporation tax revenues during renovation and during the twelve-year commitment period beginning in 2018. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in other ways:

- Strengthen the state's reputation as an attractive location for customer service operations, and for internet-based businesses more broadly
- Help diversify the state's economy

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. Completion risk is mitigated by the fact that Rebuild Rhode Island tax credits will be issued only after construction is completed. The risk of project cost overruns is mitigated by the fact that tax credits and the value of the requested sales tax exemption are capped at the amounts set forth above. In addition, if project costs come in lower than anticipated, the value of the sales and use tax exemption could be reduced.

Moreover, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
United Natural Foods, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to United Natural Foods Inc. (UNFI, “the Company”), a distributor of natural, organic and specialty foods in the U.S. and Canada that has its headquarters in Providence. The credits would be issued in connection with the Company’s decision to establish a new operations center in leased space in the Providence metropolitan area.

The Company intends to hire 100 new employees at this facility by July 2018, rising to 150 by 2020; and expects to invest approximate \$2.5 million in facility improvements and IT infrastructure. The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$1,873,805 over ten years.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As noted above, the Company estimates that it will spend approximately \$2.5 million over five years on leasehold improvements and IT build-out at its new location. We estimate that direct spending of \$2.5 million will directly and indirectly support:

- 18 person-years⁸⁷ of work in Rhode Island;
- \$1.1 million in earnings;
- \$3.3 million in statewide economic output⁸⁸; and
- A one-time increase of \$1.6 million in Rhode Island’s GDP.

These impacts are summarized below in Table 1. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 1: Direct and indirect impact of renovation and fit-out (employment in person-years; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	12	\$0.8	\$1.1	\$2.5
Indirect Effect	6	0.3	0.5	0.8
Total Effect	18	\$1.1	\$1.6	\$3.3

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$2.5 million would generate a projected one-time increase of approximately \$62,000 in taxes paid to the state during construction, including:

- \$40,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$17,000 in state sales taxes paid on those workers’ taxable household spending;
- \$5,000 in state business corporation taxes.

⁸⁷ A person-year is equivalent to the time worked by one person who is employed full-time for a year. In this case, 12 person-years of direct employment could for example represent an average of 2.4 workers employed full-time each year for five years.

⁸⁸ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Annual operations

As noted above, the Company intends to relocate and/or hire 100 new employees at its new facility by July 2018, rising to 150 by 2020. Table 2 summarizes the categories in which these jobs will be created, and median earnings for each category.

Table 2: Projected employment, fiscal year 2020

	Employees	Median Earnings
Staff	136	\$33,500
Supervisors	9	\$53,000
Managers	6	\$85,000
Total Effect	150	

Based on data provided by the Company, and using the IMPLAN input-output modeling system (an economic modeling tool commonly used in economic impact analyses), Applesseed estimates that ongoing operations associated with the 150 full-time jobs the Company is committing to creating and maintaining will directly and indirectly support:

- 179 full-time-equivalent (FTE) jobs in Rhode Island;
- \$7.1 million in annual earnings;
- \$17.1 million in statewide economic output⁸⁹; and
- An increase of \$9.7 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 3.

Table 3: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	150	\$5.6	\$6.6	\$12.1
Indirect Effect	29	1.5	3.1	5.0
Total Effect	179	\$7.1	\$9.7	\$17.1

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's operations in its new location would generate a projected increase of approximately \$414,000 in annual state tax revenues, including:

- \$265,000 in state personal income taxes paid by workers employed by the Company at its new location, or by Rhode Island workers whose jobs are indirectly attributable to the Company's operations at that site;
- \$116,000 in state sales taxes paid on those workers' taxable household spending; and
- \$33,000 in state business corporation taxes.

Workers employed by the Company are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers a package of benefits, including health insurance, prescription drug coverage, dental and vision coverage, a company wellness program, flexible spending accounts, life and disability insurance, a 401K retirement plan, tuition reimbursement and travel assistance.

⁸⁹ Output is a measure of the total sales by Rhode Island companies (including the "sale" of labor by Rhode Island households) generated by the Center's operations.

Hiring

UNFI posts all available positions on its own website and on other sites such as LinkedIn and Indeed.com. Received resumes are reviewed, and phone interviews are conducted with selected applicants. Those whom the hiring manager selects for further consideration will then be scheduled for a second interview. After the second interview, offers are extended. Once the offer of employment is accepted, background checks and a pre-employment drug test are conducted.

