



September 2018

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 2018

Dear Governor Raimondo, Speaker Mattiello, and President Ruggerio,

I am pleased to submit the Rhode Island Commerce Corporation's ("Commerce Corporation") Fiscal Year 2018 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; 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 2018. These investments are showing results and will pay dividends for Rhode Islanders in the years to come. Since June 2017, Rhode Island businesses have created 8,900 jobs, continuing a trend of private sector job growth over almost every quarter since 2010. In 2018, the unemployment rate fell to its lowest point since 2000. 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 2018, 3 Rhode Island businesses and 8 out-of-state companies relocating to Rhode Island committed to creating 1,747 jobs in the state through tax credits awarded by the Commerce Corporation. Altogether, 29 companies have committed to creating jobs in Rhode Island for a total of 3,210 jobs to date incentivized through job creation tax credits. Moreover, in Fiscal Year 2018 the Commerce Corporation approved investments in 10 real estate projects that will spur \$1.37 billion in development within Rhode Island's economy, bringing the total amount of development supported by the end of the fiscal year to \$2.12 billion.

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 18 Commerce Corporation grants totaling \$887,874 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 68 companies delivering innovation projects that, together, position the state's economy for growth in the coming years.

In Fiscal Year 2018, 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 another year of 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, appearing to read "Jesse Saglio", is written over a horizontal line.

Jesse Saglio
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
Mark Furcolo, Director of Revenue
Neena Savage, Administrator, Division of Taxation



The Report on Commerce Corporation Incentive Programs for Fiscal Year 2018



First Wave Closing Fund

R.I.G.L. § 42-64.23-5(d)

Funds committed in FY 2018:

Recipient Name	Recipient Local Address	Board Approval Date	Project Location	Committed Incentive Amount ²	Award Type	Use of Funds
Infosys Limited	75 Fountain St., Providence, RI 02902	12/18/2017	Providence	\$500,000	Grant	Talent attraction activities related to new full-time employees.
Total				\$500,000		

Funds disbursed in FY 2018: \$97,500 were disbursed to eMoney.



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

R.I.G.L. § 42-64.31-3

Grants awarded in FY 2018:

Recipient Name	Recipient Address	Award Date	Project Location	Grant Amount	Project Description
Community College of Rhode Island	400 East Ave., Warwick, RI 02886	5/21/2018	Lincoln, Newport, Providence, and Warwick	\$75,000	The Community College of Rhode Island will continue to support the statewide development of early college high school model programs.
Total				\$75,000	



Innovation Vouchers & Network Matching Grants

R.I.G.L. § 42-64.28-9

Grants awarded in FY 2018:

Recipient Name	Recipient Address	Award Date	Project Location	Program	Project Cost ³	Leveraged Resources ⁴	Grant Amount	Industry	Project Description
Mass Challenge	21 Drydock Ave., 610E, Boston, MA 02210	9/6/2017	Rhode Island State wide	Innovation Network Matching	\$450,000	\$200,000	\$250,000	Non-profit Business Accelerator	To pursue a critical gap in the RI entrepreneur ecosystem. Leveraging local champions, FM Global and Delta Dental, they will work to build, test, and establish best practices for startup-corporate collaboration in RI. Those learnings will be shared and discussed at a catalytic event for corporate innovation leaders: Corporate Innovation Roundtable
NEMIC	116 Chestnut St., Providence, RI 02903	11/29/2017	Rhode Island State wide	Innovation Network Matching	\$401,500	\$251,500	\$150,000	Biomedical / biotech start up accelerator	To design, support and launch a unique networking program through the Government of South Korea, to attract many Korean start-up businesses in the biotech/medtech sector. The funds will also help to support the mission and goals of MedMates.
Venture Mentoring Service of Rhode Island	39 Rock Ridge Rd., Westerly, RI 02891	11/29/2017	Rhode Island State wide	Innovation Network Matching	\$187,000	\$106,000	\$81,000	Business accelerator mentoring service	Utilizing the MIT Venture Mentoring Service model to support RI entrepreneurs by providing business advice through high quality, organized and consistent mentoring.
Bio Innovation Labs LLC	One Broadway, 14th Floor, Cambridge, MA 02142	1/24/2018	Rhode Island State wide	Innovation Network Matching	\$100,000	\$0	\$100,000	Co-working laboratory space for biotechnology start ups	To perform a feasibility study to determine whether the RI biotech community could benefit from a co-working laboratory space.
Hope & Main	691 Main St., Warren, Rhode Island 02885	6/30/2018	Rhode Island State wide	Innovation Network Matching	\$223,570	\$123,570	\$100,000	Food business accelerator	The project will be to expand Hope & Main's small-batch Contract Manufacturing program.



Innovation Vouchers & Network Matching Grants

R.I.G.L. § 42-64.2.8-9 (continued)

Recipient Name	Recipient Address	Award Date	Project Location	Program	Project Cost	Leveraged Resources	Grant Amount	Industry	Project Description
Rhode Island Black Business Association	3 Regency Plaza St., 3E, Providence, RI 02903	6/30/2018	Providence and Pawtucket	Innovation Network Matching	\$165,000	\$40,000	\$125,000	Business mentoring program/loan program	To support RIBBA's Urban Practitioner Network, which will provide professional resources and an innovative business development approach to significantly help at least 65 underserved urban businesses and entrepreneurs in select neighborhoods.
Matunuck Oyster Farm LLC	629 Succotash Rd., Wakefield, RI 02879	9/6/2017	Wakefield	Innovation Voucher	\$54,000	\$4,000	\$50,000	Aquaculture	To transfer state-of-the-art knowledge in shellfish aquaculture from URI to the Matunuck Oyster Farm, leading to the development of a hatchery able to produce a diversity of species.
Vitae Industries, Inc.	249 Wickenden St., Unit B1, Providence, RI 02909	9/6/2017	Providence	Innovation Voucher	\$94,500	\$44,500	\$50,000	Biomedical	To work with Rhode Island Hospital to deploy and commercialize an innovative robotic hardware platform that quickly and cost effectively produces individually tailored doses of pharmaceutical tablets.
Alcinous Pharmaceuticals, LLC	14 Bicknell Ave., Rumford, RI 02916	11/1/2017	Rumford	Innovation Voucher	\$153,051	\$103,051	\$50,000	Biomedical	The project is for services from the University of Rhode Island to provide expertise in the designing, synthesizing, and optimizing novel small molecules for the treatment of BRCA 1/2 mutated cancers.



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
CBC, LLC	254 Randall Ave., Warwick, RI 02889	11/1/2017	Warwick	Innovation Voucher	\$48,106	\$0	\$48,106	Wind Technology	To access services from the URI to provide expertise in advancing the development of CBC, LLC's power generating wind turbine by exploring two modifications of the product.
Modus Techwear, LLC	244 Oak St., Providence, RI 02909	11/1/2017	Providence	Innovation Voucher	\$50,000	\$0	\$50,000	Biomedical	To be used towards services from the URI to provide expertise in investigating the fabrication of a battery, the characterization of its electrochemical performance and the iteration of processing strategies and component loadings until it meets or exceeds all of the metrics for a battery for smart wearable products.
Electro Standards Laboratory, Inc.	36 Western Industrial Dr., Cranston, RI 02921	1/24/2018	Cranston	Innovation Voucher	\$214,747	\$164,872	\$49,875	Medical Devices	This project is for services from the Ocean State Research Institute to develop an industry first, close-loop noninvasive system to treat Post-Traumatic Stress Disorder.
CREMedical Corp.	20 Watch Hill East Greenwich, RI 02818	4/5/2018	East Greenwich	Innovation Voucher	\$49,989	\$0	\$49,989	Medical Devices	This project is for services towards designing a neural recording system based on state-of-the-art integrated electronics that will form the basis for a new brain imaging product.
MindImmune Therapeutics, Inc.	20114 Patriot Way, West Greenwich, RI 02817	4/6/2018	West Greenwich	Innovation Voucher	\$91,611	\$41,611	\$50,000	Pharmaceuticals	This project is building on the success of last year's Innovation Voucher project and further enabling a key animal model of learning and memory for developing new therapies for Alzheimer's disease.



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
Dolphin Measurement Systems, LLC	303 Allens Ave., Providence, RI 02905	6/30/2018	Providence	Innovation Voucher	\$50,000	\$0	\$50,000	Metals Processing	Working with the URI on development of a low-cost and hazard-free alternative to existing methods for performing high precision, continuous measurement of the thickness of hot and cold rolling metals.
Mearthane Products Corporation	16 Western Industrial Dr., Cranston, RI 02921	4/5/2018	Cranston	Manufacturing Innovation Voucher	\$40,574	\$0	\$40,574	Manufacturing	This project is focused on reinventing the entire manufacturing process for the innovative line of products based on your Durethane® F polyurethane foam technology.
Aspen Aerogels Rhode Island LLC	3 Dexter Rd., East Providence, RI 02914	4/26/2018	East Providence	Manufacturing Innovation Voucher	\$157,848	\$107,850	\$49,998	Manufacturing	To support manufacturing innovation activities of Aspen Aerogels Rhode Island, LLC in connection with the development of glass fiber matting to insulate automotive batteries.
Bouckaert Industrial Textiles, Inc.	235 Singleton St., Woonsocket, RI 02895	4/26/2018	Woonsocket	Manufacturing Innovation Voucher	\$124,327	\$74,327	\$50,000	Manufacturing	To support manufacturing innovation activities of Bouckaert Industrial Textiles, Inc. in connection with the development of glass fiber matting to insulate automotive batteries.
Nu Label Technologies, Inc.	965 Waterman Ave., East Providence, RI 02914	4/26/2018	East Providence	Manufacturing Innovation Voucher	\$50,000	\$0	\$50,000	Manufacturing	This project is focused on the commercialization of the Catalyst linerless labeling technology.



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
AgCore Technologies LLC	15 Jennifer Circle, Cranston, RI 02921	6/30/2018	Cranston	Manufacturing Innovation Voucher	\$50,000	\$0	\$50,000	Aquaculture/Manufacturing	This project will be used for the commercialization of enhanced versions of the nutrient dense algae, Spirulina.
Desmark Industries, Inc.	530 Wellington Ave. 3rd Floor, Cranston, RI 02910	6/30/2018	Cranston	Manufacturing Innovation Voucher	\$140,332	\$90,500	\$49,832	Manufacturing	This project is to test the most effective combination of materials for the manufacture of a superior stab-proof and impact resistant composite panel for a Riot Suit.
Moore Brothers Composites	253 Franklin St., Bristol, RI 02809	6/30/2018	Bristol	Manufacturing Innovation Voucher	\$49,500	\$0	\$49,500	Manufacturing	The project will establish methods for hybridizing a carbon/UHMWPE tape and to quantify the properties of the various ratios of the two fibers.
NanoSoft LLC	1372 Main St., Coventry, RI 02816	6/30/2018	Coventry	Manufacturing Innovation Voucher	\$55,000	\$5,000	\$50,000	Manufacturing	This project will manufacture an after-market accessory for Cryo-TEM sample preparation.



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
Videology, Inc	37M Lark Industrial Pkwy, Greenville, RI 02828	6/30/2018	Greenville	Manufacturing Innovation Voucher	\$270,000	\$220,000	\$50,000	Manufacturing	To move into the beta test phase in the development of an iris scanner for the company's OEM cameras.
Total Number of Innovation Vouchers Awards Approved: 18					\$1,743,585	\$855,711	\$887,874		
Total Number of Network Matching Grants Awards Approved: 6					\$1,527,070	\$721,070	\$806,000		



Rebuild Rhode Island Tax Credit⁶

R.I.G.L. § 42-64.20-9(b), (c)

Funds committed in FY-2018:

Recipient Name	Project Name	Recipient Address	Award Board Approval Date	Project Location	Project Cost	Approved Tax Credit Amount ⁷
Waldorf Capital Partners, LLC ⁸	Chestnut Commons	1 Tunks Hd PL., Ste. 1300, Providence, RI 02903	10/30/2017	Providence	\$32,891,463	\$3,475,356
Gotham Greens Holdings, LLC	Gotham Greens	586 Atwells Ave., Providence, RI 02909	11/20/2017	Providence	\$12,241,101	\$1,300,000
Infosys Limited	Infosys	75 Fountain St., Providence, RI 02902	12/18/2017	Providence	\$8,500,000	\$750,000
Cornish Associates LP ⁸	Dowcity II	46 Aborn St., 4 th Floor, Providence, RI 02903	12/28/2017	Providence	\$39,676,298	\$1,902,889
Sprague Street Owner, LLC	R&W Phase II	40, 40-Rear, 50 Sprague St., Providence, RI 02907	1/22/2018	Providence	\$7,182,440	\$1,000,000



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
Immunex RI Corporation	Immunex RI	40 Technology Way, West Greenwich, RI 02817	4/10/2018	West Greenwich	\$165,135,000	\$3,450,000
Electric Boat Corporation	Electric Boat	165 Dillabur Ave., North Kingstown, RI 02852	5/21/2018	North Kingstown	\$792,100,000	\$2,000,000
Infinity Meat Solutions, LLC	Infinity Meat	60 Compass Cir., North Kingstown, RI 02852	5/21/2018	North Kingstown	\$110,200,000	\$1,915,000
Rubius Therapeutics, Inc.	Rubius Therapeutics	100 Technology Way, Smithfield, RI 02917	6/28/2018	Smithfield	\$188,000,000	\$2,750,000
Total					\$1,355,926,302	\$28,543,245

Funds disbursed in FY 2018: none



Rhode Island Qualified Jobs Incentive Tax Credit⁹

R.I.G.L. § 44-48.3-13(b), (c)

Projects approved in FY 2018:

Recipient Name	Recipient Address	Board Approval Date	Estimated Tax Credit Amount ¹⁰	Estimated Jobs Created	Commitment Term
Magellan HRSC, Inc.	130 Bellevue Ave., Ste., 201, Newport, RI 02840	9/5/2017	\$2,138,662	75	2020 - 2029
Alliance Paper Company, Inc.	33 India St., Pawtucket, RI 02860	10/30/2017	\$296,794	20	2019 - 2028
Xerox, Inc.	195 Dupont Dr., Providence, RI 02907	10/30/2017	\$784,973	25	2019 - 2028
Gotham Greens Holdings, LLC	586 Atwells Ave., Providence, RI 02909	11/20/2017	\$934,610	68	2019 - 2028
Infosys Limited	75 Fountain St., Providence, RI 02902	12/18/2017	\$8,500,000	500	2019 - 2028
Epiq Systems, Inc.	1 Cedar St., Ste. 300, Providence, RI 02903	4/2/2018	\$1,210,000	25	2019 - 2028
Immunex RI Corporation	40 Technology Way, West Greenwich, RI 02817	4/10/2018	\$6,000,000	146	2021 - 2030
Advertising Ventures, Inc.	20 Risho Ave., East Providence, RI 02914	5/21/2018	\$260,000	10	2019 - 2028
Infinity Meat Solutions, LLC	60 Compass Cir., North Kingstown, RI 02852	5/21/2018	\$9,484,000	702	2020 - 2029



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
iXblue Defense Systems, Inc.	27 Wellington Rd., Lincoln RI 02865	5/21/2018	\$1,032,000	22	2019 - 2028
Rubius Therapeutics, Inc.	100 Technology Way, Smithfield, RI 02917	6/28/2018	\$3,715,000	154	2021 - 2030
Total			\$34,356,039	1,747	

