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ARTICLE 19 AS AMENDED

RELATING TO COMMERCE CORPORATION AND ECONOMIC DEVELOPMENT

SECTION 1. Section 42-64-13 of the General Laws in Chapter 42-64 entitled "Rhode Island Commerce Corporation" is hereby amended to read as follows:

42-64-13. Relations with municipalities. -- (a) (1) With respect to projects situated on federal land, the Rhode Island commerce corporation is authorized to plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and operate projects: (i) in conformity with the applicable provisions of chapter 1 of title 2 except that the projects shall not require the approval of a town or city council provided for in § 2-1-21, and (ii) without regard to the zoning or other land use ordinances, codes, plans, or regulations of any municipality or political subdivision; provided, however, that the exemption from the zoning or other land use ordinances, codes, plans, or regulations shall be subject to the corporation's compliance with the provisions of this subsection. Projects which are planned, constructed, reconstructed, rehabilitated, altered, improved, or developed by the corporation on federal land in accordance with the provisions of this subsection may be maintained and operated by lessees from and successors in interest to the corporation in the same manner as if the projects had been in existence prior to the enactment of the zoning or other land use ordinances, codes, plans, or regulations which, but for this chapter, would otherwise be applicable. With respect to other projects of the commerce corporation, or projects receiving state incentives as administered by the commerce corporation, developers are authorized to plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and operate a project subject only to the state building code and the state fire code, and all inspections regarding any such project shall be conducted by the state building commissioner or his designee without regard to the building and fire codes of any municipality or political subdivision; provided, however, that the exemption from the building and fire codes shall be subject to the corporation's compliance with the provisions of this subsection.

(2) As used in this section, "the comprehensive plan" means a comprehensive plan adopted pursuant to chapter 22 of title 45 by a planning board or commission; "the applicable comprehensive plan" shall mean the comprehensive plan of any municipality within which any project is to be situated, in whole or in part; and "the project plan" shall mean a general description of a proposed project situated on federal land, describing in reasonable detail its

1 location, nature, and size. A zoning ordinance adopted by a municipality pursuant to chapter 24 of
2 title 45 shall not be deemed to be a comprehensive plan nor a statement of the land use goals,
3 objectives, and standards.

4 (3) If any project plan of the corporation with respect to projects situated on federal land
5 conforms to the land use goals, objectives, and standards of the applicable comprehensive plan as
6 of the time of the corporation's adoption of the project plan, or if there is no applicable
7 comprehensive plan, then before proceeding with the project described in the project plan, the
8 corporation shall refer the project plan to the appropriate community advisory committee which
9 may thereafter hold any public hearings as it may deem to be desirable for the purpose of
10 permitting the public to comment on the project plan. The community advisory committee shall
11 not later than forty-five (45) days after its receipt of the project plan, transmit its comments on the
12 project plan, in either written or oral form, to the corporation and thereupon, or upon the
13 community advisory committee's failure to take any action within the time specified, the
14 corporation shall be authorized to proceed with the project described in the project plan without
15 regard to the zoning or other land use ordinances, codes, plans, or regulations of a municipality
16 within which the project is to be situated in whole or in part.

17 (4) If any project plan of the corporation with respect to projects situated on federal land
18 does not conform to the land use goals, objectives, and standards of the applicable comprehensive
19 plan as of the time of the corporation's adoption of the project plan, then, before proceeding with
20 the project described in the project plan, the corporation shall refer the project plan to the local
21 governing body of any municipality within which any project is to be situated, in whole or in part.
22 The local governing body may thereafter hold any public hearings as it may deem to be desirable
23 for the purpose of permitting the public to comment on the project plan. The local governing
24 body shall, not later than forty-five (45) days after its receipt of the project plan, advise the
25 corporation of its approval or disapproval of that plan. If it shall disapprove the project plan, the
26 corporation shall nevertheless be authorized to proceed with the project described in the project
27 plan (without regard to the zoning or other land use ordinances, codes, plans, or regulations of a
28 municipality within which the project is to be situated in whole or in part) upon the subsequent
29 affirmative vote of a majority of the members of the board of directors then holding office as
30 directors taken at a meeting open to the public. If the local governing body approves the project
31 plan or fails to take any action within the time specified, the corporation shall be authorized to
32 proceed with the project described in the project plan without regard to the zoning or other land
33 use ordinances, codes, plans, or regulations of a municipality within which the project is to be
34 situated in whole or in part.

1 (5) The project plan's conformity with the applicable comprehensive plan shall be
2 determined by the board of directors of the corporation and its determination shall be binding and
3 conclusive for all purposes.

4 (b) With respect to projects situated on real property other than federal land, the
5 corporation shall plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and
6 operate projects in conformity with the applicable zoning or other land use ordinances, codes,
7 plans, or regulations of any municipality or political subdivision of the state in which those
8 projects are situated.

9 (c) The corporation shall, in planning, constructing, reconstructing, rehabilitating,
10 altering, or improving any project, comply with all requirements of state and federal laws, codes,
11 or regulations applicable to that planning, construction, reconstruction, rehabilitation, alteration,
12 or improvement. The corporation shall adopt a comprehensive building code (which may, but
13 need not be, the BOCA Code) with which all projects shall comply. That adoption shall not
14 preclude the corporation's later adoption of a different comprehensive building code or of its
15 alteration, amendment, or supplementation of any comprehensive building code so adopted.
16 Except as otherwise specifically provided to the contrary, no municipality or other political
17 subdivision of the state shall have the power to modify or change in whole or in part the
18 drawings, plans, or specifications for any project of the corporation; nor to require that any
19 person, firm, or corporation employed with respect to that project perform work in any other or
20 different manner than that provided by those drawings, plans, and specifications; nor to require
21 that any such person, firm, or corporation obtain any approval, permit, or certificate from the
22 municipality or political subdivision in relation to the project; and the doing of that work by any
23 person, firm, or corporation in accordance with the terms of those drawings, plans, specifications,
24 or contracts shall not subject the person, firm, or corporation to any liability or penalty, civil or
25 criminal, other than as may be stated in the contracts or may be incidental to the proper
26 enforcement thereof; nor shall any municipality or political subdivision have the power to require
27 the corporation, or any lessee or successor in interest, to obtain any approval, permit, or
28 certificate from the municipality or political subdivision as a condition of owning, using,
29 maintaining, operating, or occupying any project acquired, constructed, reconstructed,
30 rehabilitated, altered, or improved by the corporation or pursuant to drawings, plans, and
31 specifications made or approved by the corporation; provided, however, that nothing contained in
32 this subsection shall be deemed to relieve any person, firm, or corporation from the necessity of
33 obtaining from any municipality or other political subdivision of the state any license which, but
34 for the provisions of this chapter, would be required in connection with the rendering of personal

1 services or sale at retail of tangible personal property.

2 (d) Except to the extent that the corporation shall expressly otherwise agree, a
3 municipality or political subdivision, including, but not limited to, a county, city, town, or district,
4 in which a project of the corporation is located, shall provide for the project, whether then owned
5 by the corporation or any successor in interest, police, fire, sanitation, health protection, and other
6 municipal services of the same character and to the same extent as those provided for other
7 residents of that municipality or political subdivision, but nothing contained in this section shall
8 be deemed to require any municipality or political subdivision to make capital expenditures for
9 the sole purpose of providing any of these services for that project.

10 (e) In carrying out a project, the corporation shall be empowered to enter into contractual
11 agreements with municipalities and public corporations and those municipalities and public
12 corporations are authorized and empowered, notwithstanding any other law, to enter into any
13 contractual agreements with the corporation and to do all things necessary to carry out their
14 obligations under the agreements.

15 (f) Notwithstanding the provisions of any general, special, or local law or charter,
16 municipalities and public corporations are empowered to purchase, or to lease for a term not
17 exceeding ninety-nine (99) years, projects of the corporation, upon any terms and conditions as
18 may be agreed upon by the municipality or public corporation and the corporation.

19 SECTION 2. Section 42-64.16-2 of the General Laws in Chapter 42-64.16 entitled "The
20 Innovate Rhode Island Small Business Program" is hereby amended to read as follows:

21 **42-64.16-2. Establishment of matching funds program.** -- (a) There is established the
22 Rhode Island SBIR/STTR Matching Funds Program to be administered by STAC. In order to
23 foster job creation and economic development in the state, STAC may provide grants to eligible
24 businesses to match funds received by a business as a SBIR or STTR Phase I or II award, ~~loans to~~
25 ~~eligible businesses to match funds received by a business as a SBIR or STTR Phase II award,~~ and
26 to encourage businesses to apply for further ~~Phase II and Phase III~~ SBIR or STTR awards,
27 ~~respectively~~ and commercialize their technology and research.

28 (b) Eligibility. - In order to be eligible for a grant under this section, a business must
29 satisfy all of the following conditions:

30 (1) The business must be a for-profit, Rhode Island-based business with fifty (50) or
31 fewer employees. For the purposes of this section, Rhode Island-based business is one that has its
32 principal place of business and at least fifty-one percent (51%) of its employees residing in this
33 state.

34 (2) The business must have received an SBIR/STTR Phase I award from a participating

1 federal agency in response to a specific federal solicitation. To receive the full Phase I matching
2 grant, the business must also have submitted a final Phase I report, demonstrated that the
3 sponsoring agency has interest in the Phase II proposal, and submitted a Phase II proposal to the
4 agency. To receive the full Phase II matching ~~loan grant~~, the business must also have submitted a
5 final Phase II report, ~~demonstrated that the sponsoring agency has interest in the Phase III~~
6 ~~proposal, and submitted a Phase III proposal to the agency.~~

7 (3) The business must satisfy all federal SBIR/STTR requirements.

8 (4) The business shall not receive concurrent funding support from other sources that
9 duplicates the purpose of this section.

10 (5) For a Phase I and II matching grant, the business must certify that at least fifty-one
11 percent (51%) of the research described in the federal SBIR/STTR Phase I, II and any further
12 SBIR/STTR proposal proposals and commercialization will be conducted in this state and that the
13 business will remain a Rhode Island-based business for the duration of the SBIR/STTR Phase I, II
14 any further SBIR/STTR project projects and commercialization. ~~For a Phase II matching loan, the~~
15 ~~business must certify that at least fifty one percent (51%) of the research described in the federal~~
16 ~~SBIR/STTR Phase III proposal will be conducted in this state and that the business will remain a~~
17 ~~Rhode Island based business for the duration of the SBIR/STTR Phase III project.~~

18 (6) For a Phase I and II matching grant, the business must demonstrate its ability to
19 conduct research in its SBIR/STTR Phase II proposal. ~~For a Phase II matching loan, the business~~
20 ~~must demonstrate its ability to conduct research in its SBIR/STTR Phase III proposal.~~

21 (c) Phase I and II Matching Grant. - STAC may award grants to match the funds
22 received by a business through a SBIR/STTR Phase I or II proposal up to a maximum of ~~one~~
23 ~~hundred thousand dollars (\$100,000)~~ one hundred fifty thousand dollars (\$150,000). Seventy-five
24 percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR
25 Phase I or II award and application for funds under this section. Twenty-five percent (25%) of the
26 total grant shall be remitted to the business upon submission by the business of the Phase II
27 application to the funding agency and acceptance of the Phase I or II report by the funding
28 agency. A business may receive only one grant under this section per year. A business may
29 receive only one grant under this section with respect to each federal proposal submission. Over
30 its lifetime, a business may receive a maximum of six (6) awards under this section.

