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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE MANUFACTURING
INDUSTRY REVITALIZATION ACT

Introduced By: Representatives Melo, Blazejewski, Baldelli-Hunt, Winfield, and Abney

Date Introduced: May 01, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Purpose. -- The general assembly hereby finds that:

2 (1) The manufacturing industry is a vital sector of the Rhode Island economy and it is in
3 the best interests of the state to encourage expansion of such sector by participating in certain
4 significant capital infrastructure investments made by Rhode Island's manufacturing industry
5 companies that result in substantial new employment opportunities;

6 SECTION 2. Title 42 of the General Laws entitled "STATE AFFAIRS AND
7 GOVERNMENT" is hereby amended by adding thereto the following chapter:

8 CHAPTER 64.15

9 THE MANUFACTURING INDUSTRY REVITALIZATION ACT

10 42-64.15-1. Short title. -- This chapter may be known and may be cited as the "Rhode
11 Island Manufacturing Industry Revitalization Act" (MIRA).

12 42-64.15-2. Definitions. -- For the purposes of this chapter, the following terms shall
13 have the following meanings:

14 (1) "Approved manufacturing industry participant" (approved MIRP) means a Rhode
15 Island corporation qualified to do business in the state, or a subsidiary, affiliate or successor
16 thereof that is a manufacturing industry company which can satisfy the commitments of
17 subsection 42-64.15-4(a)

18 (2) "Calendar year" means the twelve (12) month period commencing on January 1 and

1 ending on the following December 31.

2 (3) "Capital expenditure" means a capital infrastructure investment, or a series of related
3 investments, by a manufacturing company in its Rhode Island infrastructure, including, but not
4 limited to, real property, buildings and equipment, in an aggregate amount equal to or greater than
5 ten million dollars (\$10,000,000).

6 (4) "Manufacturing industry" means research, development, production and repair and
7 servicing of materials, equipment, including, software, and facilities, or components thereof,
8 directly or indirectly, including, but not limited to, those to be used by the residents of Rhode
9 Island.

10 (5) "Manufacturing industry company" means any corporation, partnership, joint venture,
11 limited liability company or other legal entity, or any subsidiary or affiliate thereof, that is
12 qualified to do business in the state and whose primary business is derived from or related to the
13 manufacturing industry or any subcontractor of such manufacturing industry company, the
14 employees of which perform their services in Rhode Island in such manufacturing industry
15 company's premises and who, if employed by such manufacturing industry company, would
16 qualify based on the number of hours and length of service at such manufacturing industry
17 company facility as a full-time equivalent active employee.

18 (6) "Manufacturing industry revitalization program" or (MIR program) means that
19 program authorized in section 42-64.15-4 hereof.

20 (7) "MIR participant" means a manufacturing industry company that has applied to, and
21 has been approved by, the Rhode Island Commerce Corporation (RICC) board for participation in
22 the MIR program.

23 (8) "Effective date" means the date on which a reimbursement agreement becomes
24 effective subject to its terms and the terms of this chapter.

25 (9) "Full-time equivalent active employee" means as to any calendar year an employee of
26 manufacturing industry company who:

27 (10) (i) Works within the state a minimum of thirty (30) hours per week, exclusive of
28 paid time off for vacation, sick, personal or qualified family medical leave, or two (2) or more
29 part-time employees whose combined weekly hours equal or exceed thirty (30) hours per week
30 within the state; (ii) Earns no less than two hundred percent (200%) of the hourly minimum wage
31 prescribed by Rhode Island law; and (iii) Was employed for not less than six (6) months during
32 such calendar year.

33 (11) "New employee(s)" means for each calendar year the positive difference, if any,
34 between:

1 (i) Number of full-time equivalent active employees for such calendar year; and
2 (ii) The stabilized employment; provided, however that no MIR participant shall be
3 permitted to transfer, assign or hire employees who are already employed within the state by such
4 MIR participant from itself or any affiliated entity, or utilize any other artifice or device for the
5 purpose of artificially creating new employees in order to qualify for MIR program benefits.
6 (12) "Jobs creation reimbursement" means an annual credit to an MIR participant of five
7 hundred dollars (\$500) per new employee.
8 (13) "Reimbursement agreement" means a manufacturing industry revitalization
9 reimbursement agreement entered into by and between an MIR participant and the RICC board as
10 authorized in section 42-64.15-5 and 42-64.15-6.
11 (14) "Reimbursement cap" means twenty-five percent (25%) of the capital expenditure
12 cost.
13 (15) "Stabilized employment" means the average aggregate number of full-time
14 equivalent active employed within the state by the MIR participant during the three (3) calendar
15 years immediately prior to the effective date.
16 (16) "State" means the state of Rhode Island and Providence Plantations, and any
17 department, office, board commission or agency thereof.
18 (17) "Term" means the term of the reimbursement agreement, which shall not exceed five
19 (5) years, provided that the MIR participant shall have two (2) five (5) year extension options,
20 which shall be considered part of the term, subject to the following:
21 (i) Such MIR participant not being in default under any material covenant, term or
22 condition of the reimbursement agreement that has not been cured within the applicable cure
23 period set forth in such reimbursement agreement; and
24 (ii) The MIR participant employing not less than one hundred (100) full-time equivalent
25 active employees in the state.
26 **42-64.15-4. Manufacturing industry revitalization program -- Application --**
27 **Approval. --** (a) A manufacturing industry company may apply to the RICC board for
28 participation in the MIR program provided that such manufacturing industry company shall agree
29 to:
30 (1) Make a capital expenditure or a series of related capital expenditures, of which a
31 minimum of ten million dollars (\$10,000,000) shall be made within two (2) years following the
32 effective date and the balance to be undertaken within a ten (10) years period following the
33 effective date as such period may be extended for good cause by the RICC board under its rules
34 and regulations;