Funds disbursed in FY 2018: none



Tax Increment Financing¹¹

R.I.G.L. § 42-64.21-8(a), (c)

Agreements entered in FY 2018:

Recipient Name	Project Name	Recipient Address	Award Date	Project Location	Project Cost	Tax Increment Financing Amount
Southern RI Hospitality, LLC	The Village at South Commons	2 Stafford Court, Cranston, RI 02920	12/18/2017	South Kingstown	\$18,960,640	\$1,800,000
Total					\$18,960,640	\$1,800,000

Funds disbursed in FY 2018: none



Tax Stabilization Incentive¹²

R.I.G.L. § 42-64.22-14(a), (c)

Agreements entered in FY 2018:

Recipient Name	Project Name	Recipient Address	Award Date	Project Location	Project Cost	Tax Stabilization Amount
Immunex RI Corporation	Immunex RI	40 Technology Way, West Greenwich, RI 02817	4/10/2018	West Greenwich	\$165,135,000	\$179,829
Rubius Therapeutics, Inc.	Rubius Therapeutics	100 Technology Way, Smithfield, RI 02917	6/28/2018	Smithfield	\$188,000,000	\$180,000
Total					\$353,135,000	\$359,829

Funds disbursed in FY 2018: none



Small Business Assistance Program

R.I.G.L. § 42-64.25-12

Lending Organization ¹³	Total Loan Amount	Total Commerce Funds ¹⁴	Uses of Funds
Business Development Capital Corp. of MA	\$2,654,474	\$102,982	Debt refinancing; equipment; leasehold improvements; real estate; working capital.
Recipient Name and Address:	2nd Story Theatre	28 Market St., Warren, RI 02885	
	Atlantic Marine Construction	73 Margin St., Westerly, RI 02891	
	Blue Fin Capital, Inc.	10 Weybosset St., Providence, RI 02903	
	Capital Good Fund	22 A St., Providence, RI 02907	
	Cast, LLC	44 Newell Dr., Cumberland, RI 02864	
	Cool Air Creations, Inc.	10 Business Park Dr., Smithfield, RI 02917	
	East Coast Construction	202 Chase Rd., Portsmouth, RI 02871	
	Ephraim Doumato Jewelers	19 Sanderson Rd., Smithfield, RI 02828	
	JW Cook-Cumberland Well	10 Cook Rd., Cumberland, RI 02864	
	M Laprise Logging & Firewood	150 Skunk Hill Rd., Exeter, RI 02822	
	Robin Moorehead	15 Buell Ave., North Smithfield, RI 02896	
	Rodrick Landscaping	305 Turner Rd., Middletown, RI 02842	
	Sarah Insurance	1026 Mineral Spring Ave., North Providence, RI 02904	
	Specialty Hearth Products	790 Bald Hill Rd., Warwick, RI 02886	
	Universal Cleaning	77 Burgess Ave., East Providence, RI 02914	
Business Development Company of Rhode Island	\$1,535,000	\$495,00	Acquisition; debt refinancing; equipment financing; working capital.
Recipient Name and Address:	Atlantic Beach Park, Inc.	321 Atlantic Ave., Westerly, RI 02891	



Small Business Assistance Program

R.I.G.L. § 42-64.25-12 (continued)

Lending Organization	Total Loan Amount	Total Commerce Funds	Uses of Funds
Business Development Company of Rhode Island (continued)			
Recipient Name and Address:			
Fertav		84 Union Ave., Providence, RI 02904	
Meridian Printing		1538 South County Trail, East Greenwich, RI 02818	
Night Vision		5 Clinton Ave., Jamestown, RI 02835	
Shaidzon Liquors		141 Fairgrounds Rd., West Kingston, RI 02892	
Center for Women & Enterprise	\$115,000	\$115,000	Equipment; start-up costs; working capital.
Recipient Name and Address:			
Enjoyful Foods		20 Post Rd., Warwick, RI 02888	
Jounce Fitness		39 Putman Pike, Johnston, RI 02919	
October		291A South Main St., Attleboro, MA 02703	
Rachyl's Goat Milk Soap, LLC		615 Rocky Hill Rd., North Scituate, RI 02857	
RMC Cleaning		864 Park Ave., Cranston, RI 02910	
Skye Gallery		381 Broadway, Providence RI 02905	
Community Investment Corporation	\$203,000	\$30,450	Equipment; working capital.
Recipient Name and Address:			
Daily Wichual		335 Jefferson Blvd., Warwick, RI 02888	
The Family Cake Company		243 Manton Ave. 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 – Micro Loans	\$97,500	\$48,750	Inventory; working capital.
Recipient Name and Address:	April Conley dba Lockstar	62 Wave Ave., Unit a, Middletown, RI 02842	
	Mobile Quest	207 Betsey Williams Dr., Warwick, RI 02889	
	Riffraff Book Store and Bar	215 Dean St., Providence, RI 02903	
	Support Vision	166 Valley St., Building 6M Ste., 103, Providence, RI 02909	
	Sweet Victory Aquaculture	105 Spofford Ave., Warwick RI 02888	
SEG-Micro Loans	\$40,000	\$40,000	Expansion/working capital.
Recipient Name and Address:	Sphere-E	255 Promenade St., Providence, RI 02908	
	Feast and Fettle	691 Main St., Warren, RI 02885	
South Eastern Economic Development Corporation	\$1,647,000	\$605,000	Real Estate Purchase.
Recipient Name and Address:	Le Central	483 Hope St., Bristol, RI 02809	
	Lou's Café	47 Summer St., Manville, RI 02838	
	Machupicchu Restaurant	1366 Chalkstone Ave., Providence, RI 02909	
	P&E African Market	855 Newport Ave., Pawtucket, RI 02861	
Total	\$6,291,974	\$1,437,982	



ENDNOTES

1. Anchor Institution Tax Credit. R.I.G.L. § 42-64.30-10. In Fiscal Year 2018, 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. Main Street Rhode Island Streetscape Improvement Fund. R.I.G.L. § 42-64.27-4. In Fiscal Year 2018, no awards were made pursuant to the Main Street program.
6. Economic impact analyses of projects awarded Rebuild Rhode Island tax credits are appended to this report as Appendix A.
7. 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.
8. Amended.
9. Economic impact analyses of projects awarded Qualified Jobs Incentive tax credits are appended to this report as Appendix B.
10. 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.
11. Economic impact analyses of projects awarded Tax Increment Financing incentives are appended to this report as Appendix C.
12. Economic impact analyses of projects awarded Tax Stabilization incentives are appended to this report as Appendix D.
13. Lending Organization is the outside lending organization as defined by R.I.G.L. § 42-64.25-4.
14. 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 Waldorf Capital Partners, LLC 1 Turks Hd PL., Ste. 1300, Providence, RI 02903
- 2 Gotham Greens Holdings, LLC 586 Atwells Ave., Providence, RI 02909
- 3 Cornish Associates LP 46 Aborn St., 4th Floor, Providence, RI 02903
- 4 Infosys Limited 75 Fountain St., Providence, RI 02902
- 5 Sprague Street Owner, LLC 40, 40-Rear, 50 Sprague St., Providence, RI 02907
- 6 Immunex RI Corporation 40 Technology Way, West Greenwich, RI 02817
- 7 Electric Boat Corporation 165 Dillabur Ave., North Kingstown, RI 02852
- 8 Infinity Meat Solutions, LLC 60 Compass Cir., North Kingstown, RI 02852
- 9 Rubius Therapeutics, Inc. 100 Technology Way, Smithfield, RI 02917



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:

- 95 residential units in a newly-constructed seven-story building;
- 5,900 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 \$32.9 million. The Sponsor is requesting a Rebuild Rhode Island tax credit of \$3,127,820 (net) and a sales and use tax exemption on eligible construction costs valued at \$572,000.

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 \$32.9 million.

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

Component	Estimated cost
Land and building acquisition	\$1.5
Building construction (hard cost)	\$25.7
Soft costs	\$5.7
Total	\$32.9

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 \$30.3 million. Applesseed estimates that direct expenditures of \$30.3 million will directly and indirectly generate:

- 245 person-years² of work in Rhode Island;
- \$13.7 million in earnings (in 2018 dollars);
- Approximately \$42.3 million in statewide economic output³; 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.

Table 2: 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	148	\$9.2	\$13.7	\$30.2
Indirect Effect	97	4.5	7.4	12.1
Total Effect	245	\$13.7	\$21.1	\$42.3

In addition to the impacts cited in Table 2, direct expenditures of \$30.3 million would directly and indirectly generate a projected one-time increase of approximately \$802,000 in taxes paid to the State during construction. These taxes would include approximately:

- \$513,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;

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.



- \$224,000 in state sales taxes paid on those workers' taxable household spending; and
- \$65,000 in state business taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 2 is expected to occur between early 2018 and mid- 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 ⁴
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 Chestnut Commons will include:

- The operations of tenant businesses occupying the proposed 5,900 square feet of street-level commercial space, including a 1,700 square-foot restaurant and a 4,200 square-foot retail store, which we estimate will employ 22 people (on a full-time-equivalent basis);
- 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:

- 35 FTE jobs in Rhode Island;
- Approximately \$1.07 million in annual earnings (in 2019 dollars);
- Approximately \$3.16 million in annual statewide economic output; and
- An increase of approximately \$1.96 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 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	31 ⁵	\$0.83	\$1.51	\$2.41
Indirect Effect	4	0.24	0.45	0.75
Total Effect	35	\$1.07	\$1.96	\$3.16

In addition to the impacts cited in Table 4, ongoing operations at Chestnut Commons would directly and indirectly generate a projected increase of approximately \$63,000 in taxes paid annually to the State. These taxes would include approximately:

- \$40,000 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;
- \$18,000 in state sales taxes paid on those workers' taxable household spending; and
- \$5,000 in state business taxes directly or indirectly attributable to building and tenant company operations.

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

Impact

⁴ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016

⁵ In addition to retail, restaurant, and fitness employees, direct employment here includes both workers employed directly by the Sponsor in the management, maintenance and operation of the building and workers employed on-site by contract service providers.



The state fiscal impact of the requested tax credits and sales and use tax exemptions is up to approximately \$3.7 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 \$1.96 million, the estimated associated job creation, and the gross increase of nearly \$1.56 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 and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Gotham Greens Holdings, LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Gotham Greens Holdings, LLC (“the Company”), a Brooklyn, New York-based producer of high-quality greenhouse-grown vegetables and herbs. The credits would be issued in connection with the Company’s decision to develop and operate a 95,000 square-foot commercial greenhouse in Providence that would employ 68 people. The total development cost of the project is estimated to be \$12.65 million.

The Company is seeking Rebuild Rhode Island tax credits valued at approximately \$1.3 million, and Qualified Jobs Incentive tax credits with an estimated value of approximately \$935,000.

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 Company’s estimate of total project cost is approximately \$12.65 million.

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

Component	Estimated cost
Land acquisition	\$2.70
Hard cost	\$6.69
Soft costs	\$0.33
Equipment, fixtures and furnishings	\$2.18
Working capital	\$0.75
Total	\$12.65

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, some equipment and working capital), the remaining hard and soft costs total approximately \$8.0 million. Applesseed estimates that direct expenditures of \$8.0 million will directly and indirectly generate:

- 53 person-years⁶ of work in Rhode Island;
- \$3.2 million in earnings (in 2018 dollars);
- Approximately \$9.1 million in statewide economic output⁷; and
- A one-time increase of \$4.8 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 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	40	\$2.5	\$3.6	\$7.2
Indirect Effect	13	0.7	1.2	1.9
Total Effect	53	\$3.2	\$4.8	\$9.1

In addition to the impacts cited in Table 2, direct expenditures of \$8.0 million would directly and indirectly generate a projected one-time increase of approximately \$328,000 in taxes paid to the State during construction. This increase would include approximately:

- \$141,000 in state sales and use taxes paid on construction materials and greenhouse and office fixtures, furniture and equipment;

⁶ 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.

⁷ 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.



- \$120,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$52,000 in state sales taxes paid on those workers' taxable household spending; and
- \$15,000 in state business taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 2 is expected to occur 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 ⁸
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

As noted above, the Company intends to hire 68 employees at its new facility in Providence by December 2019. Table 4 summarizes the categories in which these jobs will be created, and median earnings for each category.

Table 4: Projected employment, end of 2019

Job category	New full-time positions	Median earnings
Management and administrative	9	\$65,000
Front-line supervision	6	\$50,000
Production, distribution and logistics	53	\$27,040
Total jobs/median earnings	68	\$29,640

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that by the end of 2019, ongoing operations associated with the 68 full-time jobs the Company is committing to creating and maintaining will directly and indirectly support:

- 75 full-time-equivalent (FTE) jobs in Rhode Island;
- \$2.8 million in annual earnings (in 2019 dollars);
- \$7.8 million in statewide economic output⁹; and
- An increase of \$6.4 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 5.

Table 5: 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	68	\$2.5	\$6.0	\$7.2
Indirect Effect	7	0.3	0.4	0.6
Total Effect	75	\$2.8	\$6.4	\$7.8

⁸ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016

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 Center's operations.



In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's operations in Providence would generate a projected increase of approximately \$164,000 in annual state tax revenues, including:

- \$105,000 in state personal income taxes paid by workers newly employed by the Company in its new operations in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company's facility in Providence;
- \$46,000 in state sales taxes paid on those workers' taxable household spending; and
- \$13,000 in state business taxes.

As noted below, workers employed by the Company are expected to be drawn primarily from Providence and neighboring communities.

Benefits

The Company provides its employees with a health insurance plan that is fully compliant with the Affordable Care Act.

Hiring

The Company's goals in Providence will include hiring residents of the neighborhood where the new facility will be located. (In New York City, 100 percent of the Company's team members live within an eight-mile radius from its facilities.) The Company will work with local economic development organizations to identify candidates for employment.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$2.2 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 \$6.4 million in 2019, the estimated associated job creation, and a gross increase of nearly \$2.3 million in personal income, sales and business tax revenues during construction and 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 Company's new facility would benefit Rhode Island in other ways, including:

- Returning to productive use a site that has been inactive for more than twenty-years
- Supporting the city's and Rhode Island's continued development as a center for culinary innovation
- Responding to consumer demand for regionally-grown fresh food
- Supporting local efforts to improve access to fresh food
- Providing health and environmental education services

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island and Qualified Jobs Incentive programs mitigate risk to the state. Rebuild Rhode Island tax credits are not issued until the proposed development is completed; and Qualified Jobs Incentive tax credits will be determined on the basis of the number of people actually employed and the wages actually paid by the Company.



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

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 acquisition of 31 Aborn Street, an existing 6,500 square-foot building that would be added to three existing historic buildings the sponsor already owns. The four buildings would then be converted into 54 units of multifamily housing and approximately 30,000 square feet of office, retail/restaurant and a multi-purpose event space, and a public plaza. (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 \$39.7 million.

The Sponsor is requesting a Rebuild Rhode Island Tax Credit Fund Loan for the project totaling \$10,571,379 as well as an exemption from sales and use taxes on construction materials and furnishings valued at \$378,000.

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 \$39.7 million.