31 ~~(d) Phase II Matching Loan.—STAC may award loans to match the funds received by a~~
32 ~~business through a SBIR/STTR Phase II proposal up to a maximum of three hundred thousand~~
33 ~~dollars (\$300,000) that must be secured by sufficient assets of the business. Seventy five percent~~
34 ~~(75%) of the total loan shall be remitted to the business upon receipt of the SBIR/STTR Phase II~~

1 ~~award and application for funds under this section. Twenty five percent (25%) of the total loan~~
2 ~~shall be remitted to the business upon submission by the business of the Phase III application to~~
3 ~~the funding agency and acceptance of the Phase I report by the funding agency. A business may~~
4 ~~receive only one loan under this section per year. A business may receive only one loan under this~~
5 ~~section with respect to each federal proposal submission. Over its lifetime, a business may receive~~
6 ~~a maximum of six (6) loans under this section.~~

7 (e)(d) Application. - A business shall apply, under oath, to STAC for a grant ~~or loan~~
8 under this section on a form prescribed by STAC that includes at least all of the following:

9 (1) The name of the business, the form of business organization under which it is
10 operated, and the names and addresses of the principals or management of the business.

11 (2) For a Phase I or II matching grant, an acknowledgement of receipt of the Phase I or II
12 report and Phase II proposal by the relevant federal agency. ~~For a Phase II matching loan, an~~
13 ~~acknowledgement of receipt of the Phase II report and Phase III proposal by the relevant federal~~
14 ~~agency.~~

15 (3) Any other information necessary for STAC to evaluate the application.

16 SECTION 3. Title 42 of the General Laws entitled "STATE AFFAIRS AND
17 GOVERNMENT" is hereby amended by adding thereto the following chapter:

18 CHAPTER 64.20

19 REBUILD RHODE ISLAND TAX CREDIT

20 **42-64.20-1. Short title.** -- This chapter shall be known and may be cited as the "Rebuild
21 Rhode Island Tax Credit Act."

22 **42-64.20-2. Findings and declarations.** -- (a) It is hereby found and declared that due to
23 long-term and short-term stagnant or declining economic trends in Rhode Island, businesses in
24 the state have found it difficult to make investments that would stimulate economic activity and
25 create new jobs for the citizens of the state. Moreover, such economic trends have caused
26 business closures or out-of-state business relocations, while other out-of-state businesses are
27 deterred from relocating to this state. This situation has contributed to a high rate of
28 unemployment in the state. Consequently, a need exists to promote the retention and expansion of
29 existing jobs, stimulate the creation of new jobs, attract new business and industry to the state,
30 and stimulate growth in real estate developments and/or businesses that are prepared to make
31 meaningful investment and foster job creation in Rhode Island.

32 (b) Through the establishment of a rebuild Rhode Island tax credit program, Rhode Island
33 can take steps to stimulate business development; retain and attract new business and industry to
34 the state; create good-paying jobs for its residents; assist with business, commercial, and

1 industrial real estate development; and generate revenues for necessary state and local
2 governmental services.

3 **42-64.20-3. Definitions.** -- As used in this chapter:

4 (1) "Adaptive Reuse" means the conversion of an existing structure from the use for
5 which it was constructed to a new use by maintaining elements of the structure and adapting such
6 elements to a new use.

7 (2) "Affiliate" means an entity that directly or indirectly controls, is under common
8 control with, or is controlled by the business. Control exists in all cases in which the entity is a
9 member of a controlled group of corporations as defined pursuant to § 1563 of the Internal
10 Revenue Code of 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of
11 organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the
12 Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and
13 convincing evidence, as determined by the tax administrator, that control exists in situations
14 involving lesser percentages of ownership than required by those statutes. An affiliate of a
15 business may contribute to meeting either the capital investment or full-time employee
16 requirements of a business that applies for a credit under this chapter.

17 (3) "Affordable housing" means housing for sale or rent with combined rental costs or
18 combined mortgage loan debt service, property taxes, and required insurance that do not exceed
19 thirty percent (30%) of the gross annual income of a household earning up to eighty percent
20 (80%) of the area median income, as defined annually by the United States Department of
21 Housing and Urban Development.

22 (4) "Applicant" means a developer applying for a rebuild Rhode Island tax credit under
23 this chapter.

24 (5) "Business" means a corporation as defined in general laws § 44-11-1(4), or a
25 partnership, an S corporation, a non-profit corporation, a sole proprietorship, or a limited liability
26 corporation. A business shall include an affiliate of the business if that business applies for a
27 credit based upon any capital investment made by an affiliate.

28 (6) "Capital investment" in a real estate project means expenses by a developer incurred
29 after application for:

30 (i) Site preparation and construction, repair, renovation, improvement, equipping, or
31 furnishing on real property or of a building, structure, facility, or improvement to real property;

32 (ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
33 including but not limited to material goods for the operation of a business on real property or in a
34 building, structure, facility, or improvement to real property.

1 In addition to the foregoing, if a developer acquires or leases a qualified development
2 project, the capital investment made or acquired by the seller or owner, as the case may be, if
3 pertaining primarily to the premises of the qualified development project, shall be considered a
4 capital investment by the developer and, if pertaining generally to the qualified development
5 project being acquired or leased, shall be allocated to the premises of the qualified development
6 project on the basis of the gross leasable area of the premises in relation to the total gross leasable
7 area in the qualified development project. The capital investment described herein shall be
8 defined through rules and regulations promulgated by the commerce corporation.

9 (7) "Certified historic structure" means a property which is located in the state of Rhode
10 Island and is

11 (i) Listed individually on the national register of historic places; or

12 (ii) Listed individually in the state register of historic places; or

13 (iii) Located in a registered historic district and certified by either the Rhode Island
14 historical preservation and heritage commission created pursuant to § 42-45-2 or the Secretary of
15 the Interior as being of historic significance to the district.

16 (8) "Commerce corporation" means the Rhode Island commerce corporation established
17 pursuant to general laws § 42-64-1 et. seq.

18 (9) "Commercial" shall mean non-residential development.

19 (10) "Developer" means a person, firm, business, partnership, association, political
20 subdivision, or other entity that proposes to divide, divides, or causes to be divided real property
21 into a subdivision or proposes to build, or builds a building or buildings or otherwise improves
22 land or existing structures, which division, building, or improvement qualifies for benefits under
23 this chapter.

24 (11) "Development" means the improvement of land through the carrying out of building,
25 engineering, or other operations in, on, over, or under land, or the making of any material change
26 in the use of any buildings or land for the purposes of accommodating land uses.

27 (13) "Eligibility period" means the period in which a developer may claim a tax credit
28 under this act, beginning with the tax period in which the commerce corporation accepts
29 certification from the developer that it has met the requirements of the act and extending
30 thereafter for a term of five (5) years.

31 (14) "Full-time employee" means a person who is employed by a business for
32 consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other
33 standard of service generally accepted by custom or practice as full-time employment, or who is
34 employed by a professional employer organization pursuant to an employee leasing agreement

1 between the business and the professional employer organization for a minimum of thirty-five
2 (35) hours per week, or who renders any other standard of service generally accepted by custom
3 or practice as full-time employment, and whose wages are subject to withholding.

4 (15) "Hope community" means a municipality for which the five (5) year average
5 percentage of families with income below the federal poverty level exceeds the state five (5) year
6 average percentage, both as most recently reported by the U.S. Department of Commerce, Bureau
7 of the Census.

8 (16) "Mixed use" means a development comprising both commercial and residential
9 components.

10 (17) "Partnership" means an entity classified as a partnership for federal income tax
11 purposes.

12 (18) "Placed in service" means the earlier of i) substantial construction or rehabilitation
13 work has been completed which would allow for occupancy of an entire structure or some
14 identifiable portion of a structure, as established in the application approved by the commerce
15 corporation board or ii) receipt by the developer of a certificate, permit or other authorization
16 allowing for occupancy of the project or some identifiable portion of the project by the municipal
17 authority having jurisdiction.

18 (19) "Project" means qualified development project as defined under subsection (23) of
19 this chapter.

20 (20) "Project area" means land or lands under common ownership or control in which a
21 qualified development project is located.

22 (21) "Project cost" means the costs incurred in connection with the qualified development
23 project or qualified residential or mixed use project by the applicant until the issuance of a
24 permanent certificate of occupancy, or until such other time specified by the commerce
25 corporation, for a specific investment or improvement, as defined through rules and regulations
26 promulgated by the commerce corporation.

27 (22) "Project financing gap" means

28 (i) The part of the total project cost that remains to be financed after all other sources of
29 capital have been accounted for (such sources will include, but not be limited to, developer-
30 contributed capital), which shall be defined through rules and regulations promulgated by the
31 commerce corporation, or

32 (ii) The amount of funds that the state may invest in a project to gain a competitive
33 advantage over a viable and comparable location in another state by means described in this
34 chapter.

1 (23) "Qualified development project" means a specific construction project or
2 improvement, including lands, buildings, improvements, real and personal property or any
3 interest therein, including lands under water, riparian rights, space rights and air rights, acquired,
4 owned, leased, developed or redeveloped, constructed, reconstructed, rehabilitated or improved,
5 undertaken by a developer, owner or tenant, or both, within a specific geographic area, meeting
6 the requirements of this chapter, as set forth in an application made to the commerce corporation.

7 (24) "Recognized historical structure" means a property which is located in the state of
8 Rhode Island and is commonly considered to be of historic or cultural significance as determined
9 by the commerce corporation in consultation with the state historic preservation officer.

10 (25) "Residential" means a development of residential dwelling units.

11 (26) "Targeted industry" means any advanced, promising or otherwise prioritized
12 industry identified in the economic development vision and policy promulgated pursuant General
13 Laws § 42-64.17-1 or, until such time as any such economic development vision and policy is
14 promulgated, as identified by the commerce corporation.

15 (27) "Transit oriented development area" means an area in proximity to transit
16 infrastructure that will be further defined by regulation of the commerce corporation in
17 consultation with the Rhode Island department of transportation.

18 (28) "Workforce housing" means housing for sale or rent with combined rental costs or
19 combined mortgage loan debt service, property taxes, and required insurance that do not exceed
20 thirty percent (30%) of the gross annual income of a household earning between eighty percent
21 (80%) and one hundred and forty percent (140%) of the area median income, as defined annually
22 by the United States Department of Housing and Urban Development.

23 **42-64.20-4. Establishment of program. --** The rebuild Rhode Island tax credit program
24 is hereby established as a program under the jurisdiction and administration of the commerce
25 corporation. The program may provide tax credits to applicants meeting the requirements of this
26 chapter for an eligibility period of five (5) years. On an annual basis, the commerce corporation
27 shall confer with the executive office of commerce, the department of administration, and the
28 division of taxation regarding the availability of funds for the award of new tax credits.

29 **42-64.20-5. Tax credits. --** (a) An applicant meeting the requirements of this chapter may
30 be allowed a credit as set forth hereinafter against taxes imposed upon such person under
31 applicable provisions of title 44 of the general laws for a qualified development project.

32 (b) To be eligible as a qualified development project entitled to tax credits, an applicant's
33 chief executive officer or equivalent officer shall demonstrate to the commerce corporation, at the
34 time of application, that:

1 (1) The applicant has committed capital investment or owner equity of not less than
2 twenty percent (20%) of the total project cost;

3 (2) There is a project financing gap in which after taking into account all available private
4 and public funding sources, the project is not likely to be accomplished by private enterprise
5 without the tax credits described in this chapter; and

6 (3) The project fulfills the state's policy and planning objectives and priorities in that:

7 (i) The applicant will, at the discretion of the commerce corporation, obtain a tax
8 stabilization agreement from the municipality in which the real estate project is located on such
9 terms as the commerce corporation deems acceptable;

10 (ii) It (A) is a commercial development consisting of at least 25,000 square feet occupied
11 by at least one business employing at least 25 full-time employees after construction or such
12 additional full-time employees as the commerce corporation may determine; (B) is a multi-family
13 residential development in a new, adaptive reuse, certified historic structure, or recognized
14 historical structure consisting of at least 20,000 square feet and having at least 20 residential units
15 in a hope community; or (C) is a mixed use development in a new, adaptive reuse, certified
16 historic structure, or recognized historical structure consisting of at least 25,000 square feet
17 occupied by at least one business, subject to further definition through rules and regulations
18 promulgated by the commerce corporation; and

19 (iii) Involves a total project cost of not less than \$5,000,000, except for a qualified
20 development project located in a hope community or redevelopment area designated under § 45-
21 32-4 of the general laws in which event the commerce corporation shall have the discretion to
22 modify the minimum project cost requirement.