Impact

The state fiscal impact of the requested tax credits and other incentives is up to \$1.9 million in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$9.7 million, the estimated associated job creation, and the gross increase of approximately \$4.8 million in personal income, sales and business corporation tax revenues during renovation and during the twelve-year commitment period beginning in 2018. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in other ways including by increasing local real property and tangible personal property tax revenues.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
eMoney Advisor LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to eMoney Advisor LLC (“the Company”), a Radnor, Pennsylvania-based developer of interactive technologies used by professional financial advisors and their clients. The credits would be issued in connection with the Company’s decision to establish a new office in leased space in downtown Providence, to be staffed primarily by software engineers.

The Company intends to hire 50 new employees at this location by 2018, rising to 75 in 2019 and 100 in 2020. The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$3.2 million over ten years, and \$97,500 from the Corporation’s First-Wave Closing Fund.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

The Company expects to spend approximately \$750,000 on tenant improvements in its leased space in downtown Providence. As shown below in Table 1, we estimate that direct spending of \$750,000 will directly and indirectly support:

- 5 person-years⁹⁰ of work in Rhode Island;
- \$325,000 in earnings;
- \$943,000 in statewide economic output⁹¹; and
- A one-time increase of \$490,000 in Rhode Island’s GDP.

These impacts are summarized below in Table 1. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 1: Direct and indirect impact of construction (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	4	\$0.254	\$0,374	\$0.750
Indirect Effect	1	0.71	0.116	0.193
Total Effect	5	\$0.325	\$0.490	\$0.943

In addition to the impacts on employment, earnings, output and state GDP cited above, direct spending of \$750,000 would generate a projected one-time increase of approximately \$19,000 in taxes paid to the state during construction, including:

- \$12,200 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$5,300 in state sales taxes paid on those workers’ taxable household spending;
- \$1,500 in state business corporation taxes.

⁹⁰ A person-year is equivalent to the time worked by one person who is employed full-time for a year. In this case, 6 person-years of work could for example represent an average of 18 workers employed full-time for four months.

⁹¹ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Annual operations

As noted above, the Company intends to hire 50 new employees at its new location in Providence by 2018, rising to 75 in 2019 and 100 in 2020. Table 2 summarizes the categories in which these jobs will be created, and median earnings for each category.

Table 2: Projected employment in 2020

Position	Employees	Average Salary
Software engineers, Designers & Quality Assurance	90	\$80,000
IT Operations	4	85,000
Technical Management	2	120,000
Product Owners	2	90,000
Operations Support	2	50,000
Total jobs/median salary	100	\$80,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system (an economic modeling tool commonly used in economic impact analyses), Appleseed estimates that in 2020, ongoing operations associated with the 100 full-time jobs the Company is committing to creating and maintaining will directly and indirectly support:

- 143 full-time-equivalent (FTE) jobs in Rhode Island;
- \$11.7 million in annual earnings;
- \$32.8 million in statewide economic output⁹²; and
- An increase of \$25.8 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 3.

Table 2: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2020 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	100	\$8.6	\$20.5	\$24.8
Indirect Effect	43	3.1	5.3	8.0
Total Effect	143	\$11.7	\$25.8	\$32.8

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's operations in its new location would generate a projected increase of approximately \$686,000 in annual state tax revenues, including:

- \$439,000 in state personal income taxes paid by workers employed by the Company at its new location, or by Rhode Island workers whose jobs are indirectly attributable to the Company's operations at that site;
- \$192,000 in state sales taxes paid on those workers' taxable household spending; and
- \$55,000 in state business corporation taxes.

Workers employed by the Company are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

⁹² Output is a measure of the total sales by Rhode Island companies (including the "sale" of labor by Rhode Island households) generated by the Center's operations.

Benefits

The Company offers a comprehensive package of benefits, including medical, dental and vision insurance, including a free medical plan option with a health savings account contribution; company-provided life, short-term disability and long-term disability insurance; employee-paid supplemental life and long-term disability insurance; an employee assistance plan; an online on-demand medical assistance program; a 401(k) retirement plan with company match; and legal assistance, identity theft protection, critical illness and accident insurance, flexible spending accounts and pet insurance. The company also provides paid time off to all regular employees as well as eleven paid holidays.

Hiring

The Company posts all available positions on its own website (www.emoneyadvisor.com) and on other sites such as LinkedIn and aggregators such as Indeed.com. Resumes received are reviewed by the recruiting team. Selected applicants go through a phone and in-person interview process with the recruiter, hiring manager and team members. At the completion of the interview process, selected candidates receive an offer letter and background checks are performed. After background checks are successfully completed, a start date is established for the selected candidate.