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

Component	Estimated cost
Land and building acquisition	\$6.6
Construction (hard costs)	23.8
Soft costs	9.3
Total	\$39.7

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 \$29.3 million. Applesseed estimates that direct expenditures of approximately \$29.3 million will directly and indirectly generate:

- 233 person-years¹⁰ of work in Rhode Island, with \$13.2 million in earnings (in 2019 dollars);
- Approximately \$40.7 million in statewide economic output¹¹; and
- A one-time increase of \$20.5 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 (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 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	144	\$9.0	\$13.5	\$29.3
Indirect Effect	89	\$4.2	\$7.0	\$11.4
Total Effect	233	\$13.2	\$20.5	\$40.7

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$29.3 million would generate a projected one-time increase of approximately \$772,000 in taxes paid to the State during construction, including:

- \$494,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$216,000 in state sales taxes paid on those workers’ taxable household spending;

¹⁰ 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.

¹¹ 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.



- \$62,000 in state business taxes

Most of the activity reflected in Table 2 will occur from the spring of 2018 through the spring of 2020. 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 ¹²
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

Based on square-feet-per worker ratios typical of office-based industries, retailing and restaurants, we estimate that after the project is completed, businesses occupying the proposed commercial space at Downcity II would employ approximately 116 people (on a full-time-equivalent basis).¹³ We further estimate that 4 people will be employed in management and maintenance of the proposed residential units.

As shown below in Table 4, Appleseed estimates that when the project is completed, and fully occupied (which is assumed to occur in 2021), it will directly and indirectly account for:

- 151 full-time equivalent jobs in Rhode Island, with approximately \$7.6 million in annual earnings (in 2021 dollars);
- \$17.9 million in annual statewide economic output; and
- An increase of \$10.5 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 2021 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	120	\$5.6	\$7.4	\$12.7
Indirect Effect	31	\$2.0	\$3.1	\$5.2
Total Effect	151	\$7.6	\$10.5	\$17.9

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 approximately \$443,000 in taxes paid annually to the State, including:

- \$283,000 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;
- \$124,000 in state sales taxes paid on those workers’ taxable household spending;
- \$36,000 in state business 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 approximately \$47,000 per FTE job.

Fringe benefits associated with these jobs will vary substantially across, office, retail and restaurant 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

¹² Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016

¹³ 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.



employed in retail, 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 an initial outlay of approximately \$10.6 million, and \$378,000 in foregone state sales tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include an estimated increase in annual state GDP of \$10.5 million; the associated job creation; and a gross increase of nearly \$6.1 million in personal income, sales and business 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 four vacant buildings in downtown Providence;
- Provide 54 housing units and amenities (retail, restaurants, a multi-purpose event space and a public plaza) that will support the continued growth of the Downcity area's resident population, and enhance the area's attractiveness as a place to work and do business;
- 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
Infosys Limited, Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits and First Wave funding to Infosys Limited (“the Company”), an India-based provider of software, information technology and consulting services. The credits would be issued in connection with the Company’s decision to open an Innovation and Technology Center in Providence. The Company’s new Center would employ 50 people in 2019 rising to 500 by 2023 with an average annual salary of \$79,400.

The Company is requesting:

- \$750,000 in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$100,000;
- Qualified Jobs Incentive tax credits with an estimated value of approximately \$8.5million; and
- \$500,000 from the 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 estimates the total cost of finishing, furnishing and equipping the proposed Center at \$10.25 million, partially offset by a tenant improvement allowance of \$1.75 million. The total cost includes \$4.0 million for information technology equipment; for this analysis, we assume that all of this equipment would be procured out-of-state, leaving a total in-state expenditure of \$6.25 million, including:

- \$4.75 million in construction;
- \$500,000 for architecture and engineering; and
- \$1 million for furniture.

Appleseed estimates that direct expenditures of \$6.25 million will directly and indirectly generate:

- 41 person-years of work in Rhode Island;
- Nearly \$2.5 million in earnings (in 2018 dollars);
- Approximately \$6.9 million in statewide economic output; and
- A one-time increase of more than \$3.6 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 construction spending (employment in person-years; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	30	\$1.9	\$2.7	\$5.4
Indirect Effect	11	0.6	0.9	1.5
Total Effect	41	\$2.5	\$3.6	\$6.9

In addition to the impacts cited in Table 1, direct expenditures of \$6.25 million would directly and indirectly generate a projected one-time increase of approximately \$147,000 in taxes paid to the State during construction. This increase would include approximately:

- \$94,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$41,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$12,000 in state business taxes paid by companies directly or indirectly working on the project.

The activity reflected in Table 1 would occur in two phases, with the first phase in 2018 and the second a few years later. 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.



Table 2: Anticipated wages during construction

Occupation	RI median hourly wage ¹⁴
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

As noted above, the Company intends to hire 50 employees at its Innovation and Technology Center in 2019, rising to 500 by January 2023. Table 3 summarizes the categories in which these jobs will be created, and average earnings for each category.

Table 3: Projected employment, year-end 2022

Job category	New positions (end of 2022)	Average salary
Technology and software engineering	400	\$71,166
Lead designers and industry principals	100	\$112,500
Total	500	\$79,400

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that in 2023, ongoing operations associated with the 500 full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 716 full-time-equivalent (FTE) jobs in Rhode Island;
- \$51.0 million in annual earnings (in 2023 dollars);
- \$101.2 million in statewide economic output; and
- An increase of \$62.8 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 4.

Table 4: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2023 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	500	\$39.7	\$45.2	\$73.7
Indirect Effect	216	11.3	17.6	27.5
Total Effect	716	\$51.0	\$62.8	\$101.2

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations in Rhode Island would generate a projected increase of approximately \$2.988 million in annual state tax revenues, including:

- \$1.912 million in state personal income taxes paid by workers newly employed by the Company in its new operations in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s new facility;
- \$834,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$242,000 in state business taxes.

Benefits

The Company provides medical, dental and vision care (with employee cost-sharing); health savings accounts; company-paid life and accidental death and dismemberment insurance; voluntary employee-paid supplemental insurance; disability insurance; an employee-funded 401k plan; voluntary employee-paid home and auto insurance; and paid vacation and sick leave.

¹⁴ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



Hiring

Infosys posts all available positions on its own website and on other sites such as LinkedIn and Indeed.com and works with leading national recruitment firms to fill open employment positions. Resumes are collected and reviewed, and phone interviews are conducted with selected applicants. Those selected by the hiring manager for further consideration are then scheduled for a round of interviews with the global hiring team. After the second interview round, background checks are conducted, and offers are extended to the successful job applicants.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$9.35 million in foregone state revenue, and a direct outlay of \$500,000 for the First Wave grant. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$62.8 million in 2023, the estimated associated job creation, and a gross increase of more than \$28.0 million in personal income, sales and business 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 Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a U.S. location for global companies
- Providing new opportunities in software engineering and technology for Rhode Island college and university graduates
- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island program mitigate 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 tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would be capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits will be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company.



Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credit Fund – Economic Impact Analysis
Sprague Street Owner LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to Sprague Street Owner LLC (the “Sponsor”). The credits would be issued in connection with the Sponsor’s proposed investment in the second phase of its ROOMS & WORKS (R&W) project a mixed-use redevelopment of the historic Mechanical Fabric Company mill complex in Providence. (The first phase of ROOMS & WORKS was completed in 2017.)

Phase II entails the redevelopment of 34,000 square feet in three existing buildings on Sprague Street. The redeveloped properties would include 25 residential units (including 12 live-work units), six office units totaling 3,000 square feet, and a 4,000 square-foot shared-use facility for micro-brewing, distilling, coffee roasting and other beverages. The latter facility would be operated by Foodworks/Providence in collaboration with a Providence-based micro-brewery. The Sponsor estimates the total cost of the project to be nearly \$7.2 million. The Sponsor is requesting Rebuild Rhode Island tax credits for the project totaling \$1 million (gross), and an exemption from state sales and use taxes on materials used in construction of R&W Phase II, valued at \$150,000. 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 \$7.2 million.

Table 1: R&W Phase II estimated total project cost (\$ millions)

Component	Estimated cost
Land and building acquisition	\$0.6
Construction (hard costs)	5.3
Soft costs	1.3
Total	\$7.2

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 \$6.24 million. Applesseed estimates that direct expenditures of approximately \$6.24 million will directly and indirectly generate:

- 48 person-years¹⁵ of work in Rhode Island, with \$2.7 million in earnings (in 2018 dollars);
- Approximately \$8.5 million in statewide economic output¹⁶; and
- A one-time increase of \$4.4 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.

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

	Employment	Earnings	Value added	Output
Direct Effect	31	\$1.9	\$3.0	\$6.2
Indirect Effect	17	\$0.8	\$1.4	\$2.3
Total Effect	48	\$2.7	\$4.4	\$8.5

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$6.2 million would generate a projected one-time increase of approximately \$158,000 in taxes paid to the State during construction, including:

- \$101,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$44,000 in state sales taxes paid on those workers’ taxable household spending;

¹⁵ 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.

¹⁶ 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.



- \$13,000 in state business taxes

Most of the activity reflected in Table 2 will occur during 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 ¹⁷
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 estimates that users of the shared beverage space would employ 4 to 6 full-time workers and 4 to 8 part-timers. Using the midpoint of these ranges, and assuming that part-times work an average of 20 hours per week, Appleseed estimate that this space would accommodate 8 full-time-equivalent (FTE) jobs.

For purposes of this analysis, Appleseed further assumes that the six office units will be occupied by small technology start-ups and self-employed professionals at a ratio of 4 FTEs per 1,000 square feet, for a total of 12 FTEs. Spending on operation and maintenance of the 25 proposed residential units would support additional employment.

Based on the preceding assumptions, Appleseed estimates (as shown in Table 4) that when the project is completed and occupied (which is assumed to occur in 2019), ongoing tenant operations and building management, maintenance and operations would directly and indirectly support:

- 33 full-time equivalent jobs in Rhode Island, with approximately \$1.9 million in annual earnings (in 2019 dollars);
- \$6.3 million in annual statewide economic output; and
- An increase of \$2.9 million in Rhode Island’s annual GDP.

Table 4: Direct, indirect and impact of annual operations of R&W Phase II (employment in FTE; earnings, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	21	\$1.2	\$1.8	\$4.6
Indirect Effect	12	\$0.7	\$1.1	\$1.7
Total Effect	33	\$1.9	\$2.9	\$6.3

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 approximately \$110,000 in taxes paid annually to the State, including:

- o \$70,000 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;
- o \$31,000 in state sales taxes paid on those workers’ taxable household spending;
- o \$9,000 in state business taxes.

While detailed information on wages that will be paid to those working in R&W Phase II’s commercial space is not yet available, we can use the results of our analysis cited above to estimate these workers’ earnings. Appleseed estimates that those directly employed by R&W Phase II office tenant businesses or working in the Foodworks beverage facilities will earn an average of approximately \$57,650 per FTE position.

Workers employed by office-based or beverage-related businesses could be drawn from communities throughout the Providence-Warwick RI-MA NECTA, while those employed in building maintenance would mostly be drawn from neighborhoods within Providence and other nearby communities.

¹⁷ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



Impact

The state fiscal impact of the requested tax credits and sales tax exemption is approximately \$1.15 million in foregone state tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include an estimated increase in annual state GDP of \$2.9 million; the associated job creation; and a gross increase of nearly \$1.478 million in personal income, sales and business 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:

- Preserving, redeveloping and activating three vacant historic buildings in the West End neighborhood of Providence;
- Supporting the continued development of small-scale and artisan food and beverage production in Rhode Island.
- Providing office space and live-work space that will support the continued growth of Rhode Island's innovation economy; and
- Adding to the City's property tax base.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island 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 tax credits will be issued only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the credits capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits will be reduced accordingly.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Immunex Rhode Island Corporation Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits and a Tax Stabilization Incentive to Immunex Rhode Island Corporation (“the Company”), based in West Greenwich. The Company is a wholly-owned subsidiary of Amgen, Inc., based in Thousand Oaks, California. The credits would be issued in connection with the Company’s decision to establish a new facility in Rhode Island to manufacture a variety of biologic therapeutic products. The Company would build the new facility at its existing manufacturing complex in West Greenwich, at an estimated total project cost of \$165.1 million. When fully operational (expected to occur in 2022), the new facility would employ approximately 126 people, rising to 146 in 2025, with a median annual salary of \$77,000.

The Company is requesting request incentives with a total value of nearly \$12.9 million, including:

- \$3,450,000 in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$3,255,000;
- \$6,000,000 in Qualified Jobs Incentive tax credits; and
- A Tax Stabilization Incentive valued at \$179,829.

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 estimates the total cost of building and equipping its new, 85,000 square-foot facility at \$165.1 million.

Table 1: Immunex Rhode Island estimated total project cost (\$ millions)

Component	Estimated cost
Design	\$12.3
Construction	112.7
Equipment	36.2
Other	3.9
Total	\$165.1

After excluding costs that do not have a direct impact on Rhode Island’s economy (such as manufacturing process equipment, which we assume will be procured out-of-state, technology transfer fees and interest paid during construction), Applesseed estimates that the Company will spend \$122.8 million in Rhode Island on construction of the plant. Applesseed estimates that direct expenditures of approximately \$122.8 million will directly and indirectly generate:

- 944 person-years¹⁸ of work in Rhode Island, with \$62.3 million in earnings (in 2019 dollars);
- Approximately \$150.1 million in statewide economic output¹⁹; and
- A one-time increase of \$87.0 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, indirect and induced impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	775	\$51.6	\$70.5	\$122.8
Indirect Effect	169	\$10.7	\$16.5	\$27.3
Total Effect	944	\$62.3	\$87.0	\$150.1

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$122.8 million would generate a projected one-time increase of approximately \$3.648 million in taxes paid to the State during construction, including:

¹⁸ 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.

¹⁹ 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.



- \$2.334 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$1.019 million in state sales taxes paid on those workers' taxable household spending;
- \$295,000 in state business taxes

Most of the activity reflected in Table 2 is assumed occur during 2018 and 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 ²⁰
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

As noted above, the Company intends employ 126 full-time workers at its new Rhode Island facility when it is fully operational (which for purposes of this analysis is assumed to occur in 2022), rising to 146. Table 3 summarizes the categories in which these jobs will be created, and average salary for each category.

Table 3: Projected employment, fourth year of operation

Job category	New positions (Year 4)	Median salary
Quality & manufacturing managers	10	\$131,000
Quality specialists	20	86,000
Engineers	13	73,000
Technicians	83	62,000
Administrative/other managers	20	108,000
Total	146	\$77,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that in year 4, ongoing operations associated with the 146 full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 218 jobs in Rhode Island;
- \$18.8 million in annual earnings (in 2022 dollars);
- \$65.5 million in statewide economic output; and
- An increase of \$33.6 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 4.

Table 4: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2022 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	146	\$12.2	\$23.5	\$49.2
Indirect Effect	72	6.5	10.0	16.3
Total Effect	218	\$18.7	\$33.5	\$65.5

²⁰ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's operations in Rhode Island would generate a projected increase of approximately \$1.096 million in annual state tax revenues, including:

- \$701,000 in state personal income taxes paid by workers newly employed by the Company in its new Rhode Island facility, or by Rhode Island workers whose jobs are indirectly attributable to the Company's new facility;
- \$306,000 in state sales taxes paid on those workers' taxable household spending; and
- \$89,000 in state business corporation taxes.