23 (c) Applicants qualifying for a tax credit pursuant to chapter 44-33.6 of the General Laws
24 shall be exempt from the requirements of subsections (b)(3)(ii) and (b)(3)(iii) of this section. The
25 following procedure shall apply to such applicants:

26 (1) The division of taxation shall remain responsible for determining the eligibility of an
27 applicant for tax credits awarded under chapter 44-33.6 of the General Laws;

28 (2) The commerce corporation shall retain sole authority for determining the eligibility of
29 an applicant for tax credits awarded under this chapter; and

30 (3) The commerce corporation shall not award in excess of fifteen percent (15%) of the
31 annual amount appropriated in any fiscal year to applicants seeking tax credits pursuant to this
32 subsection (c).

33 (d) Maximum project credit. (i) For qualified development projects, the maximum tax
34 credit allowed under this chapter shall be the lesser of (1) thirty percent (30%) of the total project

1 cost; or (2) the amount needed to close a project financing gap (after taking into account all other
2 private and public funding sources available to the project), as determined by the commerce
3 corporation.

4 (ii) The credit allowed pursuant to this chapter shall not exceed fifteen million dollars
5 (\$15,000,000) for any qualified development project under this chapter. No building or qualified
6 development project to be completed in phases or in multiple projects shall exceed the maximum
7 project credit of fifteen million dollars (\$15,000,000) for all phases or projects involved in the
8 rehabilitation of such building.

9 (e) Credits available under this chapter shall not exceed twenty percent (20%) of the
10 project cost, provided, however, that the applicant shall be eligible for additional tax credits of not
11 more than ten percent (10%) of the project cost, if the qualified development project meets any of
12 the following criteria or other additional criteria determined by the commerce corporation from
13 time to time in response to evolving economic or market conditions:

14 (1) The project includes adaptive reuse or development of a recognized historical
15 structure;

16 (2) The project is undertaken by or for a targeted industry;

17 (3) The project is located in a transit oriented development area;

18 (4) The project includes residential development of which at least twenty percent (20%)
19 of the residential units are designated as affordable housing or workforce housing;

20 (5) The project includes the adaptive reuse of property subject to the requirements of the
21 industrial property remediation and reuse act, sections 23-19.14-1, et seq. of the general laws; or

22 (6) The project includes commercial facilities constructed in accordance with the
23 minimum environmental and sustainability standards, as certified by the commerce corporation
24 pursuant to LEED or other equivalent standards.

25 (f) Tax credits shall not be allowed under this chapter prior to the taxable year in which
26 the project is placed in service.

27 (g) The amount of a tax credit allowed under this chapter shall be allowable to the
28 taxpayer in up to five annual increments; no more than thirty percent (30%) and no less than
29 fifteen percent (15%) of the total credits allowed to a taxpayer under this chapter may be
30 allowable for any taxable year.

31 (h) If the portion of the tax credit allowed under this chapter exceeds the taxpayer's total
32 tax liability for the year in which the relevant portion of the credit is allowed, the amount that
33 exceeds the taxpayer's tax liability may be carried forward for credit against the taxes imposed for
34 the succeeding four (4) years, or until the full credit is used, whichever occurs first. Credits

1 allowed to a partnership, a limited liability company taxed as a partnership, or multiple owners of
2 property shall be passed through to the persons designated as partners, members or owners
3 respectively pro rata or pursuant to an executed agreement among such persons designated as
4 partners, members or owners documenting an alternate distribution method without regard to
5 their sharing of other tax or economic attributes of such entity.

6 (i) The commerce corporation in consultation with the division of taxation shall establish,
7 by regulation, the process for the assignment, transfer or conveyance of tax credits.

8 (j) For purposes of this chapter, any assignment or sales proceeds received by the
9 taxpayer for its assignment or sale of the tax credits allowed pursuant to this section shall be
10 exempt from taxation under title 44 of the general laws. If a tax credit is subsequently revoked or
11 adjusted, the seller's tax calculation for the year of revocation or adjustment shall be increased by
12 the total amount of the sales proceeds, without proration, as a modification under chapter 30 of
13 title 44 of the general laws. In the event that the seller is not a natural person, the seller's tax
14 calculation under chapters 11, 13, 14, or 17 of title 44 of the general laws, as applicable, for the
15 year of revocation, or adjustment, shall be increased by including the total amount of the sales
16 proceeds without proration.

17 (k) The tax credit allowed under this chapter may be used as a credit against corporate
18 income taxes imposed under chapters 11, 13, 14, or 17, of title 44, or may be used as a credit
19 against personal income taxes imposed under chapter 30 of title 44 for owners of pass-through
20 entities such as a partnership, a limited liability company taxed as a partnership, or multiple
21 owners of property.

22 (l) In the case of a corporation, this credit is only allowed against the tax of a corporation
23 included in a consolidated return that qualifies for the credit and not against the tax of other
24 corporations that may join in the filing of a consolidated tax return.

25 (m) Upon request of a taxpayer and subject to annual appropriation, the state shall
26 redeem such credit in whole or in part for ninety percent (90%) of the value of the tax credit. The
27 division of taxation, in consultation with the commerce corporation, shall establish by regulation
28 a redemption process for tax credits.

29 (n) Projects eligible to receive a tax credit under this chapter may, at the discretion of the
30 commerce corporation, be exempt from sales and use taxes imposed on the purchase of the
31 following classes of personal property only to the extent utilized directly and exclusively in such
32 project: (1) furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles;
33 or (2) such other materials, including construction materials and supplies, that are depreciable and
34 have a useful life of one year or more and are essential to the project.

1 (o) The commerce corporation shall promulgate rules and regulations for the
2 administration and certification of additional tax credit under subsection (e) of this section,
3 including criteria for the eligibility, evaluation, prioritization, and approval of projects that
4 qualify for such additional tax credit.

5 (p) The commerce corporation shall not have any obligation to make any award or grant
6 any benefits under this chapter.

7 **42-64.20-6. Administration.** -- (a) To obtain the tax credit authorized in this chapter,
8 applicants shall apply to the commerce corporation board for approval of a qualified development
9 project for credits under this chapter. Such approval shall at a minimum require:

10 (1) That the applicant has submitted a completed application as developed by the
11 commerce corporation in consultation with the division of taxation;

12 (2) That the chief executive of the commerce corporation provide written confirmation to
13 the commerce corporation board (i) that the commerce corporation has reviewed the application
14 and any determination regarding the potential impact on the project's ability to stimulate business
15 development; retain and attract new business and industry to the state; create jobs, including
16 good-paying jobs, for its residents; assist with business, commercial, and industrial real estate
17 development; and generate revenues for necessary state and local governmental services; and (ii)
18 the total credits to be awarded to the applicant.

19 (3) That the secretary of commerce provide written confirmation to the commerce
20 corporation board that the recommendation of the commerce corporation is consistent with the
21 purposes of this chapter; and

22 (4) That the director of the office of management and budget provide (i) written
23 confirmation to the commerce corporation board that the total credits recommended by the
24 commerce corporation do not exceed the existing and anticipated revenue capacity of the state
25 and its funding commitment described in 42-64.20-7; and (ii) an analysis of the fiscal impact, if
26 any, in the year of application and any subsequent year. Such determination shall be made in a
27 timely manner.

28 (b) As the commerce corporation board determines whether to grant credits under this
29 chapter, it shall consider the purposes for which this chapter is established, which include (but are
30 not necessarily limited to) the following: (i) to create jobs with an emphasis on jobs that pay at
31 least the most recent state median wage as defined by the Department of Labor and Training; and
32 (ii) to spur economic growth and new development in Rhode Island.

33 (c) To claim a tax credit authorized by the board of the commerce corporation, applicants
34 shall apply to the commerce corporation for a certification that the project has met all

1 requirements of this chapter and any additional requirements set by the commerce corporation
2 subsequent to the time the qualified development project is placed in service. The commerce
3 corporation shall issue to the applicant a certification or a written response detailing any
4 deficiencies precluding certification. The commerce corporation may deny certification, or may
5 revoke the delivery of tax credits if the project does not meet all requirements of this chapter and
6 any additional requirements set by the commerce corporation.

7 (d) Upon issuance of a certification by the commerce corporation under subsection (c) of
8 this section, the division of taxation shall, on behalf of the State of Rhode Island, issue tax credit
9 certificates equaling one hundred percent (100%) of the tax credits approved by the commerce
10 corporation.

11 (e) In the event that tax credits or a portion of tax credits are revoked by the commerce
12 corporation and such tax credits have been transferred or assigned, the commerce corporation will
13 pursue its recapture rights and remedies against the applicant of the tax credits who shall be liable
14 to repay to the commerce corporation the face value of all tax credits assigned or transferred, and
15 all fees paid by the applicant shall be deemed forfeited. No redress shall be sought against
16 assignees or transferees of such tax credits provided the tax credits were acquired by way of an
17 arms-length transaction, for value, and without notice of violation, fraud or misrepresentation.

18 (f) The commerce corporation and division of taxation shall promulgate such rules and
19 regulations as are necessary to carry out the intent and purpose and implementation of the
20 responsibilities of each under this chapter.

21 **42-64.20-7. Rebuild Rhode Island tax credit fund.** -- There is hereby established at the
22 commerce corporation a restricted account known as the rebuild Rhode Island tax credit fund (the
23 "fund") in which all amounts appropriated for the redemption and/or reimbursement of tax credits
24 under this chapter shall be deposited. The Fund shall be used to pay for the redemption of tax
25 credits or reimbursement to the state for tax credits applied against a taxpayer's liability. The
26 Fund shall be exempt from attachment, levy or any other process at law or in equity. The director
27 of the department of revenue shall make a requisition to the commerce corporation for funding
28 during any fiscal year as may be necessary to pay for the redemption of tax credits presented for
29 redemption or to reimburse the state for tax credits applied against a taxpayer's tax liability. The
30 commerce corporation shall pay from the Fund such amounts as requested by the director of the
31 department of revenue necessary for redemption or reimbursement in relation to tax credits
32 granted under this chapter.

33 **42-64.20-8. Program integrity.** -- (a) Program integrity being of paramount importance,
34 the commerce corporation shall establish procedures to ensure ongoing compliance with the terms

1 and conditions of the program established herein, including procedures to safeguard the
2 expenditure of public funds and to ensure that the funds further the objectives of the program.

3 (b) The commerce corporation shall adopt implementation guidelines, directives, criteria,
4 and rules and regulations pursuant to § 42-35-3 of the general laws, as are necessary to implement
5 this chapter, including, but not limited to: examples of the enumeration of specific targeted
6 industries; specific delineation of incentive areas; the determination of additional limits; the
7 promulgation of procedures and forms necessary to apply for a tax credit, including the
8 enumeration of the certification procedures; the allocation of new tax credits in consultation with
9 the executive office of commerce, division of taxation and department of administration; and
10 provisions for tax credit applicants to be charged an initial application fee, and ongoing service
11 fees, to cover the administrative costs related to the tax credit.