Impact

The state fiscal impact of the requested tax credits and other incentives is up to \$3.3 million in foregone state revenue and direct spending. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$25.8 million by 2020, the estimated associated job creation, and a gross increase of approximately \$7.9 million in personal income, sales and business corporation tax revenues during renovation and the twelve-year commitment period beginning in 2018. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in other ways, including:

- Highlighting the state's attractiveness as a location for financial technology companies
- Increasing employment in an area with excellent public transportation and regional rail service
- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Vistaprint Corporate Services, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Vistaprint Corporate Services (“the Company”), a recently-created, Waltham, Massachusetts-based subsidiary of Cimpress NV, a Netherlands-based provider of printing services, signage, apparel and other products, both physical and digital, to small businesses. The credits would be issued in connection with the Company’s decision to establish a new office in leased space in Providence, specializing in the provision of mass customization services and the development of online portals for mid-market businesses.

The Company intends to hire 40 new employees at its new location by 2019, rising to 70 in 2020 and 125 in 2021. The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$2,244,546 over ten years.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

As noted above, the Company intends to hire 40 new employees at its new location in Providence by 2019, rising to 70 in 2020 and 125 in 2021. Table 1 summarizes the categories in which these jobs will be created, and median earnings for each category.

Table 2: Projected employment in 2021

Position	Employees	Median Salary
Portal design and operations	15	\$40,000
Sales and management	110	55,000
Total jobs/median salary	125	\$55,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system (an economic modeling tool commonly used in economic impact analyses), Appleseed estimates that in 2021, ongoing operations associated with the 125 full-time jobs the Company is committing to creating and maintaining in Providence will directly and indirectly support:

- 216 full-time-equivalent (FTE) jobs in Rhode Island;
- \$12.2 million in annual earnings (in 2019 dollars);
- \$39.3 million in statewide economic output⁹³; and
- An increase of \$13.3 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 2.

Table 2: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	125	\$6.9	\$7.6	\$24.7
Indirect Effect	91	5.3	8.7	14.6
Total Effect	216	\$12.2	\$13.3	\$39.3

⁹³ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the Center’s operations.

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's operations in its new location would generate in 2021 a projected increase of approximately \$715,000 in annual state tax revenues, including:

- \$457,000 in state personal income taxes paid by workers employed by the Company at its new location, or by Rhode Island workers whose jobs are indirectly attributable to the Company's operations at that site;
- \$200,000 in state sales taxes paid on those workers' taxable household spending; and
- \$58,000 in state business corporation taxes.

Workers employed by the Company are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers a comprehensive package of benefits, including medical, dental and vision insurance; a 401(k) retirement plan with a company match; pre-tax health savings accounts, flexible spending accounts and commutation benefits; life, short-term disability and long-term disability insurance; an employee assistance plan; paid time off; back-up child care; tuition assistance; a legal assistance plan; pet insurance; and additional benefits such as on-site massages, acupuncture, and a fitness center.

Hiring

The Company posts all available positions on its corporate website (www.cimpress.com) and on other sites such as LinkedIn, Monster.com and Indeed.com. Employee referrals are encouraged and are rewarded upon hiring with referral bonuses. Resumes received are reviewed and initial phone interviews are conducted, with a selected group of applicants then referred for interviews with managers and peers.

The Company also recruits on college campuses and conducts on-campus interviews with selected students.

Impact

The state fiscal impact of the requested tax credits and other incentives is estimated to be \$2,244,546 in foregone state revenue and direct spending. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$13.3 million by 2021, the estimated associated job creation, and a gross increase of approximately \$7.5 million in personal income, sales and business corporation tax revenues during the twelve-year commitment period beginning in 2019. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in other ways, including:

- Highlighting the state's attractiveness as a location for e-commerce and online business service companies
- Increasing employment in an area accessible by public transportation and regional rail service
- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.

Appendix C:

[Tax Increment Financing](#) Economic Impact Analyses

[R.I.G.L. § 42-64.21-8](#)

- 1 Exchange Street Hotel LLC Exchange St., Providence, RI 02903

- 2 D'Ambra Warwick Hotel, 800 Jefferson Blvd., Warwick, RI 02886
LLC

Rhode Island Commerce Corporation
Tax Increment Financing – Economic Impact Analysis
Exchange Street Hotel LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) is exempting Exchange Street Hotel LLC (the “Sponsor”) from 75% of the state sales tax and 18% of the state hotel tax (“TIF”). The incentive would be issued in connection with the Sponsor’s decision to invest in the development of a new Homewood Suites by Hilton Hotel – a 120-room, extended-stay hotel, to be located on Exchange Street in Providence. The total cost of the proposed project is estimated to be more than \$24.5 million.