Benefits

Immunex Rhode Island provides a comprehensive package of employee benefits. They include medical, dental and vision coverage, incentives for healthy living, retirement and savings plans, sick leave, long- and short-term disability insurance, life insurance, paid time off (including paid time off for volunteer work), an employee assistance program, and career development and coaching services.

Hiring

The Company's workforce at its new facility will consist primarily of locally-hired technicians, engineers and management personnel. All available positions are posted on the parent company's internal website. Jobs for which candidates are being recruited externally are posted at Amgen.com, on other sites and on social media. Following a review of resumes, telephone interviews are conducted with selected applicants, with some candidates then being scheduled for a round of interviews with the hiring team. When interviews are completed the team makes a final selection, subject to background checks.

Impact

The state fiscal impact of the requested tax credits, sales tax exemption and tax stabilization incentive is estimated to be nearly \$12.9 in foregone state revenue and direct outlays. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$33.5 million in the fourth year of operation, the estimated associated job creation, and a gross increase of nearly \$16.6 million in personal income, sales and business tax revenues during the initial construction period and the twelve-year commitment period. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a U.S. location for life sciences companies and for advanced manufacturing facilities
- Providing new opportunities in manufacturing for Rhode Island residents
- Developing the state's life sciences and biomanufacturing workforce
- 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. Various features of the Rebuild Rhode Island program mitigate 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 Rebuild Rhode Island tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would be capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits would be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company; and the Company would be obligated to maintain the projected level of employment in Rhode Island through the twelve-year commitment period. Moreover, the Company has stated that it is committed to maintaining this level of employment for twenty years, rather than the twelve years required under the Qualified Jobs Incentive program.



Rhode Island Commerce Corporation
Rebuild Rhode Island Tax Credits – Economic Impact Analysis
Electric Boat Corporation Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island tax credits to Electric Boat Corporation, a subsidiary of General Dynamics (the “Sponsor”). The credits would be issued in connection with the Sponsor’s proposed investment in the development of new manufacturing facilities at its existing site in the Quonset Business Park to support production of a new generation of ballistic missile submarines. By 2028, these new facilities would directly support more than 1,300 new jobs.

The Sponsor estimates the total cost of the project to be \$792.1 million. The Sponsor is requesting Rebuild Rhode Island tax credits for the project totaling \$2.0 million, and an exemption from state sales and use taxes on materials used in construction, valued at \$18.0 million.

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 \$792.1 million.

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

Component	Estimated cost
Buildings	\$432.9
Equipment	115.0
Fixtures	158.8
Overhead	85.4
Total	\$792.1

After excluding certain expenditures that do not have a direct, current impact on Rhode Island’s economy (such as spending on equipment and fixtures purchased from other states)²¹, spending on development of the proposed new facilities is estimated to total approximately \$550.1 million. Applesseed estimates that direct expenditures of \$550.1 million will directly and indirectly generate:

- 3,648 person-years²² of work in Rhode Island, with \$242.2 million in earnings (in 2022 dollars);
- Approximately \$647.2 million in statewide economic output²³; and
- A one-time increase of \$369.8 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 2022 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	3,147	\$207.3	\$311.5	\$550.1
Indirect Effect	501	34.9	58.3	\$97.1
Total Effect	3,648	\$242.2	\$369.8	\$647.2

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$550.1 million would generate a projected one-time increase of approximately \$14.194 million in taxes paid to the State during construction, including:

- \$9.083 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$3.963 million in state sales taxes paid on those workers’ taxable household spending; and
- \$1.148 million in state business taxes.

²¹ We assume, however, that on-site installation costs associated with major fixtures account for 20 percent of total spending on fixtures.

²² 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.

²³ 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.



The activity reflected in Table 2 will occur from 2018 through the end of 2032. Most of this activity, however, is concentrated in the project's first five years; more than half of all construction spending occurs between mid-2018 and the end of 2022.

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 ²⁴
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 will begin hiring new employees in 2018 to staff its expanded operations in the Quonset Business Park. The number of workers directly employed at the Sponsor's new facility is expected to peak in 2028 at 1,309, with the direct payroll for these jobs in 2028 estimated to total \$78.96 million. Using IMPLAN, Appleseed estimates (as shown in Table 2) that in 2028, ongoing operations would directly and indirectly support:

- 1,743 full-time-equivalent jobs in Rhode Island, with approximately \$114.1 million in annual earnings (in 2028 dollars);
- \$316.6 million in annual statewide economic output; and
- An increase of \$125.4 million in Rhode Island's annual GDP.

Table 4: Direct, indirect and total incremental impact of Electric Boat's expansion in Rhode Island, 2028 (employment in FTE; earnings, value-added and output in millions of 2028 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	1,309	\$79.0	\$76.6	\$232.3
Indirect Effect	434	\$35.1	\$48.8	\$84.3
Total Effect	1,743	\$114.1	\$125.4	\$316.6

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 approximately \$6.682 million in taxes paid to the state in 2028, including:

- \$4.276 million in state personal income taxes paid by Rhode Island workers employed in the Sponsor's expanded operations in Rhode Island, or whose jobs are indirectly attributable to those operations;
- \$1.866 million in state sales taxes paid on those workers' taxable household spending;
- \$540,000 in state business taxes.

Workers employed as a result of the Sponsor's expansion in Rhode Island could be drawn from communities throughout the Providence-Warwick RI-MA NECTA.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is approximately \$20 million in foregone state tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include an estimated increase in annual state GDP (in 2028) of approximately \$125.4; the associated job creation; and a gross increase of nearly \$79.8 million in personal income, sales and business tax revenues directly and indirectly generated by the project during the construction phase, and by ongoing operations during the twelve years from 2023 through 2034.

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

- By providing an opportunity for Rhode Island to expand its industrial base – facilities, knowledge and skilled workers – in a segment of the defense industry that has significant potential for further growth

²⁴ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



- By continuing to expand and diversify the state's ocean economy
- By increasing payments in lieu of taxes (PILOTs) paid to local government

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island 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 tax credits will be issued only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the credits capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits will be reduced accordingly.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Infinity Meat Solutions LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Infinity Meat Solutions LLC (“the Company”), which is owned by Retail Business Services LLC (RBS). RBS provides a range of support services to 2,100 stores and distribution centers in 23 U.S. states that are owned by or affiliated with RBS’s parent company, Netherlands-based Ahold Delhaize, one of the world’s largest food retailers. The credits would be issued in connection with the Company’s decision to locate a new facility in Rhode Island for preparation, packaging and distribution of fresh meat products. The new facility would supply Ahold-owned or affiliated stores, distribution centers and online retailers in New England and New York

The new facility would be developed in Quonset Business Park in North Kingstown, at an estimated total cost (excluding operating costs) of \$110.2 million. It would be staffed and operated by Cargill, Inc., a Minnesota-based worldwide provider of food, agricultural, industrial and financial products and services. By its third year of operation, the facility is expected to employ 702 full-time workers.

The Company is requesting:

- \$1.915 million in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$1.8 million; and
- \$9.484 million in Qualified Jobs Incentive tax credits.

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 estimates the total cost of building and equipping its new, 200,000 square-foot facility at \$110.2 million.

Table 1: Infinity Meat Solutions estimated total project cost (\$ millions)

Component	Estimated cost
Site development	\$15.3
Building construction	44.1
Contingency	10.0
Process equipment, other	40.8
Total	\$110.2

After excluding certain costs that do not have a direct impact on Rhode Island’s economy (such as site acquisition and process equipment, which we assume will be procured out-of-state), Appleseed estimates that the Company will spend approximately \$64.8 million in Rhode Island on construction of the plant. Appleseed estimates that direct expenditures of approximately \$65.2 million will directly and indirectly generate:

- 469 person-years²⁵ of work in Rhode Island, with \$30.7 million in earnings (in 2019 dollars);
- Approximately \$76.0 million in statewide economic output²⁶; and
- A one-time increase of \$44.2 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 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	405	\$26.4	\$37.4	\$64.8
Indirect Effect	64	4.3	6.8	11.2
Total Effect	469	\$30.7	44.2	\$76.0

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$64.8 million would generate a projected one-

²⁵ 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.

²⁶ 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.



time increase of approximately \$1.798 million in taxes paid to the State during construction, including:

- \$1.151 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$502,000 in state sales taxes paid on those workers' taxable household spending; and
- \$145,000 in state business taxes.

Most of the activity reflected in Table 2 is assumed occur between the summer of 2018 and the fall of 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 ²⁷
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

As noted above, Cargill, Inc., the Company's operating partner, would employ 378 full-time workers at the Company's new Rhode Island facility in its first year (which for purposes of this analysis is assumed to be 2020), rising to 702 in its third year. Table 3 summarizes the categories in which these jobs will be created, and the median salary for each category. The median across all categories would be \$32,620.

Table 3: Projected employment, third year of operation

Job category	New positions (Year 3)	Median salary
General management	16	\$83,660
Operations and distribution	637	32,070
Engineers	49	51,630
Total	702	

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that in year 3, ongoing operations associated with full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 963 jobs in Rhode Island;
- \$37.1 million in annual earnings (in 2022 dollars);
- \$252.1 million in statewide economic output; and
- An increase of \$58.3 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 4.

Table 4: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2022 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	702	\$26.3	\$38.9	\$217.6
Indirect Effect	261	10.8	19.4	34.5
Total Effect	963	\$37.1	\$58.3	\$252.1

²⁷ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



In addition to the impacts on employment, earnings, output and state GDP cited above, new facility's ongoing operations would generate a projected increase of approximately \$2.174 million in annual state tax revenues, including:

- \$1.391 million in state personal income taxes paid by workers newly employed by Cargill at the Company's new Rhode Island facility, or by Rhode Island workers whose jobs are indirectly attributable to the new facility;
- \$607,000 in state sales taxes paid on those workers' taxable household spending; and
- \$176,000 in state business taxes.

Benefits

Cargill, Inc. provides a comprehensive package of employee benefits that include medical, dental and vision coverage; wellness programs; 401(k) and employee stock ownership plans; health care and wellness programs; life, long-term disability and accidental death and dismemberment insurance; tuition reimbursement and adoption assistance.

Hiring

Cargill, Inc. has its own internal recruiting operation, which it supplements as needed with assistance from temporary staffing organizations, placement agencies and professional recruiters.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is estimated to be approximately \$13.199 million in foregone state tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$58.3 million in the third year of operation, the estimated associated job creation, and a gross increase of \$26.496 million in personal income, sales and business tax revenues during the initial construction period and the twelve-year commitment period. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new facility would benefit Rhode Island in other ways, including:

- Providing new opportunities in manufacturing for Rhode Island residents
- Increasing local payments in lieu of taxes and tangible personal property tax revenues
- Company donations to local food banks and other community organizations

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island program mitigate 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 Rebuild Rhode Island tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would be capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits would be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company; and the Company would be obligated to maintain the projected level of employment in Rhode Island through the twelve-year commitment period.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Rubius Therapeutics Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Rubius Therapeutics, Inc. (“the Company”), a Cambridge, Massachusetts-based biopharmaceutical manufacturer. The credits would be issued in connection with the Company’s decision to acquire, renovate, expand and activate an existing facility in Smithfield, Rhode Island. The newly-renovated facility would be used to manufacture a new class of medicines called Red Cell Therapeutics.

The Smithfield facility would be acquired and renovated at an estimated total cost of approximately \$155.0 million. By its second year of operation, the facility is expected to employ 154 full-time workers.

The Company is expected to request:

- \$2,750,000 in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$2,700,000;
- \$3,715,000 in Qualified Jobs Incentive tax credits; and
- A Tax Stabilization Incentive valued at \$180,000.

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 Company estimates the total cost of renovating and equipping its newly-acquired facility at approximately \$155.0 million, with the full build-out and fit-out occurring in stages over a five-year period.

Table 1: Rubius Therapeutics estimated total project cost (\$ millions)

Component	Estimated cost
Property acquisition	\$16.0
Construction	82.7
Machinery and equipment	2.5
Furniture and fixtures	53.2
Computers/IT	0.6
Total	\$155.0

After excluding certain costs that do not have a direct impact on Rhode Island’s economy (such as site acquisition, and machinery and equipment that we assume will be procured out-of-state), Appleseed estimates that the Company will spend approximately \$82.7 million in Rhode Island on construction of the plant. Appleseed estimates that direct expenditures of approximately \$82.7 million will directly and indirectly generate:

- 587 person-years²⁸ of work in Rhode Island, with \$39.7 million in earnings (in 2020 dollars);
- Approximately \$98.5 million in statewide economic output²⁹; and
- A one-time increase of \$56.9 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 construction (both hard and soft costs). 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 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	498	\$33.7	\$47.4	\$82.7
Indirect Effect	89	6.0	9.5	15.8
Total Effect	587	\$39.7	56.9	\$98.5

²⁸ 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.

²⁹ 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 in Table 2, direct spending of \$82.7 million would generate a projected one-time increase of approximately \$2.326 million in taxes paid to the State during construction, including:

- \$1.490 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$648,000 in state sales taxes paid on those workers' taxable household spending; and
- \$188,000 in state business taxes.

Most of the activity reflected in Table 2 is assumed occur over a three-year period – from 2018 through 2020. 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	RJ median hourly wage ³⁰
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

As noted above, the Company would employ 92 full-time workers at its new Rhode Island facility in its first year, rising to 154 in its second year (assumed here to be 2022). Table 3 summarizes the categories in which these jobs will be created, and the median salary for each category. The median across all categories would be \$54,941.

Table 3: Projected employment, second year of operation

Job category	New positions (Year 3)	Median salary
Management	8	\$191,718
Lab technicians & manufacturing	125	54,941
Engineers	21	67,161
Total	154	\$54,941

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Applesseed estimates that in year 2, ongoing operations associated with the full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 214 jobs in Rhode Island;
- \$15.7 million in annual earnings (in 2021 dollars);
- \$54.8 million in statewide economic output; and
- An increase of \$28.1 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 4.

³⁰ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



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

	Jobs	Earnings	Value added	Output
Direct Effect	154	\$10.2	\$19.7	\$41.2
Indirect Effect	60	5.5	8.4	13.6
Total Effect	214	\$15.7	\$28.1	\$54.8

In addition to the impacts on employment, earnings, output and state GDP cited above, the new facility's ongoing operations would generate a projected increase of approximately \$919,000 in annual state tax revenues, including:

- \$588,000 in state personal income taxes paid by workers newly employed at the Company's new Rhode Island facility, or by Rhode Island workers whose jobs are indirectly attributable to the new facility;
- \$257,000 in state sales taxes paid on those workers' taxable household spending; and
- \$74,000 in state business taxes.

Benefits

The Company's standard benefit program includes medical, dental and life insurance, short- and long-term disability insurance, a 401k program with an employer match, a bonus plan and 20 days of personal time off.

Hiring

The Company posts job openings on, and accepts applications through, its website. The Company also recruits through services such as Indeed.com; and may also use search firms for more specialized scientific and management positions.