12 **42-64.20-9. Reporting requirements.** -- (a) By August 1st of each year, each applicant
13 receiving credits under this chapter shall report to the commerce corporation and the division of
14 taxation the following information:

15 (1) The number of total full-time employees employed at the development;

16 (2) The total project cost;

17 (3) The total cost of materials or products purchased from Rhode Island businesses; and

18 (4) Such other reasonable information deemed necessary by the secretary of commerce.

19 (b) By September 1, 2016 and each year thereafter, the commerce corporation shall report
20 the name, address, and amount of tax credit for each credit recipient during the previous state
21 fiscal year to the governor, the speaker of the house of representatives, the president of the senate,
22 and the chairpersons of the house and senate finance committees, the house and senate fiscal
23 advisors, and the department of revenue. Such report shall include any determination regarding
24 the potential impact on an approved qualified development project's ability to stimulate business
25 development; retain and attract new business and industry to the state; create good-paying jobs
26 for its residents; assist with business, commercial, and industrial real estate development; and
27 generate revenues for necessary state and local governmental services.

28 (c) By October 1, 2016 and each year thereafter, the commerce corporation shall report
29 the total number of approved projects, project costs, and associated amount of approved tax
30 credits approved during the prior fiscal year. This report shall be available to the public for
31 inspection by any person and shall be published by the commerce corporation on its website and
32 by the secretary of commerce on the executive office of commerce website.

33 (d) By October 1st of each year the division of taxation shall report the name, address,
34 and amount of tax credit received for each credit recipient during the previous state fiscal year to

1 [the governor, the chairpersons of the house and senate finance committees, the house and senate](#)
2 [fiscal advisors, and the department of labor and training.](#)

3 [\(e\) By November 1st of each year the division of taxation shall report in the aggregate the](#)
4 [information required under subsection 42-64.20-9\(a\). This report shall be available to the public](#)
5 [for inspection by any person and shall be published by the tax administrator on the tax division](#)
6 [website.](#)

7 **42-64.20-10. Sunset.** -- [No credits shall be authorized to be reserved pursuant to this](#)
8 [chapter after December 31, 2018.](#)

9 SECTION 4. Title 42 of the General Laws entitled "STATE AFFAIRS AND
10 GOVERNMENT" is hereby amended by adding thereto the following chapter:

11 [CHAPTER 64.21](#)

12 [RHODE ISLAND TAX INCREMENT FINANCING](#)

13 **42-64.21-1. Short title.** -- [This act shall be known and may be cited as the "Rhode Island](#)
14 [Tax Increment Financing Act of 2015."](#)

15 **42-64.21-2. Legislative findings.** -- [\(a\) It is hereby found and declared that due to long-](#)
16 [term and short-term stagnant or declining economic trends in Rhode Island, businesses in the](#)
17 [state have found it difficult to make investments that would stimulate economic activity and](#)
18 [create new jobs for the citizens of the state. Moreover, such economic trends have caused](#)
19 [business closures or out-of-state business relocations, while other out-of-state businesses are](#)
20 [deterred from relocating to this state. This situation has contributed to a high rate of](#)
21 [unemployment in the state. Consequently, a need exists to promote the retention and expansion of](#)
22 [existing jobs, stimulate the creation of new jobs, attract new business and industry to the state,](#)
23 [and stimulate growth in real estate developments and/or businesses that are prepared to make](#)
24 [meaningful investment and foster job creation in Rhode Island.](#)

25 [\(b\) Through the establishment of a tax increment financing program, Rhode Island can](#)
26 [take steps to stimulate business development; retain and attract new business and industry to the](#)
27 [state; create good-paying jobs for its residents; assist with business, commercial, and industrial](#)
28 [real estate development; and generate revenues for necessary state and local governmental](#)
29 [services.](#)

30 **42-64.21-3. Definitions.** -- [as used in this chapter:](#)

31 [\(1\) "Applicant" means a developer proposing to enter into a tax increment financing](#)
32 [agreement under this chapter.](#)

33 [\(2\) "Commerce corporation" means the Rhode Island commerce corporation established](#)
34 [pursuant to general laws § 42-64-1 et. seq.](#)

1 (3) "Developer" means a person, firm, corporation, partnership, association, political
2 subdivision, or other entity that proposes to divide, divides, or causes to be divided real property
3 into a subdivision or proposes to build, or builds a building or buildings or otherwise improves
4 land or existing structures, which division, building, or improvement qualifies for benefits under
5 this chapter.

6 (4) "Hope Community" means a municipality for which the five (5) year average
7 percentage of families with income below the federal poverty level exceeds the state five (5) year
8 average percentage, both most recently reported by the U.S. Department of Commerce, Bureau of
9 the Census.

10 (5) "Eligible revenue" means the incremental revenues set forth in § 42-64.21-5 of this
11 chapter.

12 (6) "Incremental" means (i) net new revenue to the State of Rhode Island as defined by
13 the commerce corporation, in consultation with the department of revenue as established in
14 Chapter 42-142 of the general laws, or (ii) existing revenue at substantial risk of loss to the State
15 of Rhode Island as defined by the commerce corporation in consultation with the department of
16 revenue.

17 (7) "Project area" means land or lands under common ownership or control as certified by
18 the commerce corporation.

19 (8) "Project financing gap" means:

20 (i) The part of the total project cost that remains to be financed after all other sources of
21 capital have been accounted for, including, but not limited to, developer-contributed capital,
22 which shall be defined through rules and regulations promulgated by the commerce corporation;
23 or

24 (ii) The amount of funds that the state may invest in a project to gain a competitive
25 advantage over a viable and comparable location in another state by means described in this
26 chapter.

27 (9) "Qualified development project" means a specific construction project or
28 improvement, including lands, buildings, improvements, real and personal property or any
29 interest therein, including lands under water, riparian rights, space rights and air rights, acquired,
30 owned, leased, developed or redeveloped, constructed, reconstructed, rehabilitated or improved,
31 undertaken by a developer, owner or tenant, or both, within a specific geographic area, meeting
32 the requirements of this chapter, as set forth in an application made to the commerce corporation.

33 (10) "Qualifying TIF area" shall mean an area containing a qualified development project
34 identified by the commerce corporation as a priority because of its potential to generate, preserve

1 or otherwise enhance jobs or its potential to produce, preserve or otherwise enhance housing
2 units. The commerce corporation shall take into account the following factors in determining
3 whether a qualified development project is a priority:

4 (i) Generation or preservation of manufacturing jobs;

5 (ii) Promotion of targeted industries;

6 (iii) Location in a port or airport district;

7 (iv) Location in an industrial or research park;

8 (v) Location in a transit oriented development area;

9 (vi) Location in a hope community;

10 (vii) Location in an area designated by a municipality as a redevelopment area under §
11 45-32-4 of the general laws; and

12 (viii) Location in an area located within land approved for closure under any federal
13 commission on base realignment and closure action.

14 (11) "Revenue increment base" means the amounts of all eligible revenues from sources
15 within the qualifying TIF area in the calendar year preceding the year in which the TIF agreement
16 is executed, as certified by the division of taxation.

17 (12) "TIF agreement" means an agreement between the commerce corporation and a
18 developer, under which, in exchange for the benefits of the funding derived from qualification
19 under this chapter, the developer agrees to perform any work or undertaking necessary for a
20 qualified development project, including the clearance, development or redevelopment,
21 construction, or rehabilitation of any structure or improvement of commercial, industrial, or
22 residential property; public infrastructure; preexisting municipally-owned stadium of 10,000 seats
23 or greater; or utilities within a qualifying TIF area.

24 (13) "TIF payment" means reimbursement of all or a portion of the project financing gap
25 of a qualified development project from the division of taxation as provided under this chapter.

26 (14) "Targeted industry" means any advanced, promising or otherwise prioritized
27 industry identified in the economic development vision and policy promulgated pursuant General
28 Laws § 42-64.17-1 or, until such time as any such economic development vision and policy is
29 promulgated, as identified by the commerce corporation.

30 (15) "Transit oriented development area" means an area in proximity to transit
31 infrastructure that will be further defined by regulation of the commerce corporation in
32 consultation with the Rhode Island department of transportation.

33 **42-64.21-4. TIF program.** -- The commerce corporation shall establish a tax increment
34 financing program for the purpose of encouraging qualified development projects in qualifying

1 TIF areas.

2 **42-64.21-5. Financing.** -- (a) Up to the limits established in subsection (b) of this section
3 and in accordance with a TIF agreement, the division of taxation shall pay to the developer
4 incremental state revenues directly realized from projects or businesses operating in the
5 qualifying TIF area from the taxes assessed and collected under chapters 11, 13, 14, 17, 18, 19,
6 and 30 of Title 44 of the general laws or realized from such venue ticket sales or parking taxes as
7 may be established and levied under state law.

8 (b) Up to 75 percent of the projected annual incremental revenues may be allocated under
9 a TIF agreement. The incremental revenue for the revenues listed in subsection (a) of this section
10 shall be calculated as the difference between the amount collected in any fiscal year from any
11 eligible revenue source included in the TIF agreement, less the revenue increment base for that
12 eligible revenue.

13 (c) The division of taxation is hereby authorized and empowered to segregate the annual
14 incremental revenues allocated under a TIF agreement and transfer such amounts to the general
15 treasurer for deposit in a restricted account known as the TIF fund. The TIF fund shall be used
16 solely to pay for the incentives granted under this chapter. The director of the department of
17 revenue shall annually determine if a surplus exists in the TIF fund over amounts necessary to
18 fund incentives under this chapter in a fiscal year and may authorize the general treasurer to
19 transfer any surplus to the general fund. The unexpended balance of such sum of money received
20 and appropriated for the TIF fund remaining in the treasury at the close of each fiscal year, shall
21 be continued to and is hereby annually appropriated for the same account for the ensuing year.

22 (d) Under conditions defined by the commerce corporation and in consultation with the
23 department of revenue, those taxes eligible for inclusion in this TIF program may instead be
24 exempted up to the levels permitted by this act in cases of significant taxpayers. Such significant
25 taxpayers may instead be required to contribute payments in lieu of taxes (PILOTs) into a
26 dedicated fund established by the commerce corporation. Such payments shall be up to 75 percent
27 of the amount that would otherwise be due to the state in the form of taxation as per the
28 provisions of this statute. Such dedicated funds must be used for the purposes described in this
29 act. The commerce corporation may issue revenue bonds secured by this dedicated fund. Such
30 bonds shall not be a general obligation of the state.

31 (e) The commerce corporation shall promulgate an application form and procedure for
32 the program.

33 **42-64.21-6. Agreements permitted.** -- (a) The commerce corporation is authorized to
34 enter into a TIF agreement with a developer for any qualified development project located within

1 a qualifying TIF area. The TIF agreement between the commerce corporation and the developer
2 shall contain a provision acknowledging that the benefits of said agreement, with the exception of
3 42-64.21-5 (d) of this chapter, are subject to such annual appropriation.

4 (b) The decision whether or not to enter into a TIF agreement is solely within the
5 discretion of the commerce corporation. However, to enter into an agreement with the commerce
6 corporation as authorized in this chapter, applicants shall apply:

7 (1) To the commerce corporation for approval of the proposed project. Such approval
8 shall require:

9 (i) That the applicant has submitted a completed application as developed by the
10 commerce corporation;

11 (ii) That the chief executive officer of the commerce corporation provide written
12 confirmation to the commerce corporation board that (A) the commerce corporation has reviewed
13 the application and any determination regarding the potential impact on the project's ability to
14 promote the retention and expansion of existing jobs, stimulate the creation of new jobs,
15 including good-paying jobs, attract new business and industry to the state, and stimulate growth
16 in real estate developments and/or businesses that are prepared to make meaningful investment
17 and foster job creation in the state; and (B) the length of the TIF agreement and the percentage of
18 incremental revenues to be allocated under the TIF agreement.