The Sponsor is requesting a TIF in an amount equal to the financing gap for the project, which is expected to be satisfied through the use of \$3.0 million in tax increment financing from the Sponsor’s lender.

This analysis was prepared by Applesseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$24.5 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Land acquisition	\$1.0
Architecture and engineering	\$0.5
Site work and soil improvement	\$0.8
Building construction (hard cost)	\$18.0
Fixtures, furnishings & equipment	\$2.0
Parking garage lifts	\$0.3
Interest costs	\$0.5
Other soft costs	\$1.0
Developer’s overhead and fee	\$0.4
Total	\$24.5

After excluding certain costs that for purposes of this analysis do not have a direct, current impact on Rhode Island’s economy (such as land and interest costs), the remaining hard and soft costs total approximately \$22.5 million. Applesseed estimates that direct expenditures of \$22.5 million will directly and indirectly generate:

- 161 person-years⁹⁴ of work in Rhode Island;
- \$9.3 million in earnings;
- Nearly \$26.4 million in statewide economic output⁹⁵;
- A projected one-time increase of approximately \$348,000 in personal income taxes paid to the State during construction; and
- A one-time increase of \$14.0 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	122	\$7.2	\$10.7	\$20.8
Indirect Effect	39	2.1	3.4	5.6

⁹⁴ A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁹⁵ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Total Effect	161	\$9.3	\$14.1	\$26.4
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Most of the activity reflected in Table 2 is expected to occur in 2017. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁹⁶
Architect	\$41.70
Construction manager	\$52.12
Carpenter	\$19.70
Electrician	\$23.71
Plumber	\$24.03
Painter	\$16.07
Laborer	\$16.77

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

After construction is completed, ongoing operations will include:

- Operation of the hotel itself; and
- The operations of a business (which for purposes of this analysis we assume to be a full-service restaurant) occupying the proposed 3,000 square-foot ground-floor commercial space.

The Sponsor estimates that 48 people (32 full-time and 16 part-time, assumed to equal 40 full-time-equivalent jobs) will be employed in the operation of the hotel. Appleseed estimates that a 3,000 square-foot ground-floor restaurant would have 21 full-time-equivalent (FTE) employees.

Based on these estimates, Appleseed projects (as shown below in Table 4), that when the hotel and ground-floor commercial space are completed and fully operational (which is assumed to occur in 2017), it will directly and indirectly account for:

- 70 FTE jobs in Rhode Island;
- Approximately \$2.3 million in annual earnings (in 2017 dollars);
- Nearly \$6.8 million in annual statewide economic output;
- An increase of approximately \$87,000 in personal income taxes paid annually to the State; and
- An increase of approximately \$4.3 million in Rhode Island's annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	61	\$1.8	\$3.5	\$5.4
Indirect Effect	9	0.5	0.8	1.4
Total Effect	70	\$2.4	\$4.3	\$6.8

Workers who fill jobs at the hotel and restaurant are expected to be drawn primarily from neighborhoods in Providence and from other nearby communities.

Impact

The state fiscal impacts of the requested tax increment financing are up to \$4.9 million in foregone state revenue in nominal dollars. The new hotel is projected to cost \$24.5 million in total development costs, which at a cap 20% of project cost results in \$4.9 million in nominal TIF value. Of that revenue, approximately 20% will be provided in the form of a TIF incentive to the sponsor for the purpose of enabling the sponsor to secure the

⁹⁶ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2014.

financing necessary to close the financing gap on the project and bring it to fruition. The State will collect the balance of the sales and hotel occupancy tax revenue.

Direct and indirect economic and fiscal benefits of the proposed project include the estimated annual state GDP increase of \$4.3 million, the estimated associated job creation, and the gross increase of nearly \$1.4 million in personal income tax revenues during the construction phase and ongoing operations during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Redevelop and reactivate a long-vacant site in Providence's Capital Center area;
- Support the continued growth in the number of visitors to Rhode Island;
- Create employment opportunities for Rhode Island residents; and
- Increase local real property tax revenues.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the incentives will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the incentives are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the incentives to be paid will be reduced accordingly.

Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
D’Ambra Warwick Hotel LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to D’Ambra Warwick Hotel LLC (the “Sponsor”), an entity controlled by Michael D’Ambra, founder of D’Ambra Construction Company of Warwick. The credits would be issued in connection with the Sponsor’s decision to invest in the development of a new, 120-room Hyatt Place Hotel at 800 Jefferson Boulevard in Warwick. The total cost of the proposed project is estimated to be slightly more than \$23.8 million.