Impact

The state fiscal impact of the requested tax credits, sales tax exemption and tax stabilization incentive is estimated to be approximately \$9.345 million in foregone state tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$28.1 million in the second year of operation, the estimated associated job creation, and a gross increase of \$12.984 million in personal income, sales and business tax revenues during the initial construction period and the twelve-year commitment period. Over fifteen years, the cumulative gross increase in these three taxes would total \$15.741 million. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a location for life sciences companies and for advanced manufacturing facilities
- Providing new, high-quality opportunities in manufacturing for Rhode Island residents
- Developing the state's life sciences and biomanufacturing workforce
- 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. Various features of the Rebuild Rhode Island program mitigate 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 Rebuild Rhode Island tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would be capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits would be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company; and the Company would be obligated to maintain the projected level of employment in Rhode Island through the twelve-year commitment period.



Appendix B:

Rhode Island Qualified Jobs Incentive Tax Credit Economic Impact Analyses

R.I.G.L. § 44-48.3-13 (b), (c)



- 1 Magellan HRSC, Inc. 130 Bellevue Ave., Ste., 201, Newport, RI 02840
- 2 Alliance Paper Company, Inc. 33 India St., Pawtucket, RI 02860
- 3 Xeros, Inc. 195 Dupont Dr., Providence, RI 02907
- 4 Gotham Greens Holdings, LLC 586 Atwells Ave., Providence, RI 02909
- 5 Infosys Limited 75 Fountain St., Providence, RI 02902
- 6 Epiq Systems, Inc. 1 Cedar St., Ste. 300, Providence, RI 02903
- 7 Immunex RI Corporation 40 Technology Way, West Greenwich, RI 02817
- 8 Advertising Ventures, Inc. 20 Risho Ave., East Providence, RI 02914
- 9 Infinity Meat Solutions, LLC 60 Compass Cir., North Kingstown, RI 02852
- 10 iXblue Defense Systems, Inc 27 Wellington Rd., Lincoln, RI 02865
- 11 Rubius Therapeutics, Inc. 100 Technology Way, Smithfield, RI 02917



Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Magellan HRSC, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Magellan HRSC, Inc. (“the Company”), a subsidiary of Magellan Health Inc., a Scottsdale, Arizona-based provider of health care management services that in 2014 acquired CDMI, a Newport, Rhode Island-based pharmacy benefits management firm. The credits would be issued in connection with the Company’s decision to expand its operations in Rhode Island.

The Company would retain the 86 people it now employs in Newport. From 2019 through 2021, the company would then add a cumulative total of 100 new employees, bringing its total workforce at the new location to 186. Of the 100 new employees the Company plans to add, 75 are anticipated to be eligible for Qualified Jobs Incentive tax credits based on wage thresholds required for eligibility. Based on the hiring and retention of these employees, the Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$2.1 million over ten years. In addition, to accommodate the planned growth, the Company plans to move to a larger facility on Aquidneck Island.

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

Jobs Analysis

The impact of building out newly-leased space

The Company estimates that fitting out its newly-leased space will cost approximately \$1.964 million, including \$1.464 million for fixtures, furnishings and equipment; \$238,000 for information technology; and \$80,100 for construction. After accounting for equipment that may be purchased out-of-state, Applesseed estimates that approximately \$1.726 million of this total would be spent in Rhode Island

Using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact studies), we estimate that this expenditure of \$1.726 million would directly and indirectly support:

- 4 person-years³¹ of work in Rhode Island;
- \$239,000 in earnings (in 2017 dollars);
- Approximately \$587,800 in statewide economic output³²; and
- A one-time increase of \$367,300 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 annual impact of initial capital investment (employment in person-years; income, value-added and output in 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	3	\$181,600	275,000	\$436,900
Indirect Effect	1	57,400	92,300	150,900
Total Effect	4	\$239,000	\$367,300	\$587,800

In addition to the impacts cited in Table 1, direct expenditures of \$1.726 million would directly and indirectly generate a projected one-time increase of approximately \$119,000 in taxes paid to the State during construction. This increase would include approximately:

- \$104,000 in state sales and use taxes paid on construction materials and fixtures, furniture and equipment;
- \$10,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$4,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$1,000 in state business corporation taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 1 is expected to occur in 2017-2018. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

The impact of ongoing operations

As noted above, the Company intends to hire 100 new employees at its new location by 2021. Table 1 summarizes the categories in which these jobs will be created, and median earnings for each category.

³¹ 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.

³² 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: Projected employment in 2021

Position	Employees	Median Salary
Clinical staff	60	\$100,000
Management and administration	11	60,000
Financial and data analytics	4	77,500
Pharmacy technicians and customer care staff	25	35,500
Total jobs/median salary	100	\$55,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system Applesseed estimates that in 2021, ongoing operations associated with the 100 new full-time jobs the Company would create and maintain in Rhode Island will directly and indirectly support:

- 135 full-time-equivalent (FTE) jobs in Rhode Island;
- \$9.3 million in annual earnings (in 2021 dollars);
- \$18.5 million in statewide economic output; and
- An increase of \$10.6 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 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	100	\$7.2	\$7.4	\$13.3
Indirect Effect	35	2.1	\$3.2	5.2
Total Effect	135	\$9.3	\$10.6	\$18.5

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, in 2021 the Company’s operations in its new location would generate a projected increase of approximately \$547,000 in annual state tax revenues, including:

- \$350,000 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;
- \$153,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$44,000 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 employee benefits, including health, dental, vision, life, short-term disability, long-term disability, and accidental death and dismemberment insurance. The Company’s 401(k) plan includes a 3 percent employee contribution and a 50 percent employer match, up to a maximum of 6 percent of annual salary. The Company also offers an employee assistance plan, education and adoption assistance, paid time off, and an employee stock purchase plan.

Hiring

The Company recruits through social media such as LinkedIn, online job boards, professional organizations, employee referrals and other sources. When necessary, the Company also uses localized print advertising, local job fairs – and for some positions, professional search firms. The Company relies on a comprehensive interview process to identify qualified candidates. After offers are made and accepted, prospective new hires are subject to detailed background investigations and drug screening.

Impact

The state fiscal impact of the requested tax credits is estimated to be \$2.1 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 \$10.6 million by 2021, the estimated associated job creation, and a gross increase of approximately \$6.02 million in personal income, sales and business corporation tax revenues during the fit-out of the Company’s new space and 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:

- Retaining the Company’s 86 existing Rhode Island jobs
- Highlighting the state’s attractiveness as a location for information-intensive professional services firms
- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the program of the Qualified Jobs Incentive program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of the number of people actually employed, and eligible salaries and wages actually paid.



Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Alliance Paper Company, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Alliance Paper Company, Inc. (“the Company”), a Fall River, Massachusetts-based manufacturer of paper towel and tissue products. The credits would be issued in connection with the Company’s decision to relocate its operations to Rhode Island in 2018.

The Company would bring 20 jobs from Fall River to Pawtucket, where it plans to purchase an existing building. Based on the relocation and retention of these 20 jobs, the Company is requesting Qualified Jobs Incentive tax credits with an estimated value of approximately \$297,000 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

The impact of ongoing operations

As noted above, the Company intends to relocate 20 employees to its new location in 2018. Table 1 summarizes the categories in which these jobs will be created, and median earnings for each category.

Table 1: Projected employment in 2018

Position	Employees	Median Salary
Operators	16	\$32,240
Management and support staff	4	50,000
Total jobs/median salary	20	\$33,280

Based on data provided by the Company, and using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact studies), Applesseed estimates that in 2018, ongoing operations associated with the 20 full-time jobs the Company would relocate to Rhode Island would directly and indirectly support:

- 28 full-time-equivalent (FTE) jobs in Rhode Island;
- \$1.386 million in annual earnings (in 2018 dollars);
- \$6.338 million in statewide economic output³³; and
- An increase of \$1.85 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 2. The project’s *direct impact* is the impact of the Company’s direct spending on payroll, purchasing and other expenses at its new location. Its *indirect impact* is the effect of spending by the Company’s in-state suppliers and contractors for goods and services (rent, utilities, insurance, 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 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	20	\$0.783	\$0.947	\$4.716
Indirect Effect	8	0.603	\$0.903	1.622
Total Effect	28	\$1.386	\$1.850	\$6.338

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, in 2018 the Company’s operations in its new location would generate a projected increase of approximately \$81,000 in annual state tax revenues, including:

- \$52,000 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;
- \$23,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$6,000 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 health insurance under Tufts Health Plan, and a 401(k) retirement plan.

³³ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the Company at its new location.



Hiring

The Company posts all available positions on Indeed.com. Received resumes are reviewed, and phone interviews are conducted with selected applicants. Those whom the hiring manager selects for further consideration are then scheduled for a second interview. After the second interview, background checks are conducted, and offers are extended to the selected candidates. The Company also hires employees through “temp-to-perm” agencies.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$297,000 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 in 2018, the estimated associated job creation, and a gross increase of approximately \$972,000 in personal income, sales and business corporation tax revenues 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 Company’s relocation to Pawtucket would benefit Rhode Island in other ways, including:

- The potential hiring of 10 additional employees in 2018 and 2019, for a total of 30.
- Diversification of Rhode Island’s manufacturing base
- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the program of the Qualified Jobs Incentive program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of the number of people actually employed and the wages actually paid by the Company.



Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Xeros, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Xeros, Inc. (“the Company”), a Manchester, New Hampshire-based division of the UK-based Xeros Technology Group (XTG). XTG specializes in the development and commercialization of water- and energy-saving technology used in water-intensive industries such as tanning, textiles and commercial laundry services. Its U.S. division, Xeros, Inc, focuses on commercial laundry and other cleaning technologies.

The credits would be issued in connection with the Company’s decision to relocate its research and development center from Seekonk, Massachusetts to leased space in Rhode Island, and to add quality control and warehousing operations at its new site. The Company would employ 25 people at its new facility by 2019, at a median salary of \$73,000. Based on the relocation and retention of these employees, the Company is requesting Qualified Jobs Incentive tax credits with an estimated value of approximately \$785,000 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

The impact of building out newly-leased space

The Company expects to spend approximately \$600,000 on leasehold improvements and the purchase of equipment for its new facility. Assuming for purposes of this analysis that half this total would be spent on leasehold improvements and half on equipment, and using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact studies), we estimate that this expenditure of \$600,000 would directly and indirectly support:

- 2.5 person-years³⁴ of work in Rhode Island;
- Approximately \$156,200 in earnings (in 2018 dollars);
- Approximately \$448,700 in statewide economic output³⁵; and
- A one-time increase of \$241,700 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 annual impact of ongoing operations (employment in person-years; income, value-added and output in 2017 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	2	\$120,100	\$183,200	\$351,900
Indirect Effect	0.5	36,100	58,500	96,800
Total Effect	2.5	\$156,200	\$241,700	\$448,700

In addition to the impacts cited in Table 1, direct expenditures of \$600,000 would directly and indirectly generate a projected one-time increase of approximately \$22,000 in taxes paid to the State during construction. This increase would include approximately:

- \$12,500 in state sales and use taxes paid on construction materials and fixtures, furniture and equipment;
- \$6,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$2,500 in state sales taxes paid on those workers’ taxable household spending; and
- \$1,000 in state business corporation taxes paid by companies directly or indirectly working on the project.

Most of the activity reflected in Table 1 is expected to occur in 2018-2019. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

The impact of ongoing operations

As noted above, the Company intends to employ 25 people at its new location by 2019. Table 2 summarizes the categories in which these jobs will be created, and median earnings for each category.

Table 2: Projected employment in 2019

Position	Employees	Median Salary
Administration	2	\$49,000
Engineering and technical	18	65,500
Management	5	110,000

³⁴ 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.

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.



Total jobs/median salary	25	\$73,000
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Based on data provided by the Company, and using the IMPLAN input-output modeling system Applesseed estimates that in 2019, ongoing operations associated with the 25 full-time jobs the Company would bring to and retain in Rhode Island will directly and indirectly support:

- 45 full-time-equivalent (FTE) jobs in Rhode Island;
- More than \$3.1 million in annual earnings (in 2019 dollars);
- Nearly \$9.1 million in statewide economic output; and
- An increase of \$4.6 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 thousands of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	25	\$1,948.9	\$2,590.1	\$5,806.5
Indirect Effect	20	1,184.8	\$2,019.2	3,283.4
Total Effect	45	\$3,133.7	\$4,609.3	\$9,089.9

In addition to the impacts on employment, earnings, output and state GDP cited in Table 3, in 2019 the Company’s operations in its new location would generate a projected increase of approximately \$184,000 in annual state tax revenues, including:

- \$118,000 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;
- \$51,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$15,000 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

Xeros offers its employees a comprehensive Health and Welfare Benefits package, including medical, dental, vision, disability and life insurance, and a 401(k) program.

Hiring

Xeros posts all available positions on its own website and on other sites such as LinkedIn and Indeed.com. Third party search firms are also utilized to find candidates for some of the more highly technical positions. 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, background checks are conducted, and offers are extended to the selected candidates.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$785,000 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$4.6 million in 2019, the estimated associated job creation, and a gross increase of approximately \$2.23 million in personal income, sales and business corporation tax revenues during the fit-out of the Company’s new space and 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 Company’s proposed relocation would benefit Rhode Island in other ways, including:

- Creating the potential for further job growth at the Company’s new facility
- Adding to the state’s strengths as a center of applied scientific and technological research and development
- Highlighting Rhode Island’s attractiveness as a U.S. location for international businesses
- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the program of the Qualified Jobs Incentive program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of the number of people actually employed, and eligible salaries and wages actually paid.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Gotham Greens Holdings, LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Gotham Greens Holdings, LLC (“the Company”), a Brooklyn, New York-based producer of high-quality greenhouse-grown vegetables and herbs. The credits would be issued in connection with the Company’s decision to develop and operate a 95,000 square-foot commercial greenhouse in Providence that would employ 68 people. The total development cost of the project is estimated to be \$12.65 million.

The Company is seeking Rebuild Rhode Island tax credits valued at approximately \$1.3 million, and Qualified Jobs Incentive tax credits with an estimated value of approximately \$935,000.

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 Company’s estimate of total project cost is approximately \$12.65 million.

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

Component	Estimated cost
Land acquisition	\$2.70
Hard cost	\$6.69
Soft costs	\$0.33
Equipment, fixtures and furnishings	\$2.18
Working capital	\$0.75
Total	\$12.65

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, some equipment and working capital), the remaining hard and soft costs total approximately \$8.0 million. Applesseed estimates that direct expenditures of \$8.0 million will directly and indirectly generate:

- 53 person-years³⁶ of work in Rhode Island;
- \$3.2 million in earnings (in 2018 dollars);
- Approximately \$9.1 million in statewide economic output³⁷; and
- A one-time increase of \$4.8 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 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	40	\$2.5	\$3.6	\$7.2
Indirect Effect	13	0.7	1.2	1.9
Total Effect	53	\$3.2	\$4.8	\$9.1

In addition to the impacts cited in Table 2, direct expenditures of \$8.0 million would directly and indirectly generate a projected one-time increase of approximately \$328,000 in taxes paid to the State during construction. This increase would include approximately:

- \$141,000 in state sales and use taxes paid on construction materials and greenhouse and office fixtures, furniture and equipment;
- \$120,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$52,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$15,000 in state business taxes paid by companies directly or indirectly working on the project.

³⁶ 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.

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 project.



Most of the activity reflected in Table 2 is expected to occur 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 ³⁸
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

As noted above, the Company intends to hire 68 employees at its new facility in Providence by December 2019. Table 4 summarizes the categories in which these jobs will be created, and median earnings for each category.