19 (iii) That the secretary of commerce provide written confirmation to the commerce
20 corporation board that the recommendation of the commerce corporation is consistent with the
21 purposes of this chapter.

22 (c) A developer that has entered into a TIF agreement with the commerce corporation
23 pursuant to this section may, upon notice to and consent of the corporation, pledge and assign as
24 security for any loan, any or all of its right, title and interest in and to the TIF agreement and in
25 the TIF payments due thereunder, and the right to receive same, along with the rights and
26 remedies provided to the developer under such agreement. Any such assignment shall be an
27 absolute assignment for all purposes, including the federal bankruptcy code.

28 (d) Any pledge of TIF payments made by the developer shall be valid and binding from
29 the time when the pledge is made and filed in the records of the commerce corporation. The TIF
30 agreement and payments so pledged and thereafter received by the developer shall immediately
31 be subject to the lien of the pledge without any physical delivery thereof or further act, and the
32 lien of any pledge shall be valid and binding as against all parties having claims of any kind in
33 tort, contract, or otherwise against the developer irrespective of whether the parties have notice
34 thereof.

1 (e) The commerce corporation shall be entitled to impose an application fee and impose
2 other charges upon developers associated with the review of a project and the administration of
3 the program.

4 (f) Maximum agreement amount. (a) In no event shall the amount of the reimbursements
5 under a TIF agreement exceed 30 percent of the total cost of the project and provided further, that
6 the commerce corporation may exempt public infrastructure, a preexisting municipally-owned
7 stadium of 10,000 seats or greater, or utilities from said 30 percent cap.

8 **42-64.21-7. Program integrity.** -- Program integrity being of paramount importance, the
9 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
10 and conditions of the program established herein, including procedures to safeguard the
11 expenditure of public funds and to ensure that the funds further the objectives of the program.

12 **42-64.21-8. Reporting requirements.** -- (a) By September 1, 2016 and each year
13 thereafter, the commerce corporation shall report the name, address, and incentive amount of each
14 agreement entered into during the previous state fiscal year to the division of taxation.

15 (b) By December 1, 2016 and each year thereafter, the division of taxation shall provide
16 the governor with the sum, if any, to be appropriated to fund the program. The governor shall
17 submit to the general assembly printed copies of a budget including the total of the sums, if any,
18 as part of the governor's budget required to be appropriated for the program created under this
19 chapter.

20 (c) By January 1, 2017 and each year thereafter, the commerce corporation shall report to
21 the governor, the speaker of the house, the president of the senate, the chairpersons of the house
22 and senate finance committees, and the house and senate fiscal advisors the address and incentive
23 amount of each agreement entered into during the previous state fiscal year as well as any
24 determination regarding the measurable impact of each and every agreement on the retention and
25 expansion of existing jobs, stimulation of the creation of new jobs, attraction of new business and
26 industry to the state, and stimulation of growth in real estate developments and/or businesses that
27 are prepared to make meaningful investment and foster job creation in the state.

28 **42-64.21-9. Sunset.** -- The commerce corporation shall enter into no agreement under
29 this chapter after December 31, 2018.

30 SECTION 5. Title 42 of the General Laws entitled "STATE AFFAIRS AND
31 GOVERNMENT" is hereby amended by adding thereto the following chapter:

32 CHAPTER 64.22

33 TAX STABILIZATION INCENTIVE

34 **42-64.22-1. Findings and declarations.** -- The general assembly finds and declares:

1 (a) The general assembly seeks to enact several economic stimulus laws to assist Rhode
2 Island businesses and municipalities, including legislation providing incentives to encourage
3 economic and real estate development and to create jobs throughout this state.

4 (b) In order to encourage this economic growth, the general assembly seeks to enhance
5 and strengthen several of the current statutes governing economic development in this state. The
6 general assembly's goal is to create an economic stimulus program to promote development and
7 growth and address the economic challenges currently impacting the State and local
8 municipalities.

9 **42-64.22-2. Definitions. -- As used in this chapter:**

10 (1) "Adaptive reuse" means the conversion of an existing structure from the use for which
11 it was constructed to a new use by maintaining elements of the structure and adapting such
12 elements to a new use.

13 (2) "Affiliate" means an entity that directly or indirectly controls, is under common
14 control with, or is controlled by the business. Control exists in all cases in which the entity is a
15 member of a controlled group of corporations as defined pursuant to § 1563 of the Internal
16 Revenue Code of 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of
17 organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the
18 Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and
19 convincing evidence, as determined by the tax administrator, that control exists in situations
20 involving lesser percentages of ownership than required by those statutes. An affiliate of a
21 business may contribute to meeting either the capital investment or full-time employee
22 requirements of a business that applies for a credit under this chapter.

23 (3) "Affordable housing" means housing for sale or rent with combined rental costs or
24 combined mortgage loan debt service, property taxes, and required insurance that do not exceed
25 thirty percent (30%) of the gross annual income of a household earning up to eighty percent
26 (80%) of the Providence-Fall River, RI-MA metropolitan area median income, as defined
27 annually by the United States Department of Housing and Urban Development.

28 (4) "Applicant" means a qualifying community or hope community applying for
29 incentives under this chapter.

30 (5) "Business" means a corporation as defined in general laws § 44-11-1(4), or a
31 partnership, an S corporation, a non-profit corporation, a sole proprietorship, or a limited liability
32 corporation. A business shall include an affiliate of the business if that business applies for a tax
33 stabilization agreement based upon any capital investment made by an affiliate.

34 (6) "Capital investment" in a qualified development project means expenses by a business

1 or any affiliate of the business incurred after application for:

2 (i) Site preparation and construction, repair, renovation, improvement, equipping, or
3 furnishing on real property or of a building, structure, facility, or improvement to real property;

4 and/or

5 (ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
6 including but not limited to material goods for the operation of a business on real property or in a
7 building, structure, facility, or improvement to real property.

8 In addition to the foregoing, if a business acquires or leases a qualified business facility,
9 the capital investment made or acquired by the seller or owner, as the case may be, if pertaining
10 primarily to the premises of the qualified business facility, shall be considered a capital
11 investment by the business and, if pertaining generally to the qualified business facility being
12 acquired or leased, shall be allocated to the premises of the qualified business facility on the basis
13 of the gross leasable area of the premises in relation to the total gross leasable area in the
14 qualified business facility. The capital investment described herein may include any capital
15 investment made or acquired within twenty-four (24) months prior to the date of application so
16 long as the amount of capital investment made or acquired by the business, any affiliate of the
17 business, or any owner after the date of application equals at least fifty percent (50%) of the
18 amount of capital investment, allocated to the premises of the qualified business facility being
19 acquired or leased on the basis of the gross leasable area of such premises in relation to the total
20 gross leasable area in the qualified business facility made or acquired prior to the date of
21 application.

22 (3) "Certified historic structure" means a property which is located in the state of Rhode
23 Island and is

24 (i) Listed individually on the national register of historic places; or

25 (ii) Listed individually in the state register of historic places; or

26 (iii) Located in a registered historic district and certified by either the commission or
27 Secretary of the Interior as being of historic significance to the district.

28 (4) "Commerce corporation" means the Rhode Island commerce corporation established
29 pursuant to general laws § 42-64-1 et. seq.

30 (5) "Commercial" means non-residential development.

31 (6) "Developer" means a person, firm, corporation, partnership, association, political
32 subdivision, or other entity that proposes to divide, divides, or causes to be divided real property
33 into a subdivision or proposes to build, or builds a building or buildings or otherwise improves
34 land or existing structures, which division, building, or improvement qualifies for benefits under

1 this chapter.

2 (7) "Development" means the improvement of land through the carrying out of building,
3 engineering, or other operations in, on, over, or under land, or the making of any material change
4 in the use of any buildings or land for the purposes of accommodating land uses.

5 (8) "Eligibility period" means the period in which a qualified community and/or Hope
6 Community may apply for reimbursement under this chapter. The eligibility period shall be
7 subject to the term defined in the qualifying tax stabilization agreement granted by said
8 community. The amounts subject to reimbursement shall cease upon any termination or cessation
9 of the underlying qualified tax stabilization agreement.

10 (9) "Forgone tax revenue" means the amount of revenue that a municipality would have
11 received from a qualified development project had a tax stabilization agreement not been in place,
12 less the amount of revenue the municipality would be expected to receive from that qualified
13 development project with a tax stabilization agreement in place.

14 (10) "Full-time job" means a position for which a person is employed by a business for
15 consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other
16 standard of service generally accepted by custom or practice as full-time employment, or who is
17 employed by a professional employer organization pursuant to an employee leasing agreement
18 between the business and the professional employer organization for a minimum of thirty-five
19 (35) hours per week, or who renders any other standard of service generally accepted by custom
20 or practice as full-time employment, and whose wages are subject to withholding.

21 (11) "Hope community" means a municipality for which the five (5) year average
22 percentage of families with income below the federal poverty level exceeds the state five (5) year
23 average percentage, both as most recently reported by the U.S. Department of Commerce, Bureau
24 of the Census.

25 (12) "Project" means qualified development project as defined under subsection (16) of
26 this chapter.

27 (13) "Project cost" means the costs incurred in connection with the qualified development
28 project by the applicant until the issuance of a permanent certificate of occupancy, or until such
29 other time specified by the commerce corporation, for a specific investment or improvement, as
30 defined through rules and regulations promulgated by the commerce corporation.

31 (14) "Recognized historical structure" means a property which is located in the state of
32 Rhode Island and is commonly considered to be of historic or cultural significance as determined
33 by the commerce corporation in consultation with the state historic preservation officer.

34 (15) "Qualifying communities" are those municipalities within the state that are not

1 defined as a hope community.

2 (16) "Qualified development project" includes:

3 (i) Rehabilitation of an existing structure where the total cost of development budget
4 exceeds fifty percent (50%) of adjusted basis in such a qualifying property as of the date that the
5 parties applied for said qualifying tax stabilization agreement; or

6 (ii) Construction of a new building wherein:

7 (a) The subject community has issued a tax stabilization agreement, as set forth herein
8 and pursuant to § 44-3-9 of the general laws as well as other applicable rules, regulations and,
9 procedures;

10 (b) Construction commences within twelve (12) months of the subject tax stabilization
11 agreement being approved; and

12 (c) Completion of the proposed development project occurs within thirty six (36) months,
13 subject to the approval of qualifying or hope communities.

14 (17) "Qualifying property" means any building or structure used or intended to be used
15 essentially for offices or commercial enterprises or residential purposes.

16 (18) "Qualifying tax stabilization agreement" are those tax stabilization agreements with
17 a minimum term of twelve (12) years, granted by a qualified and/or hope community in
18 connection with a qualifying project.

19 (19) "Workforce housing" means housing for sale or rent with combined rental costs or
20 combined mortgage loan debt service, property taxes, and required insurance that do not exceed
21 thirty percent (30%) of the gross annual income of a household earning between eighty percent
22 (80%) and one hundred and forty percent (140%) of the Providence-Fall River, RI-MA
23 metropolitan area median income, as defined annually by the United States Department of
24 Housing and Urban Development.

25 **42-64.22-3. Establishment of program. --** (a) The Tax Stabilization Incentive Program
26 is hereby created to provide incentives to Rhode Island municipalities to enter into qualifying
27 property tax stabilization agreements in connection with qualifying projects set forth herein.

28 (b) Under the program, qualified and Hope Communities in the state of Rhode Island that
29 grant qualifying tax stabilization agreements, subject to the provisions of § 44-3-9 of the Rhode
30 Island general laws, in connection with a qualifying project, may apply to the commerce
31 corporation for certification for partial reimbursement of the amount of real estate taxes and/or
32 personal property taxes that would have otherwise been paid had the qualified and/or hope
33 communities not granted said tax stabilization agreement.