1 (2) Employ at least one hundred (100) full-time equivalent active employees in excess of
2 its stabilized employment in each calendar year in order to qualify for job creation reimbursement
3 for each year;

4 (3) Cooperate in the development of a workforce training program as required by section
5 42-64.15-7 hereof; and

6 (4) Such other terms and conditions as required by this chapter and as the RICC board
7 shall reasonably require.

8 (b) The RICC board may authorize and contract for jobs creation reimbursements with
9 manufacturing industry companies that satisfy the requirements of this section.

10 (c) The application for the MIR program shall contain such additional information as the
11 MIR board may require in its sole discretion from time to time.

12 (d) The RICC board may approve or reject an application for the MIR program, subject to
13 the requirements of this chapter and its own rules and regulations. If approval is granted the RICC
14 board shall certify such approval to the governor and the chairs of the house finance and senate
15 finance committees within thirty (30) days thereof.

16 (e) Each MIR participant shall certify annually the RICC board on or before April 30 of
17 each year:

18 (1) The amount of actual capital expenditures made during the preceding calendar year;
19 and

20 (2) The average number of full-time equivalent active employees employed by such MIR
21 participant during the preceding calendar year.

22 (f) Each MIR participant shall make available to the RICC board its books and records
23 relative to capital expenditures and the number of its full-time equivalent active employees.

24 **42-64.15-5. Authorized procurement of reimbursement agreement. -- (a)**
25 Notwithstanding any provision of the general or public laws to the contrary, with ninety (90) days
26 of the approval by the RICC board, the RICC board and MIR participant shall enter into a
27 reimbursement agreement setting forth each party's obligations with respect to the MIR program,
28 including, without limitation, the MIR participant's commitments in accordance with subsection
29 42-64.15-4(a) and the following:

30 (1) The state shall make jobs creation reimbursement payments not to exceed the
31 reimbursement cap. Such payments shall commence on July 1 of the calendar year immediately
32 following the calendar year during which an approved portion of the capital expenditure has been
33 completed and the conditions of subsection 41-64.15-4(a) have been satisfied.

34 (2) The MIR participant shall agree to cooperate in the creation of a workforce training

1 program in accordance with section 42-64.15-7 hereof.

2 **42-64.15-6. Authorized procurement of manufacturing reimbursement agreement. --**

3 (a) Notwithstanding any provision of the general or public laws to the contrary, within
4 ninety (90) days of the effective date of this act, the RICC board is hereby authorized and directed
5 to enter into a reimbursement agreement with the approved MIRP setting forth each party's
6 obligations with respect to the MIR program, including, without limitation, the following:

7 (1) The approved MIRP shall agree to make capital expenditures to be undertaken with a
8 three (3) year period following the effective date and to hire at least an additional fifty (50) full-
9 time equivalent active employees in excess of its stabilized employment.

10 (2) The state shall make jobs creation reimbursement payments not to exceed the
11 reimbursement cap, as such cap may be adjusted from time to time to reflect the completion of
12 each approved phase of capital expenditure. Such payments shall commence on July 1 of the
13 calendar year following the calendar year during which the first phase of such capital expenditure
14 has been completed and the approved MIRP has employed fifty (50) full-time equivalent active
15 employees in excess of its stabilized employment and continues to meet such requirement
16 throughout the balance of the term of the reimbursement agreement. Such payments shall be
17 made by July 31 of each year.

18 (3) The approved MIRP shall agree to cooperate in the development of a workforce
19 training program as required by section 42-64.15-7 hereof.

20 **42-64.15-7. Workforce training. --** The MIR participant shall cooperate in the
21 development of a workforce training program in collaboration with the board of education, the
22 department of labor and training, the Rhode Island commerce corporation, the Rhode Island
23 manufacturing association, the Community College of Rhode Island, the University of Rhode
24 Island and Rhode Island College.

25 **42-64.15-8. Audit and review. --** (a) The department of labor and training and the
26 department of revenue shall be jointly responsible to conduct an audit of the capital expenditures
27 for purposes of ascertaining the reimbursement cap and an annual audit of the number of full-time
28 equivalent active employees employed by any MIR participant. The results of these audits shall
29 be certified to the RICC board, the office of management and budget of the department of
30 administration, the governor and the general assembly.

31 (b) The department of revenue shall make an annual report to the governor and the
32 general assembly with respect to the MIR program, including, but not limited to, the amounts of
33 any satisfied capital expenditures, the number of new employees, the value of any jobs creation
34 reimbursements, the status of workforce training programs and the status of MIR participants.

1 These reports shall be submitted on or before January 31st of each year, beginning in the year
2 immediately following the effective date, and shall be made available to the public.

3 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE MANUFACTURING
INDUSTRY REVITALIZATION ACT

- 1 This act would create the Manufacturing Industry Revitalization Act designed to promote
- 2 capital infrastructure investments in the manufacturing industry.
- 3 This act would take effect upon passage.

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