Table 4: Projected employment, end of 2019

Job category	New full-time positions	Median earnings
Management and administrative	9	\$65,000
Front-line supervision	6	\$50,000
Production, distribution and logistics	53	\$27,040
Total jobs/median earnings	68	\$29,640

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that by the end of 2019, ongoing operations associated with the 68 full-time jobs the Company is committing to creating and maintaining will directly and indirectly support:

- 75 full-time-equivalent (FTE) jobs in Rhode Island;
- \$2.8 million in annual earnings (in 2019 dollars);
- \$7.8 million in statewide economic output³⁹; and
- An increase of \$6.4 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 5.

Table 5: 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	68	\$2.5	\$6.0	\$7.2
Indirect Effect	7	0.3	0.4	0.6
Total Effect	75	\$2.8	\$6.4	\$7.8

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations in Providence would generate a projected increase of approximately \$164,000 in annual state tax revenues, including:

- \$105,000 in state personal income taxes paid by workers newly employed by the Company in its new operations in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s facility in Providence;
- \$46,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$13,000 in state business taxes.

As noted below, workers employed by the Company are expected to be drawn primarily from Providence and neighboring communities.

³⁸ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016

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 Center’s operations.



Benefits

The Company provides its employees with a health insurance plan that is fully compliant with the Affordable Care Act.

Hiring

The Company's goals in Providence will include hiring residents of the neighborhood where the new facility will be located. (In New York City, 100 percent of the Company's team members live within an eight-mile radius from its facilities.) The Company will work with local economic development organizations to identify candidates for employment.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$2.2 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 \$6.4 million in 2019, the estimated associated job creation, and a gross increase of nearly \$2.3 million in personal income, sales and business tax revenues during construction and 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 Company's new facility would benefit Rhode Island in other ways, including:

- Returning to productive use a site that has been inactive for more than twenty-years
- Supporting the city's and Rhode Island's continued development as a center for culinary innovation
- Responding to consumer demand for regionally-grown fresh food
- Supporting local efforts to improve access to fresh food
- Providing health and environmental education services

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island and Qualified Jobs Incentive programs mitigate risk to the state. Rebuild Rhode Island tax credits are not issued until the proposed development is completed; and Qualified Jobs Incentive tax credits will be determined on the basis of the number of people actually employed and the wages actually paid by the Company.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Infosys Limited, Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits and First Wave funding to Infosys Limited (“the Company”), an India-based provider of software, information technology and consulting services. The credits would be issued in connection with the Company’s decision to open an Innovation and Technology Center in Providence. The Company’s new Center would employ 50 people in 2019 rising to 500 by 2023 with an average annual salary of \$79,400.

The Company is requesting:

- \$750,000 in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$100,000;
- Qualified Jobs Incentive tax credits with an estimated value of approximately \$8.5million; and
- \$500,000 from the 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 estimates the total cost of finishing, furnishing and equipping the proposed Center at \$10.25 million, partially offset by a tenant improvement allowance of \$1.75 million. The total cost includes \$4.0 million for information technology equipment; for this analysis, we assume that all of this equipment would be procured out-of-state, leaving a total in-state expenditure of \$6.25 million, including:

- \$4.75 million in construction;
- \$500,000 for architecture and engineering; and
- \$1 million for furniture.

Appleseed estimates that direct expenditures of \$6.25 million will directly and indirectly generate:

- 41 person-years of work in Rhode Island;
- Nearly \$2.5 million in earnings (in 2018 dollars);
- Approximately \$6.9 million in statewide economic output; and
- A one-time increase of more than \$3.6 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 construction spending (employment in person-years; income, value-added and output in millions of 2018 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	30	\$1.9	\$2.7	\$5.4
Indirect Effect	11	0.6	0.9	1.5
Total Effect	41	\$2.5	\$3.6	\$6.9

In addition to the impacts cited in Table 1, direct expenditures of \$6.25 million would directly and indirectly generate a projected one-time increase of approximately \$147,000 in taxes paid to the State during construction. This increase would include approximately:

- \$94,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$41,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$12,000 in state business taxes paid by companies directly or indirectly working on the project.

The activity reflected in Table 1 would occur in two phases, with the first phase in 2018 and the second a few years later. 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.

Table 2: Anticipated wages during construction

Occupation	RI median hourly wage ⁴⁰
Architect	\$42.50
Construction manager	\$50.86
Carpenter	\$22.42
Electrician	\$25.26

⁴⁰ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



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

As noted above, the Company intends to hire 50 employees at its Innovation and Technology Center in 2019, rising to 500 by January 2023. Table 3 summarizes the categories in which these jobs will be created, and average earnings for each category.

Table 3: Projected employment, year-end 2022

Job category	New positions (end of 2022)	Average salary
Technology and software engineering	400	\$71,166
Lead designers and industry principals	100	\$112,500
Total	500	\$79,400

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that in 2023, ongoing operations associated with the 500 full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 716 full-time-equivalent (FTE) jobs in Rhode Island;
- \$51.0 million in annual earnings (in 2023 dollars);
- \$101.2 million in statewide economic output; and
- An increase of \$62.8 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 4.

Table 4: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2023 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	500	\$39.7	\$45.2	\$73.7
Indirect Effect	216	11.3	17.6	27.5
Total Effect	716	\$51.0	\$62.8	\$101.2

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations in Rhode Island would generate a projected increase of approximately \$2.988 million in annual state tax revenues, including:

- \$1.912 million in state personal income taxes paid by workers newly employed by the Company in its new operations in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s new facility;
- \$834,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$242,000 in state business taxes.

Benefits

The Company provides medical, dental and vision care (with employee cost-sharing); health savings accounts; company-paid life and accidental death and dismemberment insurance; voluntary employee-paid supplemental insurance; disability insurance; an employee-funded 401k plan; voluntary employee-paid home and auto insurance; and paid vacation and sick leave.

Hiring

Infosys posts all available positions on its own website and on other sites such as LinkedIn and Indeed.com and works with leading national recruitment firms to fill open employment positions. Resumes are collected and reviewed, and phone interviews are conducted with selected applicants. Those selected by the hiring manager for further consideration are then scheduled for a round of interviews with the global hiring team. After the second interview round, background checks are conducted, and offers are extended to the successful job applicants.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$9.35 million in foregone state revenue, and a direct outlay of \$500,000 for the First Wave grant. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$62.8 million in 2023, the estimated associated job creation, and a gross increase of more than \$28.0 million in personal income, sales and business 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 Company’s new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island’s attractiveness as a U.S. location for global companies
- Providing new opportunities in software engineering and technology for Rhode Island college and university graduates



- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island program mitigate 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 tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would be capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits will be reduced accordingly. Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company.



Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Epiq Systems, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Epiq Systems, Inc. (“the Company”), a Kansas City-based provider of data, analysis, electronic discovery and other litigation support services to law firms, companies and government agencies worldwide. The credits would be issued in connection with the Company’s decision to open a new innovation center in Rhode Island. The Company’s new office would employ 19 people in 2019, rising to 25 in 2020. The Company is expected to request Qualified Jobs Incentive tax credits with an estimated value of approximately \$1.21 million.

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

Jobs Analysis

Capital investment

The Company expects to open its new innovation center in leased space in Rhode Island in 2019. In addition to costs associated with furniture and basic office equipment, the Company would invest approximately \$750,000 in computer equipment needed to support its data science and services. The Company is not, however, seeking any incentives related to this investment.

For purposes of this analysis, Applesseed assumes that all of this computer equipment would be procured out-of-state.

Annual operations.

As noted above, the Company intends to hire 19 employees at its new facility in 2019, rising to 25 in 2020. Table 1 summarizes the categories in which these jobs will be created (as of 2020), and median earnings for each category.

Table 1: Projected employment, 2020

Job category	New positions (as of 2020)	Median salary
Chief data scientist	1	\$200,000
Data scientists/analysts/product developers	21	\$110,000
Process engineers	3	\$100,000
Total	25	\$110,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Applesseed estimates that in 2020, ongoing operations associated with the 25 full-time jobs the Company would be committed to creating and maintaining would directly and indirectly support:

- 55 full-time-equivalent (FTE) jobs in Rhode Island;
- \$4.8 million in annual earnings (in 2020 dollars);
- \$14.1 million in statewide economic output; and
- An increase of \$7.1 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 2.

Table 2: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2020 dollars)

	Jobs	Earnings	Value added	Output
Direct	25	\$3.0	\$4.0	\$9.0
Indirect	30	1.8	3.1	5.1
Total	55	\$4.8	\$7.1	\$14.1

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations in Rhode Island would generate a projected increase of approximately \$284,000 in annual state tax revenues, including:

- \$182,000 in state personal income taxes paid by workers newly employed by the Company in its new operations in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s new facility;
- \$79,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$23,000 in state business taxes.

Benefits

All full-time Company employees are eligible for a comprehensive package of benefits after being employed for 90 days. Benefits include a choice among three CIGNA health insurance plans; dental and vision care; health savings accounts; pre-tax flexible spending accounts funded through payroll deductions; life and short-term disability insurance; pre-tax commuter transit and parking accounts; and an employee life assistance program.



Hiring

Hiring is managed through the Company's corporate human resources department, located in Kansas City. The Company recruits globally for all open positions through postings on its corporate website, social media, job boards and other channels.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$1.21 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 \$7.1 million in 2020, the estimated associated job creation, and a gross increase of nearly \$3.34 million in personal income, sales and business 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 Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a location for global companies' data science and analytics divisions
- Providing new opportunities in data science and analytics for graduates of Rhode Island's colleges and universities
- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Qualified Jobs Incentive program mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Immunex Rhode Island Corporation Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits and a Tax Stabilization Incentive to Immunex Rhode Island Corporation (“the Company”), based in West Greenwich. The Company is a wholly-owned subsidiary of Amgen, Inc., based in Thousand Oaks, California. The credits would be issued in connection with the Company’s decision to establish a new facility in Rhode Island to manufacture a variety of biologic therapeutic products. The Company would build the new facility at its existing manufacturing complex in West Greenwich, at an estimated total project cost of \$165.1 million. When fully operational (expected to occur in 2022), the new facility would employ approximately 126 people, rising to 146 in 2025, with a median annual salary of \$77,000.

The Company is requesting request incentives with a total value of nearly \$12.9 million, including:

- \$3,450,000 in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$3,255,000;
- \$6,000,000 in Qualified Jobs Incentive tax credits; and
- A Tax Stabilization Incentive valued at \$179,829.

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 estimates the total cost of building and equipping its new, 85,000 square-foot facility at \$165.1 million.

Table 1: Immunex Rhode Island estimated total project cost (\$ millions)

Component	Estimated cost
Design	\$12.3
Construction	112.7
Equipment	36.2
Other	3.9
Total	\$165.1

After excluding costs that do not have a direct impact on Rhode Island’s economy (such as manufacturing process equipment, which we assume will be procured out-of-state, technology transfer fees and interest paid during construction), Applesseed estimates that the Company will spend \$122.8 million in Rhode Island on construction of the plant. Applesseed estimates that direct expenditures of approximately \$122.8 million will directly and indirectly generate:

- 944 person-years⁴¹ of work in Rhode Island, with \$62.3 million in earnings (in 2019 dollars);
- Approximately \$150.1 million in statewide economic output⁴²; and
- A one-time increase of \$87.0 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, indirect and induced impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	775	\$51.6	\$70.5	\$122.8
Indirect Effect	169	\$10.7	\$16.5	\$27.3
Total Effect	944	\$62.3	\$87.0	\$150.1

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$122.8 million would generate a projected one-time increase of approximately \$3.648 million in taxes paid to the State during construction, including:

- \$2.334 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$1.019 million in state sales taxes paid on those workers’ taxable household spending;
- \$295,000 in state business taxes

⁴¹ 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.

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.



Most of the activity reflected in Table 2 is assumed occur during 2018 and 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 ⁴³
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

As noted above, the Company intends employ 126 full-time workers at its new Rhode Island facility when it is fully operational (which for purposes of this analysis is assumed to occur in 2022), rising to 146. Table 3 summarizes the categories in which these jobs will be created, and average salary for each category.

Table 3: Projected employment, fourth year of operation

Job category	New positions (Year 4)	Median salary
Quality & manufacturing managers	10	\$131,000
Quality specialists	20	86,000
Engineers	13	73,000
Technicians	83	62,000
Administrative/other managers	20	108,000
Total	146	\$77,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Applesseed estimates that in year 4, ongoing operations associated with the 146 full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 218 jobs in Rhode Island;
- \$18.8 million in annual earnings (in 2022 dollars);
- \$65.5 million in statewide economic output; and
- An increase of \$33.6 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 4.

Table 4: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2022 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	146	\$12.2	\$23.5	\$49.2
Indirect Effect	72	6.5	10.0	16.3
Total Effect	218	\$18.7	\$33.5	\$65.5

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations in Rhode Island would generate a projected increase of approximately \$1.096 million in annual state tax revenues, including:

- \$701,000 in state personal income taxes paid by workers newly employed by the Company in its new Rhode Island facility, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s new facility;
- \$306,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$89,000 in state business corporation taxes.

Benefits

Immunex Rhode Island provides a comprehensive package of employee benefits. They include medical, dental and vision coverage, incentives for healthy living, retirement and savings plans, sick leave, long- and short-term disability insurance, life insurance, paid time off (including paid time off for volunteer

⁴³ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



work), an employee assistance program, and career development and coaching services.

Hiring

The Company's workforce at its new facility will consist primarily of locally-hired technicians, engineers and management personnel. All available positions are posted on the parent company's internal website. Jobs for which candidates are being recruited externally are posted at Amgen.com, on other sites and on social media. Following a review of resumes, telephone interviews are conducted with selected applicants, with some candidates then being scheduled for a round of interviews with the hiring team. When interviews are completed the team makes a final selection, subject to background checks.

Impact

The state fiscal impact of the requested tax credits, sales tax exemption and tax stabilization incentive is estimated to be nearly \$12.9 in foregone state revenue and direct outlays. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$33.5 million in the fourth year of operation, the estimated associated job creation, and a gross increase of nearly \$16.6 million in personal income, sales and business tax revenues during the initial construction period and the twelve-year commitment period. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a U.S. location for life sciences companies and for advanced manufacturing facilities
- Providing new opportunities in manufacturing for Rhode Island residents
- Developing the state's life sciences and biomanufacturing workforce
- 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. Various features of the Rebuild Rhode Island program mitigate 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 Rebuild Rhode Island tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits would be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company; and the Company would be obligated to maintain the projected level of employment in Rhode Island through the twelve-year commitment period. Moreover, the Company has stated that it is committed to maintaining this level of employment for twenty years, rather than the twelve years required under the Qualified Jobs Incentive program.



Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Advertising Ventures, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to Advertising Ventures, Inc. doing business as (add)ventures (“the Company), a provider of advertising and communications services. The credits would be issued in connection with the Company’s decision to expand in Rhode Island. In conjunction with this move, the Company would by January 2019 increase the number of people it employs in Rhode Island from 55 to 65.

The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$260,000.

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

Jobs Analysis

Capital spending

The Company is not seeking any state tax benefits in connection with any costs it might incur in preparing, or relocating to, its proposed new offices in Rhode Island.

Annual operations

As noted above, the Company intends to hire 10 additional workers (managers and supporting staff) at its new location by January 2019. The median annual salary for these employees would be approximately \$60,000.