34 **42-64.22-4. Incentives for municipalities. --** The qualifying community or hope

1 community grants a qualifying tax stabilization agreement in connection with a qualifying
2 project, upon certification by the commerce corporation and subject to availability of
3 appropriated funds, the commerce corporation shall provide a partial reimbursement of no more
4 than ten percent (10%) of the qualifying community and/or hope community's forgone tax
5 revenue. The qualification for reimbursement shall cease upon any termination or cessation of the
6 underlying tax stabilization agreement or upon exhaustion of funds appropriated pursuant to this
7 section.

8 **42-64.22-5. Eligibility requirements for qualifying communities.** -- In order for a
9 qualifying community to be eligible to receive incentives under this chapter, in addition to the
10 provisions set forth herein, the tax stabilization agreement must be for a qualified development
11 project resulting in the creation of at least fifty (50) new full-time jobs, and the developer must
12 commit a capital investment of not less than ten million dollars (\$10,000,000.00) towards the
13 project cost.

14 **42-64.22-6. Eligibility requirements for hope communities.** -- In order for a hope
15 community to be eligible to receive incentives under this chapter, in addition to the provisions set
16 forth herein, the tax stabilization agreement must be for a qualified development project resulting
17 in the creation of at least twenty-five (25) new full-time jobs, and the developer must commit a
18 capital investment of not less than five million dollars (\$5,000,000.00) towards the project cost.

19 **42-64.22-7. Alternative eligibility requirements.** -- (a) Qualifying communities may
20 receive incentives under this chapter, where the tax stabilization agreement is for a qualified
21 development project involving an adaptive reuse of a recognized historical structure or results in
22 the creation of at least twenty (20) units of residential housing; provided that at least twenty
23 percent (20%) of the residential units are for affordable or workforce housing.

24 (b) Qualifying communities may receive incentives under this chapter, where the tax
25 stabilization agreement is for a qualified development project involving an adaptive reuse of a
26 certified historic structure, if such qualified development project:

27 (i) Has been certified by the state historic preservation officer that the adaptive reuse will
28 be consistent with the standards of the Secretary of the United States Department of the Interior
29 for rehabilitation; and

30 (ii) Results in the creation of at least twenty (20) units of residential housing; provided
31 that at least twenty percent (20%) of the residential units are for affordable or workforce housing.

32 (c) Hope communities may receive incentives under this chapter, where the tax
33 stabilization agreement for a qualified development project results in the creation of at least
34 twenty (20) units of residential housing.

1 **42-64.22-8. Reimbursement.** -- The aggregate value of all reimbursements approved by
2 the commerce corporation pursuant to this chapter during the eligibility period shall not exceed
3 the lesser of ten (10%) percent of the qualifying and/or hope communities' forgone tax revenue or
4 annual appropriations received by the commerce corporation for the program.

5 **42-64.22-9. Applicability.** -- The amounts subject to reimbursement under this chapter
6 shall apply to any real and/or personal property tax abatement provided pursuant to a tax
7 stabilization agreement, granted pursuant to § 44-3-9 of the general laws, after January 1, 2015.
8 The amounts subject to reimbursement shall also include any reduction in the then current real
9 property taxes and/or personal property taxes, as well as a reduction in the prospective amounts
10 that would be due in connection with the completion of the project.

11 **42-64.22-10. Approval.** -- The commerce corporation's approval of reimbursement to the
12 qualifying or hope communities may be made in accordance with or conditional upon the
13 conditions set forth under § 44-3-9 of the general laws and other guidelines, criteria, and priorities
14 that may be adopted by the commerce corporation. In order to distribute funds under the chapter,
15 the commerce corporation shall enter into an agreement with the community setting forth the
16 terms of the reimbursements subject hereto. The commerce corporation may require communities
17 to provide reports and documentation regarding any reimbursements provided under this chapter.

18 **42-64.22-11. Restrictions.** -- Nothing in this section shall be construed to interfere,
19 restrict or prevent any qualifying community or hope community from granting tax stabilization
20 agreements pursuant to § 44-3-9 of the general laws or other applicable sections of title 44 of the
21 general laws.

22 **42-64.22-12. Implementation guidelines, directives, criteria, rules, regulations.** -- (a) The commerce corporation shall establish further guidelines, directives, criteria, rules and
23 regulations in regards to the implementation of this chapter.

24 (b) The adoption and implementation of rules and regulations shall be made pursuant to §
25 42-35-3 of the general laws as are necessary for the implementation of the commerce
26 corporation's responsibilities under this chapter.

27 **42-64.22-13. Program integrity.** -- Program integrity being of paramount importance,
28 the commerce corporation shall establish procedures to ensure ongoing compliance with the terms
29 and conditions of the program established herein, including procedures to safeguard the
30 expenditure of public funds and to ensure that the funds further the objectives of the program.

31 **42-64.22-14. Reporting requirements.** -- (a) By September 1, 2016 and each year
32 thereafter, the commerce corporation shall report the name, address, and amount of each
33 stabilization agreement entered into during the previous state fiscal year to the division of
34 stabilization agreement entered into during the previous state fiscal year to the division of

1 taxation.

2 (b) By December 1, 2016 and each year thereafter, the division of taxation shall provide
3 the governor with the sum, if any, to be appropriated to fund the program. The governor shall
4 submit to the general assembly printed copies of a budget including the total of the sums, if any,
5 as part of the governor's budget required to be appropriated for the program created under this
6 chapter.

7 **42-64.22-15. Sunset.** -- The commerce corporation shall enter into no agreement under
8 this chapter after December 31, 2018.

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

11 CHAPTER 64.23

12 FIRST WAVE CLOSING FUND

13 **42-64.23-1. Short title.** -- This chapter shall be known as the "First Wave Closing Fund
14 Act."

15 **42-64.23-2. Legislative findings.** -- The general assembly finds and declares: (a) It is
16 hereby found and declared that due to long-term and short-term stagnant or declining economic
17 trends in Rhode Island, businesses in the state have found it difficult to make investments that
18 would stimulate economic activity and create new jobs for the citizens of the state. Moreover,
19 such economic trends have caused business closures or out-of-state business relocations, while
20 other out-of-state businesses are deterred from relocating to this state. This situation has
21 contributed to a high rate of unemployment in the state. Consequently, a need exists to promote
22 the retention and expansion of existing jobs, stimulate the creation of new jobs, attract new
23 business and industry to the state, and stimulate growth in real estate developments and/or
24 businesses that are prepared to make meaningful investments and foster job creation in Rhode
25 Island.

26 (b) Through the establishment of a first wave closing fund, Rhode Island can take steps to
27 stimulate business development; retain and attract new business and industry to the state; create
28 good-paying jobs for its residents; assist with business, commercial, and industrial real estate
29 development; and generate revenues for necessary state and local governmental services.

30 **42-64.23-3. Definitions.** -- As used in this chapter:

31 (1) "Affiliate" means an entity that directly or indirectly controls, is under common
32 control with, or is controlled by the business. Control exists in all cases in which the entity is a
33 member of a controlled group of corporations as defined pursuant to § 1563 of the Internal
34 Revenue Code of 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of

1 organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the
2 Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and
3 convincing evidence, as determined by the commerce corporation in its sole discretion, that
4 control exists in situations involving lesser percentages of ownership than required by those
5 statutes. An affiliate of a business may contribute to meeting full-time employee requirements of
6 a business that applies for benefits under this chapter.

7 (2) "Applicant" means a business applying for assistance under this chapter.

8 (3) "Business" means a corporation as defined in general laws § 44-11-1(4), or is a
9 partnership, an S corporation, a non-profit corporation, a sole proprietorship or a limited liability
10 company.

11 (4) "Investment" in a development project means expenses by a business or any affiliate
12 incurred after application including, but without limitation, for:

13 (i) Site preparation and construction, repair, renovation, improvement, equipping, or
14 furnishing on real property or of a building, structure, facility, or improvement to real property;
15 and/or

16 (ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
17 including but not limited to material goods for the operation of a business on real property or in a
18 building, structure, facility, or improvement to real property.

19 (5) "Commerce corporation" means the Rhode Island commerce corporation established
20 by general laws § 42-64-1 et. seq.

21 (6) "Developer" means a person, firm, corporation, partnership, association, political
22 subdivision, or other entity that proposes to divide, divides, or causes to be divided real property
23 into a subdivision or proposes to build, or builds a building or buildings or otherwise improves
24 land or existing structures, which division, building, or improvement of land qualifies for benefits
25 under this chapter.

26 (7) "Development" means the improvement of land through the carrying out of building,
27 engineering, or other operations in, on, over, or under land, or the making of any material change
28 in the use of any buildings or land for the purposes of accommodating land uses.

29 (8) "Development project" means a real estate based development or other investment.

30 (9) "Full-time employee" means a person who is employed by a business for
31 consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other
32 standard of service generally accepted by custom or practice as full-time employment, or who is
33 employed by a professional employer organization pursuant to an employee leasing agreement
34 between the business and the professional employer organization for a minimum of thirty-five

1 (35) hours per week, or who renders any other standard of service generally accepted by custom
2 or practice as full-time employment, and whose wages are subject to withholding.

3 (9) "Project cost" means the costs incurred in connection with a project by an applicant
4 until the issuance of a permanent certificate of occupancy, or until such other time specified by
5 the commerce corporation.

6 (10) "Project financing gap" means

7 (i) The part of the total project cost that remains to be financed after all other sources of
8 capital have been accounted for (such sources will include, but not be limited to, developer-
9 contributed capital), which shall be defined through rules and regulations promulgated by the
10 commerce corporation, or

11 (ii) The amount of funds that the state may invest in a project to gain a competitive
12 advantage over a viable and comparable location in another state by means described in this
13 chapter.

14 **42-64.23-4. Establishment of fund; Purposes; Composition. --** (a) There is hereby
15 established the first wave closing fund (the "fund") to be administered by the commerce
16 corporation as set forth in this chapter.

17 (b) The purpose of the fund is to provide lynchpin financing unavailable from other
18 sources, bringing to closure transactions that are of a critical or catalytic nature for Rhode Island's
19 economy and communities.

20 (c) The fund shall consist of:

21 (1) Money appropriated in the state budget to the fund;

22 (2) Money made available to the fund through federal programs or private contributions;

23 (3) Repayments of principal and interest from loans made from the fund;

24 (4) Proceeds from the sale, disposition, lease, or rental of collateral related to financial
25 assistance provided under this chapter;

26 (5) Application or other fees paid to the fund to process requests for financial assistance;

27 (6) Recovery made by the commerce corporation, or the sale of an appreciated asset in
28 which the commerce corporation has acquired an interest under this chapter; and

29 (7) Any other money made available to the fund.

30 **42-64.23-5. Powers of commerce corporation. --** (a) The commerce corporation board
31 shall promulgate regulations setting forth criteria for approving awards under the fund and such
32 criteria shall ensure that awards from the fund are economically advantageous to the citizens of
33 Rhode Island. To qualify for the benefits of this chapter, an applicant shall submit an application
34 to the commerce corporation. Upon receipt of a proper application from an applicant, the

1 commerce corporation board may approve a loan, a conditional grant or other investment. In
2 making each award, the commerce corporation shall consider, among other factors, the:

3 (1) Economic impact of the project, including costs and benefits to the state;

4 (2) The amount of the project financing gap;

5 (3) Strategic importance of the project to the state, region, or locality;

6 (4) Quality and number of jobs produced;

7 (5) Quality of industry and project; and

8 (6) Competitive offers regarding the project from another state or country.