The Sponsor is requesting a Rebuild Rhode Island Tax Credit of \$1,366,991, and a sales and use tax exemption on eligible construction and build-out costs, estimated at \$345,000. If the actual value of the sales and use tax exemption exceeds this estimate, the amount of the Rebuild Rhode Island Tax Credit shall be reduced by the amount of the exemption in excess of \$345,000.

The Sponsor is also seeking tax increment financing totaling \$3.5 million, with the TIF loan(s) to be repaid from the stream of state sales and hotel tax revenues that the operations of the hotel would generate over a twenty-year period.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Construction

As shown in Table 1, the Sponsor’s estimate of total project cost is approximately \$23.8 million.

Table 1: Estimated total project cost (in \$ millions)

Component	Estimated cost
Property acquisition	\$2.2
Building construction (hard cost)	\$16.5
Other construction costs	\$1.3
Furnishings, fixtures & equipment	\$2.0
Financing	\$0.5
Other costs	\$1.3
Total	\$23.8

After excluding certain costs that for purposes of this analysis do not have a direct, current impact on Rhode Island’s economy (such as land acquisition and interest costs), the remaining hard and soft costs total \$21.1 million. Appleseed estimates that direct expenditures of \$21.1 million will directly and indirectly generate:

- 147 person-years⁹⁷ of work in Rhode Island;
- \$8.6 million in earnings;
- Nearly \$24.7 million in statewide economic output⁹⁸;
- A projected one-time increase of approximately \$323,000 in personal income taxes paid to the State during construction; and
- A one-time increase of nearly \$13.0 million in Rhode Island’s GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the company’s direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc) purchased from other Rhode Island businesses.

⁹⁷ A person-year is equivalent to the time worked by one person who is employed full-time for a year. For example, it could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁹⁸ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

Table 2: Direct and indirect impact of construction spending (employment in person-years; income, value-added and output in millions of 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	111	\$6.7	\$9.8	\$19.5
Indirect Effect	36	1.9	3.2	5.2
Total Effect	147	\$8.6	\$13.0	\$24.7

Most of the activity reflected in Table 2 is expected to occur between mid-2016 and mid-2017. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island as of May 2015.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ⁹⁹
Architect	\$40.76
Construction manager	\$54.17
Carpenter	\$21.04
Electrician	\$24.86
Plumber	\$23.54
Painter	\$18.10
Laborer	\$18.33

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Annual operations

The Sponsor states that when it is completed and fully operational (expected to occur in the fall of 2017), the proposed hotel will employ 26 people in jobs ranging from general manager, front office manager and sales manager to room attendants and bell persons. Using IMPLAN, Applesseed estimates that the hotel will directly and indirectly account for:

- 32 FTE jobs in Rhode Island;
- Approximately \$1.4 million in annual earnings (in 2018 dollars);
- Approximately \$4.6 million in annual statewide economic output (in 2018 dollars);
- An increase of approximately \$54,000 in personal income taxes paid annually to the State; and
- An increase of nearly \$3.0 million in Rhode Island's annual GDP.

Table 4: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	26	\$1.1	\$2.4	\$3.7
Indirect Effect	6	0.3	0.6	0.9
Total Effect	32	\$1.4	\$3.0	\$4.6

Workers who fill managerial jobs at the new hotel are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA). Housekeeping, service and maintenance workers are likely to be drawn primarily from Warwick or from other nearby communities.

⁹⁹ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2014

Impact

The state fiscal impact of the requested tax credits is up to \$1,366,991 in foregone state revenue. The state would also forego hotel tax revenues that will be used to repay the proposed TIF loan(s). Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase of \$3.0 million in annual state GDP, the estimated associated job creation, and the gross increase of approximately \$971,000 in personal income tax revenues during the construction phase and ongoing operations during the twelve years following the completion of the project. These benefits are detailed in the foregoing analysis. In addition to the economic and tax revenue impacts cited above, the proposed project would benefit Rhode Island in several other ways.

- Increase the supply of hotel rooms that are available in the area around T.F. Green Airport, increasing customer service during periods of inclement weather.
- Make the hotel easily accessible for people traveling through the airport, via a new ground-level connection between the hotel to an existing airport parking garage.
- Substantially increase local real property tax revenues.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, the completion risk (i.e., the risk that the project is not completed) is mitigated by the fact that the tax credits will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the tax credits are capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the tax credits to be paid will be reduced accordingly.