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Applesseed estimates that in 2019, ongoing operations associated with these 10 additional full-time jobs the Company would be committed to relocating or creating and maintaining in Rhode Island would directly and indirectly support:

- 17 full-time-equivalent (FTE) jobs in Rhode Island;
- Nearly \$1.1 million in annual earnings (in 2019 dollars);
- More than \$3.3 million in statewide economic output⁴⁴; and
- An increase of \$1.7 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 1. The *direct impact* of the Company’s operations reflects the company’s direct employment, its direct spending on wages and salaries, the value its operations add to Rhode Island’s GDP, and the total value of the goods and services it produces. Its *indirect impact* is the effect of the Company’s spending on purchases of goods and services from other Rhode Island businesses.

Table 1: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2019 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	10	\$0.7	\$1.1	\$2.3
Indirect Effect	7	0.4	0.6	1.0
Total Effect	17	\$1.1	\$1.7	\$3.3

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations in Rhode Island would generate a projected increase of approximately \$62,000 in annual state tax revenues, including:

- \$40,000 in state personal income taxes paid by workers newly employed by the Company at its new location in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s new Rhode Island operations;
- \$17,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$5,000 in state business taxes.

Benefits

All full-time Company employees are eligible for a comprehensive package of benefits, including health insurance (with 75 percent of premiums paid by the Company), optional dental and AFLAC plans, life and disability insurance, a 401(k) plan with a 3 percent Company match after six months, Flexible Spending Accounts and an Employee Assistance Program., 15 vacation days and 9 paid holidays. The Company also offers Section 125 plans, which allow employees to pay employee benefit premiums with pre-tax dollars.

Hiring

The Company typically posts available jobs on its website and on social media, and on job sites such as Indeed.com and Glassdoor. Candidates are typically screened by phone, followed by two in-person interviews. After hiring and initial orientation, new employees also undergo three-month, six-month and (subsequently) regular annual reviews.

⁴⁴ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) directly and indirectly generated by the expansion of the Company’s Rhode Island operations.



Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$260,000 in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$1.7 million, the estimated associated job creation, and a gross increase of approximately \$744,000 in personal income, sales and business 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 Company's expansion would highlight Rhode Island's attractiveness as a location for professional, technical and creative services companies.

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Qualified Jobs Incentive program mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Infinity Meat Solutions LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Infinity Meat Solutions LLC (“the Company”), which is owned by Retail Business Services LLC (RBS). RBS provides a range of support services to 2,100 stores and distribution centers in 23 U.S. states that are owned by or affiliated with RBS’s parent company, Netherlands-based Ahold Delhaize, one of the world’s largest food retailers. The credits would be issued in connection with the Company’s decision to locate a new facility in Rhode Island for preparation, packaging and distribution of fresh meat products. The new facility would supply Ahold-owned or affiliated stores, distribution centers and online retailers in New England and New York

The new facility would be developed in Quonset Business Park in North Kingstown, at an estimated total cost (excluding operating costs) of \$110.2 million. It would be staffed and operated by Cargill, Inc., a Minnesota-based worldwide provider of food, agricultural, industrial and financial products and services. By its third year of operation, the facility is expected to employ 702 full-time workers.

The Company is requesting:

- \$1.915 million in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$1.8 million; and
- \$9.484 million in Qualified Jobs Incentive tax credits.

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 estimates the total cost of building and equipping its new, 200,000 square-foot facility at \$110.2 million.

Table 1: Infinity Meat Solutions estimated total project cost (\$ millions)

Component	Estimated cost
Site development	\$15.3
Building construction	44.1
Contingency	10.0
Process equipment, other	40.8
Total	\$110.2

After excluding certain costs that do not have a direct impact on Rhode Island’s economy (such as site acquisition and process equipment, which we assume will be procured out-of-state), Applesseed estimates that the Company will spend approximately \$64.8 million in Rhode Island on construction of the plant. Applesseed estimates that direct expenditures of approximately \$65.2 million will directly and indirectly generate:

- 469 person-years⁴⁵ of work in Rhode Island, with \$30.7 million in earnings (in 2019 dollars);
- Approximately \$76.0 million in statewide economic output⁴⁶; and
- A one-time increase of \$44.2 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 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	405	\$26.4	\$37.4	\$64.8
Indirect Effect	64	4.3	6.8	11.2
Total Effect	469	\$30.7	44.2	\$76.0

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$64.8 million would generate a projected one-time increase of approximately \$1.798 million in taxes paid to the State during construction, including:

- \$1.151 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;

⁴⁵ 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.

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.



- \$502,000 in state sales taxes paid on those workers' taxable household spending; and
- \$145,000 in state business taxes.

Most of the activity reflected in Table 2 is assumed occur between the summer of 2018 and the fall of 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 wages
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

As noted above, Cargill, Inc., the Company's operating partner, would employ 378 full-time workers at the Company's new Rhode Island facility in its first year (which for purposes of this analysis is assumed to be 2020), rising to 702 in its third year. Table 3 summarizes the categories in which these jobs will be created, and the median salary for each category. The median across all categories would be \$32,620.

Table 3: Projected employment, third year of operation

Job category	New positions (Year 3)	Median salary
General management	16	\$83,660
Operations and distribution	637	32,070
Engineers	49	51,630
Total	702	

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Applesseed estimates that in year 3, ongoing operations associated with full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 963 jobs in Rhode Island;
- \$37.1 million in annual earnings (in 2022 dollars);
- \$252.1 million in statewide economic output; and
- An increase of \$58.3 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 4.

Table 4: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2022 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	702	\$26.3	\$38.9	\$217.6
Indirect Effect	261	10.8	19.4	34.5
Total Effect	963	\$37.1	\$58.3	\$252.1

In addition to the impacts on employment, earnings, output and state GDP cited above, new facility's ongoing operations would generate a projected increase of approximately \$2.174 million in annual state tax revenues, including:

- \$1.391 million in state personal income taxes paid by workers newly employed by Cargill at the Company's new Rhode Island facility, or by Rhode Island workers whose jobs are indirectly attributable to the new facility;
- \$607,000 in state sales taxes paid on those workers' taxable household spending; and
- \$176,000 in state business taxes.

Benefits

Cargill, Inc. provides a comprehensive package of employee benefits that include medical, dental and vision coverage; wellness programs; 401(k) and

⁴⁷ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



employee stock ownership plans; health care and wellness programs; life, long-term disability and accidental death and dismemberment insurance; tuition reimbursement and adoption assistance.

Hiring

Cargill, Inc. has its own internal recruiting operation, which it supplements as needed with assistance from temporary staffing organizations, placement agencies and professional recruiters.

Impact

The state fiscal impact of the requested tax credits and sales tax exemption is estimated to be approximately \$13.199 million in foregone state tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$58.3 million in the third year of operation, the estimated associated job creation, and a gross increase of \$26.496 million in personal income, sales and business tax revenues during the initial construction period and the twelve-year commitment period. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new facility would benefit Rhode Island in other ways, including:

- Providing new opportunities in manufacturing for Rhode Island residents
- Increasing local payments in lieu of taxes and tangible personal property tax revenues
- Company donations to local food banks and other community organizations

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island program mitigate 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 Rebuild Rhode Island tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits would be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company; and the Company would be obligated to maintain the projected level of employment in Rhode Island through the twelve-year commitment period.



Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
iXblue Defense Systems, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to iXblue Defense Systems, Inc. (“the Company”), a global provider of navigation, positioning and imaging systems and services for defense and other industries. The credits would be issued in connection with the Company’s decision to relocate an existing operation from Natick, Massachusetts to either Lincoln or Woonsocket, Rhode Island, and to expand at its new location. As of January 2019, the Company would employ 17 people in Rhode Island, increasing to 22 by January 2020.

The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$1.032 million.

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

Jobs Analysis

Capital investment

The Company is not planning any capital investment in connection with its move to Rhode Island.

Annual operations

As noted above, the Company intends to employ 22 people (managers and supporting staff) at its new Rhode Island location by 2020. The median annual salary for these employees would be \$110,000.

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Applesseed estimates that in 2020, ongoing operations associated with the 22 full-time jobs the Company would be committed to relocating or creating and maintaining in Rhode Island would directly and indirectly support:

- 36 full-time-equivalent (FTE) jobs in Rhode Island;
- \$3.6 million in annual earnings (in 2020 dollars);
- \$9.9 million in statewide economic output; and
- An increase of \$5.0 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 1. The *direct impact* of the Company’s operations reflects the company’s direct employment, its direct spending on wages and salaries, the value its operations add to Rhode Island’s GDP, and the total value of the goods and services it produces. Its *indirect impact* is the effect of the Company’s spending on purchases of goods and services from other Rhode Island businesses.

Table 1: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2020 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	22	\$2.6	\$3.5	\$7.5
Indirect Effect	14	1.0	1.4	2.4
Total Effect	36	\$3.6	\$4.9	\$9.9

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s operations in Rhode Island would generate a projected increase of approximately \$210,000 in annual state tax revenues, including:

- \$134,000 in state personal income taxes paid by workers newly employed by the Company at its new location in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s new Rhode Island operations;
- \$59,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$17,000 in state business taxes.

Benefits

All full-time Company employees are eligible for a comprehensive package of benefits, including 100 percent employer-paid health, dental and vision insurance; health reimbursement and flexible spending accounts; employer-paid long-term and short-term disability insurance; a 401(k) plan; 20 days paid vacation (25 days after five years), and 5 days of paid sick leave.

Hiring

Because most of its positions are senior-level technical jobs, the Company typically uses an executive recruiter, who seeks to identify candidates both from the local area and from elsewhere in the eastern U.S. The Company offers to relocate candidates who are hired from outside the local area.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$1.032 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 \$4.9 million, the estimated associated job creation, and a gross increase of nearly \$2.472 million in personal income, sales and business 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 Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a location for global defense-related companies
- Adding to the growth of the state's ocean economy

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Qualified Jobs Incentive program mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Rubius Therapeutics Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Rubius Therapeutics, Inc. (“the Company”), a Cambridge, Massachusetts-based biopharmaceutical manufacturer. The credits would be issued in connection with the Company’s decision to acquire, renovate, expand and activate an existing facility in Smithfield, Rhode Island. The newly-renovated facility would be used to manufacture a new class of medicines called Red Cell Therapeutics.

The Smithfield facility would be acquired and renovated at an estimated total cost of approximately \$155.0 million. By its second year of operation, the facility is expected to employ 154 full-time workers.

The Company is expected to request:

- \$2,750,000 in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$2,700,000;
- \$3,715,000 in Qualified Jobs Incentive tax credits; and
- A Tax Stabilization Incentive valued at \$180,000.

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 Company estimates the total cost of renovating and equipping its newly-acquired facility at approximately \$155.0 million, with the full build-out and fit-out occurring in stages over a five-year period.

Table 1: Rubius Therapeutics estimated total project cost (\$ millions)

Component	Estimated cost
Property acquisition	\$16.0
Construction	82.7
Machinery and equipment	2.5
Furniture and fixtures	53.2
Computers/IT	0.6
Total	\$155.0

After excluding certain costs that do not have a direct impact on Rhode Island’s economy (such as site acquisition, and machinery and equipment that we assume will be procured out-of-state), Appleseed estimates that the Company will spend approximately \$82.7 million in Rhode Island on construction of the plant. Appleseed estimates that direct expenditures of approximately \$82.7 million will directly and indirectly generate:

- 587 person-years⁴⁸ of work in Rhode Island, with \$39.7 million in earnings (in 2020 dollars);
- Approximately \$98.5 million in statewide economic output⁴⁹; and
- A one-time increase of \$56.9 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 construction (both hard and soft costs). 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 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	498	\$33.7	\$47.4	\$82.7
Indirect Effect	89	6.0	9.5	15.8
Total Effect	587	\$39.7	56.9	\$98.5

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$82.7 million would generate a projected one-time increase of approximately \$2.326 million in taxes paid to the State during construction, including:

⁴⁸ 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.

⁴⁹ 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.



- \$1.490 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$648,000 in state sales taxes paid on those workers' taxable household spending; and
- \$188,000 in state business taxes.

Most of the activity reflected in Table 2 is assumed occur over a three-year period – from 2018 through 2020. 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 ⁵⁰
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

As noted above, the Company would employ 92 full-time workers at its new Rhode Island facility in its first year, rising to 154 in its second year (assumed here to be 2022). Table 3 summarizes the categories in which these jobs will be created, and the median salary for each category. The median across all categories would be \$54,941.

Table 3: Projected employment, second year of operation

Job category	New positions (Year 3)	Median salary
Management	8	\$191,718
Lab technicians & manufacturing	125	54,941
Engineers	21	67,161
Total	154	\$54,941

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that in year 2, ongoing operations associated with the full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 214 jobs in Rhode Island;
- \$15.7 million in annual earnings (in 2021 dollars);
- \$54.8 million in statewide economic output; and
- An increase of \$28.1 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 4.

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

	Jobs	Earnings	Value added	Output
Direct Effect	154	\$10.2	\$19.7	\$41.2
Indirect Effect	60	5.5	8.4	13.6
Total Effect	214	\$15.7	\$28.1	\$54.8

In addition to the impacts on employment, earnings, output and state GDP cited above, the new facility's ongoing operations would generate a projected increase of approximately \$919,000 in annual state tax revenues, including:

- \$588,000 in state personal income taxes paid by workers newly employed at the Company's new Rhode Island facility, or by Rhode Island workers whose jobs are indirectly attributable to the new facility;
- \$257,000 in state sales taxes paid on those workers' taxable household spending; and

⁵⁰ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



- \$74,000 in state business taxes.

Benefits

The Company's standard benefit program includes medical, dental and life insurance, short- and long-term disability insurance, a 401k program with an employer match, a bonus plan and 20 days of personal time off.

Hiring

The Company posts job openings on, and accepts applications through, its website. The Company also recruits through services such as Indeed.com; and may also use search firms for more specialized scientific and management positions.

Impact

The state fiscal impact of the requested tax credits, sales tax exemption and tax stabilization incentive is estimated to be approximately \$9.345 million in foregone state tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$28.1 million in the second year of operation, the estimated associated job creation, and a gross increase of \$12.984 million in personal income, sales and business tax revenues during the initial construction period and the twelve-year commitment period. Over fifteen years, the cumulative gross increase in these three taxes would total \$15.741 million. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a location for life sciences companies and for advanced manufacturing facilities
- Providing new, high-quality opportunities in manufacturing for Rhode Island residents
- Developing the state's life sciences and biomanufacturing workforce
- 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. Various features of the Rebuild Rhode Island program mitigate 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 Rebuild Rhode Island tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would be capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits would be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company; and the Company would be obligated to maintain the projected level of employment in Rhode Island through the twelve-year commitment period.



Appendix C:

Tax Increment Financing Economic Impact Analyses

R.I.G.L. § 42-64.21-8



1 Southern RI Hospitality, LLC 2 Stafford Court, Cranston, RI 02920



**Rhode Island Commerce Corporation
Tax Increment Financing – Economic Impact Analysis
Southern Rhode Island Hospitality LLC Application**

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) is considering exempting Southern Rhode Island Hospitality LLC (the “Sponsor”) from 75 percent of the state sales tax and 18 percent of the state hotel tax (“TIF”). This incentive would be issued in connection with the Sponsor’s decision to invest in the development of a new Fairfield Inn – a 100-room “focused service” hotel, to be located at the Village at South County Commons in South Kingstown. The total cost of the proposed project is estimated to be approximately \$19.0 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 \$1.8 million in tax increment financing from the Sponsor’s lender. 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 \$19.0 million.