9 (b) The proceeds of the funding approved by the commerce corporation under this
10 chapter may be used for (1) working capital, equipment, furnishings, fixtures; (2) the
11 construction, rehabilitation, purchase of real property; (3) as permanent financing; or (4) such
12 other purposes that the commerce corporation approves.

13 (c) The commerce corporation shall have no obligation to make any award or grant any
14 benefits under this chapter.

15 (d) The commerce corporation shall publish a report on the fund at the end of each fiscal
16 year. The report shall contain information on the commitment, disbursement, and use of funds
17 allocated under the fund. The report shall also, to the extent practicable, track the economic
18 impact of projects that have been completed using the fund. The report is due no later than sixty
19 (60) days after the end of the fiscal year, and shall be provided to the speaker of the house of
20 representatives and the president of the senate.

21 **42-64.23-6. Implementation guidelines, directives, criteria, rules, regulations.** -- The
22 commerce corporation may adopt implementation guidelines, directives, criteria, rules and
23 regulations pursuant to § 42-35-3 of the General Laws as are necessary for the implementation
24 and administration of the fund.

25 **42-64.23-7. Program integrity.** -- Program integrity being of paramount importance, the
26 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
27 and conditions of the program established herein, including procedures to safeguard the
28 expenditure of public funds and to ensure that the funds further the objectives of the program.

29 **42-64.23-8. Sunset.** -- No financing shall be authorized to be reserved pursuant to this
30 chapter after December 31, 2018.

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

33 CHAPTER 64.24

34 I-195 REDEVELOPMENT PROJECT FUND

1 **42-64.24-1. Short title.** -- This chapter shall be known as the "I-195 Redevelopment
2 Project Fund Act."

3 **42-64.24-2. Legislative findings.** -- The general assembly finds and declares:

4 (a) That due to global economic trends, businesses in Rhode Island have found it difficult
5 to invest in development projects and other significant capital investments in and surrounding the
6 I-195 land within the city of Providence. Investment in such projects would stimulate economic
7 activity, facilitate the creation of new jobs for the citizens of the state and promote economic
8 growth and development.

9 (b) Through the establishment of the I-195 redevelopment project fund, Rhode Island can
10 take steps to attract and grow new businesses and industries to and for the state; create good-
11 paying jobs for its residents; assist with business and real estate development; and generate
12 revenues for necessary state and local governmental services.

13 **42-64.24-3. Definitions.** -- As used in this act:

14 (1) "Applicant" means a developer or occupant applying for a loan or conditional loan
15 under this chapter.

16 (2) "Business" means a corporation as defined in general laws § 44-11-1(4), or is a
17 partnership, an S corporation, a non-profit corporation, sole proprietorship or a limited liability
18 corporation.

19 (3) "Capital investment" in a redevelopment project means costs or expenses by a
20 business or any affiliate of the business incurred after application for:

21 (i) Site preparation and construction, repair, renovation, improvement, equipping, or
22 furnishing on real property or of a building, structure, facility, or improvement to real property;

23 (ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
24 including but not limited to material goods for the operation of a business on real property or in a
25 building, structure, facility, or improvement to real property.

26 (4) "Commission" means the I-195 district commission.

27 (6) "Developer" means a person, firm, corporation, partnership, association, political
28 subdivision, or other entity that proposes to divide, divides, or causes to be divided real property
29 into a subdivision or proposes to build, or builds a building or buildings or otherwise improves
30 land or existing structures, which division, building, or improvement of land qualifies for benefits
31 under this chapter.

32 (6) "I-195 land" means the surplus land within the city of Providence owned by the I-195
33 district commission and the area within a one-quarter mile radius of the outermost boundary of
34 said surplus land as further delineated by regulation of the commission.

1 (7) "Occupant" means a business as a tenant, owner, or joint venture partner, occupying
2 space pursuant to a lease or other occupancy agreement on the I-195 land or a project developed
3 on such land.

4 (8) "Personal property" means furniture, fixtures and equipment, except automobiles,
5 trucks or other motor vehicles, or materials that otherwise are depreciable and have a useful life
6 of one year or more, that are utilized for the redevelopment project for any given phase of the
7 redevelopment project inclusive of a period not to exceed six (6) months after receipt of a
8 certificate of occupancy for the given phase of the development.

9 (9) "Project cost" means the costs incurred in connection with a project by an applicant
10 until the issuance of a permanent certificate of occupancy, or until such other time specified by
11 the commerce corporation.

12 (10) "Project financing gap" means

13 (i) the part of the total project cost that remains to be financed after all other sources of
14 capital have been accounted for (such sources will include, but not be limited to, developer-
15 contributed capital), which shall be defined through rules and regulations promulgated by the
16 commerce corporation, or

17 (ii) the amount of funds that the state may invest in a project to gain a competitive
18 advantage over a viable and comparable location in another state by means described in this
19 chapter.

20 **42-64.24-4. Establishment of the fund uses and composition.** -- (a) The I-195
21 Redevelopment Project Fund (the "fund") is hereby established under the jurisdiction of and shall
22 be administered by the commission in order to further the goals set forth in Chapter 42-64.14 of
23 the general laws and to promote, among other purposes, the development and attraction of
24 advanced industries and innovation on and near the I-195 land in order to enhance Rhode Island's
25 economic vitality.

26 (b) The uses of the fund include but are not limited to:

27 (1) Contributing to capital investment requirements for anchor institutions or other
28 catalytic project components chosen in accordance with a vision developed, by the commission
29 for location on the I-195 land, adjacent and proximate parcels;

30 (2) Filling project financing gaps for real estate projects on the I-195 land, adjacent and
31 proximate parcels;

32 (3) Financing land acquisition in areas adjacent to and proximate to the I-195 land
33 including street rights of way and abandonment costs;

34 (4) Financing public infrastructure and public facilities to support or enhance

1 development including, but not limited to, transportation, parks, greenways, performance venues,
2 meeting facilities, community facilities, and public safety precincts.

3 (c) This statute shall not be construed as authorizing expenditure from this fund for the
4 purpose of financing a stadium or other such facility built primarily for sporting activity.

5 (d) The fund shall consist of:

6 (1) Money appropriated in the state budget to the fund;

7 (2) Money made available to the Fund through federal programs or private contributions;

8 (3) Repayments of principal and interest from loans made from the fund;

9 (4) Proceeds from the sale, disposition, lease, or rental of collateral related to financial
10 assistance provided under this chapter;

11 (5) Application or other fees paid to the fund to process requests for financial assistance;

12 (6) Recovery made by the commission or on the sale of an appreciated asset in which the
13 commission has acquired an interest under this chapter; and

14 (7) Any other money made available to the fund.

15 **42-64.24-5. Assistance, Powers of commission, reports. --** (a) An applicant seeking
16 assistance under this chapter shall submit a request to the commission pursuant to an application
17 procedure prescribed by the commission.

18 (b) Any approval for funding under this chapter may only be granted by the commission
19 and shall require the concurrence of the secretary of commerce.

20 (c) The commission may set the terms and conditions for assistance under this chapter.
21 Except as provided in subsection (b) of this section, any decision to grant or deny such assistance
22 lies within the sole discretion of the commission.

23 (d) The commission shall publish a report on the fund at the end of each fiscal year. The
24 report shall contain information on the commitment, disbursement, and use of funds allocated
25 under the fund. The report shall also, to the extent practicable, track the economic impact of
26 projects that have been completed using the fund. The report is due no later than sixty (60) days
27 after the end of the fiscal year, and shall be provided to the speaker of the house of
28 representatives, the president of the senate and the secretary of commerce.

29 **42-64.24-6. Implementation guidelines, directives, criteria, rules, regulations. --** The
30 commission shall adopt implementation guidelines, directives, criteria, rules and regulations
31 pursuant to § 42-35-3 of the general laws as are necessary for the implementation of the
32 commission's responsibilities under this chapter and impose such fees and charges as are
33 necessary to pay for the administration and implementation of this program.

34 **42-64.24-7. Program integrity. --** Program integrity being of paramount importance, the

1 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
2 and conditions of the program established herein, including procedures to safeguard the
3 expenditure of public funds and to ensure that the funds further the objectives of the program.

4 **42-64.24-8. Sunset.** -- No funding, credits, or incentives shall be authorized or authorized
5 to be reserved pursuant to this chapter after December 31, 2018.

6 SECTION 8. Title 42 of the General Laws entitled "STATE AFFAIRS AND
7 GOVERNMENT" is hereby amended by adding thereto the following chapter:

8 CHAPTER 64.25

9 SMALL BUSINESS ASSISTANCE PROGRAM

10 **42-64.25-1. Short title.** -- This chapter shall be known as the "Small Business Assistance
11 Program Act."

12 **42-64.25-2. Statement of intent.** -- The general assembly hereby finds and declares that
13 small businesses are the economic backbone of the state and the source of a majority of new jobs.
14 The general assembly further finds that too many such businesses often have difficulty obtaining
15 capital from traditional banking organizations to start up, improve or expand operations.
16 Providing greater access to capital would enable the formation and expansion of small businesses
17 across the state and provide job opportunities to the state's citizens. The purpose of this act is to
18 assist small businesses that encounter difficulty in obtaining adequate credit or adequate terms for
19 such credit. Among the small businesses that this act aims to assist are minority business
20 enterprises and women-owned business enterprises.

21 **42-64.25-3. Establishment of small business capital access fund.** -- The small business
22 capital access fund program is hereby created within the Rhode Island commerce corporation.
23 The commerce corporation is authorized, within available appropriations, to provide direct
24 assistance and/or partner with lending organizations to provide funding for loans to small
25 businesses located in Rhode Island. As used in this chapter, a "small business" means a business
26 that is resident in Rhode Island and employs two hundred (200) or fewer persons. The commerce
27 corporation is authorized, from time to time, to establish rules and regulations for the
28 administration of the program.

29 **42-64.25-4. Qualifications of lending organizations.** -- The commerce corporation may
30 elect to partner with an outside lending organization and authorize that organization to receive
31 and administer program funds. Before partnering with an outside lending organization, the
32 commerce corporation may identify eligible lending organizations through one or more
33 competitive statewide or regional solicitations.

34 **42-64.25-5. Program loan structures.** -- Loan programs shall be structured by the

1 commerce corporation that may include, but not be limited to, the following programs: (a)
2 financing programs for companies that require additional capital outside of conventional senior
3 debt or equity financing channels; (b) direct lending of subordinated and mezzanine debt; (c)
4 collateral support in the form of credit enhancement; (d) pledge of cash collateral accounts to
5 lending institutions to enhance collateral coverage of individual loans; and (e) technical assistance
6 to small businesses.

7 **42-64.25-6. Micro-loan allocation.** -- Notwithstanding anything to the contrary in this
8 chapter, ten percent (10%) of program funds will be allocated to "micro loans" with a principal
9 amount between two thousand dollars and twenty-five thousand dollars. Micro loans will be
10 administered by lending organizations, which will be selected by the commerce corporation on a
11 competitive basis and shall have experience in providing technical and financial assistance to
12 microenterprises.

13 **42-64.25-7. Lending organization reports.** -- Any participating lending organizations
14 shall submit to the commerce corporation annual reports stating the following: the number of
15 program loans made; the amount of program funding used for loans; the use of loan proceeds by
16 the borrowers; the number of jobs created or retained; a description of the economic development
17 generated; the status of each outstanding loan; and such other information as the commerce
18 corporation may require.

19 **42-64.25-8. Audits.** -- The commerce corporation may conduct audits of any
20 participating lending organization in order to ensure compliance with the provisions of this
21 chapter, any regulations promulgated with respect thereto and agreements between the lending
22 organizations and the commerce corporation on all aspects of the use of program funds and
23 program loan transactions. In the event that the commerce corporation finds noncompliance, the
24 commerce corporation may terminate the lending organization's participation in the program.