Table 1: Estimated total project cost (in millions of 2018 dollars)

Component	Estimated cost
Land acquisition	\$2.0
Architecture and engineering	\$0.4
Hard cost	\$13.0
Soft costs	\$1.6
Fixtures, furnishings & equipment	\$2.0
Total	\$19.0

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, hotel franchise fees and interest costs), the remaining hard and soft costs total approximately \$16.3 million. Appleseed estimates that direct expenditures of \$16.3 million will directly and indirectly generate:

- 111 person-years⁵¹ of work in Rhode Island;
- Nearly \$6.7 million in earnings (in 2018 dollars);
- Approximately \$19.3 million in statewide economic output⁵²; and
- A one-time increase of more than \$10.2 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)

	Employment	Earnings	Value added	Output
Direct Effect	84	\$5.2	\$7.7	\$15.2
Indirect Effect	27	1.5	2.5	4.1
Total Effect	111	\$6.7	\$10.2	\$19.3

In addition to the impacts cited in Table 2, direct expenditures of \$16.3 million would directly and indirectly generate a projected one-time increase of approximately \$770,000 in taxes paid to the State during construction. This increase would include approximately:

- \$378,000 in state sales and use taxes paid on construction materials and hotel fixtures, furniture and equipment;
- \$251,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$109,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$32,000 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 in 2018-2019. The anticipated wage rates for construction jobs are shown below in Table 3.

⁵¹ 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.

⁵² 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.



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 ⁵³
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, the Sponsor estimates that 25 people (on a full-time-equivalent basis) will be employed in the operation of the hotel. Based on the Sponsor's estimates of hotel employment and revenues, Applesseed projects (as shown below in Table 4), that when the hotel is completed and fully operational and stabilized (which is assumed to occur in 2020), it will directly and indirectly account for:

- 30 FTE jobs in Rhode Island;
- Nearly \$1.2 million in annual earnings (in 2020 dollars);
- More than \$4.3 million in annual statewide economic output; and
- An increase of more than \$2.4 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 2020 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	25	\$0.9	\$2.0	\$3.6
Indirect Effect	5	0.3	0.4	0.7
Total Effect	30	\$1.2	\$2.4	\$4.3

Workers who fill jobs at the hotel are expected to be drawn primarily from South Kingstown and from other nearby communities. In addition to the impacts cited in Table 4, ongoing operations at the new hotel would directly and indirectly generate a projected gross increase of approximately \$528,000 in taxes paid annually to the state. These taxes would include approximately:

- \$459,000 in state sales and hotel taxes paid on room rents and other hotel charges (before allocating to the Sponsor the amount required to support the proposed TIF);
- \$44,000 in state personal income taxes paid by Rhode Island workers employed directly by the hotel, or whose jobs are indirectly attributable to the hotel;
- \$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 hotel operations.

Impact

The state fiscal impact of the requested tax increment financing is that portion of the eligible incremental tax revenues generated by the project that will be directed to the Sponsor. Specifically, 75 percent of the sales tax revenues and 18 percent of the hotel tax revenues generated by the hotel during the life of the TIF agreement (not to exceed 20 years) will be allocated to the Sponsor. Those funds are directed to the Sponsor to enable it to secure the financing necessary to close the financing gap on the project. The State will collect the balance of the sales and hotel occupancy tax revenue not directed to the Sponsor. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase of \$2.4 million in Rhode Island's GDP, the estimated associated job creation, and the gross increase of nearly \$7.1 million in state personal income, sales, hotel and business 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 in southern Rhode Island;
- Support continued growth in the number of visitors to Rhode Island;
- Create entry-level employment opportunities for less-skilled Rhode Island residents; and

⁵³ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



- Increase local real property, tangible personal property 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 incentives will be payable only upon completion of the development. The risk of project cost overruns is mitigated by the fact that the TIF is capped at the amount set forth above.



Appendix D:

Tax Stabilization Incentive Economic Impact

Analyses R.I.G.L. § 42-64.22-14



- 1 Immunex RI Corporation 40 Technology Way, West Greenwich, RI
02817
- 2 Rubius Therapeutics, Inc. 100 Technology Way, Smithfield, RI
02917



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Immunex Rhode Island Corporation Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits and a Tax Stabilization Incentive to Immunex Rhode Island Corporation (“the Company”), based in West Greenwich. The Company is a wholly-owned subsidiary of Amgen, Inc., based in Thousand Oaks, California. The credits would be issued in connection with the Company’s decision to establish a new facility in Rhode Island to manufacture a variety of biologic therapeutic products. The Company would build the new facility at its existing manufacturing complex in West Greenwich, at an estimated total project cost of \$165.1 million. When fully operational (expected to occur in 2022), the new facility would employ approximately 126 people, rising to 146 in 2025, with a median annual salary of \$77,000.

The Company is requesting request incentives with a total value of nearly \$12.9 million, including:

- \$3,450,000 in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$3,255,000;
- \$6,000,000 in Qualified Jobs Incentive tax credits; and
- A Tax Stabilization Incentive valued at \$179,829.

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 estimates the total cost of building and equipping its new, 85,000 square-foot facility at \$165.1 million.

Table 1: Immunex Rhode Island estimated total project cost (\$ millions)

Component	Estimated cost
Design	\$12.3
Construction	112.7
Equipment	36.2
Other	3.9
Total	\$165.1

After excluding costs that do not have a direct impact on Rhode Island’s economy (such as manufacturing process equipment, which we assume will be procured out-of-state, technology transfer fees and interest paid during construction), Applesseed estimates that the Company will spend \$122.8 million in Rhode Island on construction of the plant. Applesseed estimates that direct expenditures of approximately \$122.8 million will directly and indirectly generate:

- 944 person-years⁵⁴ of work in Rhode Island, with \$62.3 million in earnings (in 2019 dollars);
- Approximately \$150.1 million in statewide economic output⁵⁵; and
- A one-time increase of \$87.0 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, indirect and induced impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	775	\$51.6	\$70.5	\$122.8
Indirect Effect	169	\$10.7	\$16.5	\$27.3

⁵⁴ 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.

⁵⁵ 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	944	\$62.3	\$87.0	\$150.1
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In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$122.8 million would generate a projected one-time increase of approximately \$3.648 million in taxes paid to the State during construction, including:

- \$2.334 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$1.019 million in state sales taxes paid on those workers' taxable household spending;
- \$295,000 in state business taxes

Most of the activity reflected in Table 2 is assumed occur during 2018 and 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 ⁵⁶
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

As noted above, the Company intends employ 126 full-time workers at its new Rhode Island facility when it is fully operational (which for purposes of this analysis is assumed to occur in 2022), rising to 146. Table 3 summarizes the categories in which these jobs will be created, and average salary for each category.

Table 3: Projected employment, fourth year of operation

Job category	New positions (Year 4)	Median salary
Quality & manufacturing managers	10	\$131,000
Quality specialists	20	86,000
Engineers	13	73,000
Technicians	83	62,000
Administrative/other managers	20	108,000
Total	146	\$77,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that in year 4, ongoing operations associated with the 146 full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 218 jobs in Rhode Island;
- \$18.8 million in annual earnings (in 2022 dollars);
- \$65.5 million in statewide economic output; and
- An increase of \$33.6 million in Rhode Island's annual GDP,

These impacts are summarized below in Table 4.

Table 4: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2022 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	146	\$12.2	\$23.5	\$49.2
Indirect Effect	72	6.5	10.0	16.3

⁵⁶ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



Total Effect	218	\$18.7	\$33.5	\$65.5
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In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's operations in Rhode Island would generate a projected increase of approximately \$1.096 million in annual state tax revenues, including:

- \$701,000 in state personal income taxes paid by workers newly employed by the Company in its new Rhode Island facility, or by Rhode Island workers whose jobs are indirectly attributable to the Company's new facility;
- \$306,000 in state sales taxes paid on those workers' taxable household spending; and
- \$89,000 in state business corporation taxes.

Benefits

ImmuneX Rhode Island provides a comprehensive package of employee benefits. They include medical, dental and vision coverage, incentives for healthy living, retirement and savings plans, sick leave, long- and short-term disability insurance, life insurance, paid time off (including paid time off for volunteer work), an employee assistance program, and career development and coaching services.

Hiring

The Company's workforce at its new facility will consist primarily of locally-hired technicians, engineers and management personnel. All available positions are posted on the parent company's internal website. Jobs for which candidates are being recruited externally are posted at Amgen.com, on other sites and on social media. Following a review of resumes, telephone interviews are conducted with selected applicants, with some candidates then being scheduled for a round of interviews with the hiring team. When interviews are completed the team makes a final selection, subject to background checks.

Impact

The state fiscal impact of the requested tax credits, sales tax exemption and tax stabilization incentive is estimated to be nearly \$12.9 in foregone state revenue and direct outlays. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$33.5 million in the fourth year of operation, the estimated associated job creation, and a gross increase of nearly \$16.6 million in personal income, sales and business tax revenues during the initial construction period and the twelve-year commitment period. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a U.S. location for life sciences companies and for advanced manufacturing facilities
- Providing new opportunities in manufacturing for Rhode Island residents
- Developing the state's life sciences and biomanufacturing workforce
- 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. Various features of the Rebuild Rhode Island program mitigate 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 Rebuild Rhode Island tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would be capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits would be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company; and the Company would be obligated to maintain the projected level of employment in Rhode Island through the twelve-year commitment period. Moreover, the Company has stated that it is committed to maintaining this level of employment for twenty years, rather than the twelve years required under the Qualified Jobs Incentive program.



Rhode Island Commerce Corporation
Rebuild Rhode Island and Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Rubius Therapeutics Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits to Rubius Therapeutics, Inc. (“the Company”), a Cambridge, Massachusetts-based biopharmaceutical manufacturer. The credits would be issued in connection with the Company’s decision to acquire, renovate, expand and activate an existing facility in Smithfield, Rhode Island. The newly-renovated facility would be used to manufacture a new class of medicines called Red Cell Therapeutics.

The Smithfield facility would be acquired and renovated at an estimated total cost of approximately \$155.0 million. By its second year of operation, the facility is expected to employ 154 full-time workers.

The Company is expected to request:

- \$2,750,000 in Rebuild Rhode Island tax credits;
- An exemption from sales and use taxes due on construction materials and furnishings, with an estimated value of \$2,700,000;
- \$3,715,000 in Qualified Jobs Incentive tax credits; and
- A Tax Stabilization Incentive valued at \$180,000.

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 Company estimates the total cost of renovating and equipping its newly-acquired facility at approximately \$155.0 million, with the full build-out and fit-out occurring in stages over a five-year period.

Table 1: Rubius Therapeutics estimated total project cost (\$ millions)

Component	Estimated cost
Property acquisition	\$16.0
Construction	82.7
Machinery and equipment	2.5
Furniture and fixtures	53.2
Computers/IT	0.6
Total	\$155.0

After excluding certain costs that do not have a direct impact on Rhode Island’s economy (such as site acquisition, and machinery and equipment that we assume will be procured out-of-state), Appleseed estimates that the Company will spend approximately \$82.7 million in Rhode Island on construction of the plant. Appleseed estimates that direct expenditures of approximately \$82.7 million will directly and indirectly generate:

- 587 person-years⁵⁷ of work in Rhode Island, with \$39.7 million in earnings (in 2020 dollars);
- Approximately \$98.5 million in statewide economic output⁵⁸; and
- A one-time increase of \$56.9 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 construction (both hard and soft costs). 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 2019 dollars)

	Employment	Earnings	Value added	Output
Direct Effect	498	\$33.7	\$47.4	\$82.7
Indirect Effect	89	6.0	9.5	15.8
Total Effect	587	\$39.7	56.9	\$98.5

⁵⁷ 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.

⁵⁸ 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 in Table 2, direct spending of \$82.7 million would generate a projected one-time increase of approximately \$2.326 million in taxes paid to the State during construction, including:

- \$1.490 million in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$648,000 in state sales taxes paid on those workers' taxable household spending; and
- \$188,000 in state business taxes.

Most of the activity reflected in Table 2 is assumed occur over a three-year period – from 2018 through 2020. 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 ⁵⁹
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

As noted above, the Company would employ 92 full-time workers at its new Rhode Island facility in its first year, rising to 154 in its second year (assumed here to be 2022). Table 3 summarizes the categories in which these jobs will be created, and the median salary for each category. The median across all categories would be \$54,941.

Table 3: Projected employment, second year of operation

Job category	New positions (Year 3)	Median salary
Management	8	\$191,718
Lab technicians & manufacturing	125	54,941
Engineers	21	67,161
Total	154	\$54,941

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that in year 2, ongoing operations associated with the full-time jobs the Company would be committed to creating and maintaining will directly and indirectly support:

- 214 jobs in Rhode Island;
- \$15.7 million in annual earnings (in 2021 dollars);
- \$54.8 million in statewide economic output; and
- An increase of \$28.1 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 4.

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

	Jobs	Earnings	Value added	Output
Direct Effect	154	\$10.2	\$19.7	\$41.2
Indirect Effect	60	5.5	8.4	13.6
Total Effect	214	\$15.7	\$28.1	\$54.8

In addition to the impacts on employment, earnings, output and state GDP cited above, the new facility's ongoing operations would generate a

⁵⁹ Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2016



projected increase of approximately \$919,000 in annual state tax revenues, including:

- \$588,000 in state personal income taxes paid by workers newly employed at the Company's new Rhode Island facility, or by Rhode Island workers whose jobs are indirectly attributable to the new facility;
- \$257,000 in state sales taxes paid on those workers' taxable household spending; and
- \$74,000 in state business taxes.

Benefits

The Company's standard benefit program includes medical, dental and life insurance, short- and long-term disability insurance, a 401k program with an employer match, a bonus plan and 20 days of personal time off.

Hiring

The Company posts job openings on, and accepts applications through, its website. The Company also recruits through services such as Indeed.com; and may also use search firms for more specialized scientific and management positions.

Impact

The state fiscal impact of the requested tax credits, sales tax exemption and tax stabilization incentive is estimated to be approximately \$9.345 million in foregone state tax revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$28.1 million in the second year of operation, the estimated associated job creation, and a gross increase of \$12.984 million in personal income, sales and business tax revenues during the initial construction period and the twelve-year commitment period. Over fifteen years, the cumulative gross increase in these three taxes would total \$15.741 million. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new facility would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a location for life sciences companies and for advanced manufacturing facilities
- Providing new, high-quality opportunities in manufacturing for Rhode Island residents
- Developing the state's life sciences and biomanufacturing workforce
- 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. Various features of the Rebuild Rhode Island program mitigate 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 Rebuild Rhode Island tax credits will be issued only upon completion of construction work. The risk of project cost overruns is mitigated by the fact that the credits would be capped at the amount set forth above. In addition, if project costs come in lower than anticipated, the value of the credits would be reduced accordingly.

Various features of the Qualified Jobs Incentive program similarly mitigate risk to the state. The value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company; and the Company would be obligated to maintain the projected level of employment in Rhode Island through the twelve-year commitment period.