25 **42-64.25-9. Termination.** -- Upon termination of a lending organization's participation in
26 the program, the lending organization shall return to the commerce corporation, promptly after its
27 demand therefor, an accounting of all program funds received by the lending organization,
28 including a transfer of all currently outstanding loans that were made using program funds.
29 Notwithstanding such termination, the lending organization shall remain liable to the commerce
30 corporation with respect to any unpaid amount due from the lending organization pursuant to the
31 terms of the commerce corporation's provision of funds to the lending organization.

32 **42-64.25-10. Discretion.** -- The commerce corporation shall have no obligation to grant
33 any loan under this chapter or provide any funding to a lending organization.

34 **42-64.25-11. Limitations.** -- (a) The commerce corporation shall not grant any financial

1 commitment from state program funds to any applicant in excess of seven hundred and fifty
2 thousand (\$750,000) dollars under this program.

3 (b) The commerce corporation shall have no authority to award grants except to technical
4 assistance providers under this program.

5 **42-64.25-12. Reporting requirements.** -- The commerce corporation shall publish a
6 report on the small business capital access fund at the end of each fiscal year. The report shall
7 contain information on the commitment, disbursement, and use of funds allocated under the fund.
8 The report shall also, to the extent practicable, track the economic impact of projects that have
9 been completed using the fund. The report is due no later than sixty (60) days after the end of the
10 fiscal year, and shall be provided to the speaker of the house of representatives and the president
11 of the senate.

12 **42-64.25-13. Program integrity.** -- Program integrity being of paramount importance,
13 the commerce corporation shall establish procedures to ensure ongoing compliance with the terms
14 and conditions of the program established herein, including procedures to safeguard the
15 expenditure of public funds and to ensure that the funds further the objectives of the program.

16 **42-64.25-14. Sunset.** -- No grants, funding, or incentives shall be authorized pursuant to
17 this chapter after December 31, 2018.

18 SECTION 9. Title 42 of the General Laws entitled "STATE AFFAIRS AND
19 GOVERNMENT" is hereby amended by adding thereto the following chapter:

20 CHAPTER 64.26

21 STAY INVESTED IN RI WAVEMAKER FELLOWSHIP

22 **42-64.26-1. Short title.** -- This chapter shall be known as the "Stay Invested in RI
23 Wavemaker Fellowship."

24 **42-64.26-2. Legislative findings.** -- The general assembly finds and declares:

25 (1) A well-educated citizenry is critical to this state's ability to compete in the national
26 and global economies.

27 (2) Higher education both benefits individual students and is a public good benefitting the
28 state as a whole.

29 (3) Excessive student loan debt is impeding economic growth in this state. Faced with
30 excessive repayment burdens, many individuals are unable to start businesses, invest or buy
31 homes, and may be forced to leave the state in search of higher paying jobs elsewhere.

32 (4) Relieving student loan debt would give these individuals greater control over their
33 earnings, would increase entrepreneurship and demand for goods and services, and would enable
34 employers in this state to recruit and retain graduates in the fields of science, technology,

1 engineering and mathematics.

2 (5) The Stay Invested in RI Wavemaker Fellowship is designed to achieve the following
3 goals:

4 (i) Promote economic opportunity for people in this state by ensuring access to the
5 training and higher education that higher-paying jobs require;

6 (ii) Bring more and higher-paying jobs to this state by increasing the skill level of this
7 state's workforce;

8 (iii) Offer educational opportunity and retraining to individuals impacted by job loss,
9 workplace injury, disability or other hardship;

10 (iv) Keep young people in the state through incentives for educational opportunity and
11 creation of more high-paying jobs;

12 (v) Encourage an entrepreneurial economy in Rhode Island; and

13 (vi) Accomplish all of the goals in this chapter with as little bureaucracy as possible.

14 **42-64.26-3. Definitions. -- As used in this chapter:**

15 (1) "Eligible graduate" means an individual who meets the eligibility requirements under
16 this chapter.

17 (2) "Applicant" means an eligible graduate who applies for a tax credit for education loan
18 repayment expenses under this chapter.

19 (3) "Award" means a tax credit awarded by the commerce corporation to an applicant as
20 provided under this chapter.

21 (4) "Taxpayer" means an applicant who receives a tax credit under this chapter.

22 (5) "Commerce corporation" means the Rhode Island commerce corporation established
23 pursuant to chapter 64 of title 42.

24 (6) "Eligible expenses" or "education loan repayment expenses" means annual higher
25 education loan repayment expenses, including, without limitation, principal, interest and fees, as
26 may be applicable, incurred by an eligible graduate and which the eligible graduate is obligated to
27 repay for attendance at a post-secondary institution of higher learning.

28 (7) "Eligibility period" means a term of up to four (4) consecutive service periods
29 beginning with the date that an eligible graduate receives initial notice of award under this
30 chapter and expiring at the conclusion of the fourth service period after such date specified.

31 (8) "Eligibility requirements" means the following qualifications or criteria required for
32 an applicant to claim an award under this chapter:

33 (i) That the applicant shall have graduated from an accredited two (2) year, four (4) year
34 or graduate post-secondary institution of higher learning with an associate's, bachelor's, graduate,

1 or post-graduate degree and at which the applicant incurred education loan repayment expenses:

2 (ii) That the applicant shall be a full-time employee with a Rhode Island-based employer
3 located in this state throughout the eligibility period, whose employment is for work in one or
4 more of the following covered fields: life, natural or environmental sciences; computer,
5 information or software technology; advanced mathematics or finance; engineering; industrial
6 design or other commercially related design field; or medicine or medical device technology.

7 (9) "Full-time employee" means a person who is employed by a business for
8 consideration for a minimum of at least thirty-five (35) hours per week, or who renders any other
9 standard of service generally accepted by custom or practice as full-time employment, or who is
10 employed by a professional employer organization pursuant to an employee leasing agreement
11 between the business and the professional employer organization for a minimum of thirty-five
12 (35) hours per week, or who renders any other standard of service generally accepted by custom
13 or practice as full-time employment, and whose wages are subject to withholding.

14 (10) "Service period" means a twelve (12) month period beginning on the date that an
15 eligible graduate receives initial notice of award under this chapter.

16 (11) "Student loan" means a loan to an individual by a public authority or private lender
17 to assist the individual to pay for tuition, books, and living expenses in order to attend a post-
18 secondary institution of higher learning.

19 (12) "Rhode Island-based employer" means (i) an employer having a principal place of
20 business or at least fifty-one percent (51%) of its employees located in this state; or (ii) an
21 employer registered to conduct business in this state that reported Rhode Island tax liability in the
22 previous tax year.

23 (13) "Fund" refers to the "Stay Invested in RI Wavemaker Fellowship Fund" established
24 pursuant to § 42-64.26-4.

25 **42-64.26-4. Establishment of fund; Purposes; Composition. --** (a) There is hereby
26 established the "Stay Invested in RI Wavemaker Fellowship Fund" (the "fund") to be
27 administered by the commerce corporation as set forth in this chapter.

28 (b) The purpose of the fund is to expand employment opportunities in the state and to
29 retain talented individuals in the state by providing tax credits in relation to education loan
30 repayment expenses to applicants who meet the eligibility requirements under this chapter.

31 (c) The fund shall consist of:

32 (1) Money appropriated in the state budget to the fund;

33 (2) Money made available to the fund through federal programs or private contributions;

34 and

1 (3) Any other money made available to the fund.

2 (d) The fund shall be used to pay for the redemption of tax credits or reimbursement to
3 the state for tax credits applied against a taxpayer's tax liability. The fund shall be exempt from
4 attachment, levy or any other process at law or in equity. The director of the department of
5 revenue shall make a requisition to the commerce corporation for funding during any fiscal year
6 as may be necessary to pay for the redemption of tax credits presented for redemption or to
7 reimburse the state for tax credits applied against a taxpayer's tax liability. The commerce
8 corporation shall pay from the fund such amounts as requested by the director of the department
9 of revenue necessary for redemption or reimbursement in relation to tax credits granted under this
10 chapter.

11 **42-64.26-5. Administration.** -- (a) Application.-- An eligible graduate claiming an award
12 under this chapter shall submit to the commerce corporation an application in the manner that the
13 commerce corporation shall prescribe.

14 (b) Upon receipt of a proper application from an applicant who meets all of the eligibility
15 requirements, the commerce corporation shall select applicants on a competitive basis to receive
16 credits for up to a maximum amount for each service period of one thousand dollars (\$1,000) for
17 an associate's degree holder, four thousand dollars (\$4,000) for a bachelor's degree holder, and six
18 thousand dollars (\$6,000) for a graduate or post-graduate degree holder, but not to exceed the
19 education loan repayment expenses incurred by such taxpayer during each service period
20 completed, for up to four (4) consecutive service periods provided that the taxpayer continues to
21 meet the eligibility requirements throughout the eligibility period. The commerce corporation
22 shall delegate the selection of the applicants that are to receive awards to a fellowship committee
23 to be convened by the commerce corporation and promulgate the selection procedures the
24 fellowship committee will use, which procedures shall require that the committee's consideration
25 of applications be conducted on a name-blind and employer-blind basis and that the applications
26 and other supporting documents received or reviewed by the fellowship committee shall be
27 redacted of the applicant's name, street address, and other personally-identifying information as
28 well as the applicant's employer's name, street address, and other employer-identifying
29 information. The commerce corporation shall determine the composition of the fellowship
30 committee and the selection procedures it will use in consultation with the state's chambers of
31 commerce.

32 (c) The credits awarded under this chapter shall not exceed one hundred percent (100%)
33 of the education loan repayment expenses incurred by such taxpayer during each service period
34 completed for up to four (4) consecutive service periods. Tax credits shall be issued annually to

1 the taxpayer upon proof that (i) the taxpayer has actually incurred and paid such education loan
2 repayment expenses; (ii) the taxpayer continues to meet the eligibility requirements throughout
3 the service period; (iii) The award shall not exceed the original loan amount plus any capitalized
4 interest less award previously claimed under this section; and (iv) that the taxpayer claiming an
5 award is current on his or her student loan repayment obligations.

6 (d) The commerce corporation shall not commit to overall awards in excess of the
7 amount contained in the fund.

8 (e) The commerce corporation shall reserve seventy percent (70%) of the awards issued
9 in a calendar year to applicants who are permanent residents of the state of Rhode Island or who
10 attended an institution of higher education located in Rhode Island when they incurred the
11 education loan expenses to be repaid.

12 (f) In administering award, the commerce corporation shall:

13 (1) Require suitable proof that an applicant meets the eligibility requirements for award
14 under this chapter;

15 (2) Determine the contents of applications and other materials to be submitted in support
16 of an application for award under this chapter; and

17 (3) Collect reports and other information during the eligibility period for each award to
18 verify that a taxpayer continues to meet the eligibility requirements for an award.

19 **42-64.26-6. Reporting.** -- (a) The commerce corporation shall require taxpayers to
20 submit annual reports, in such form and on such dates as the commerce corporation shall require,
21 in order to confirm that the taxpayer continues to meet all of the eligibility requirements of this
22 chapter and as a prerequisite to funding any award of tax credits under this chapter.

23 (b) Notwithstanding any other provision of law, no taxpayer shall receive an award
24 without first consenting to the public disclosure of the receipt of any award given under this
25 chapter. The commerce corporation shall annually publish a list of taxpayers receiving awards
26 under this program, their post-secondary institution of higher learning, and their employer on the
27 commerce corporation website and in such other locations as it deems appropriate.

28 **42-64.26-7. Remedies.** -- (a) If an eligible graduate receiving an award under this chapter
29 violates any provision of this chapter or ceases to meet the eligibility requirements of this chapter,
30 the commerce corporation may, on reasonable notice:

31 (1) Withhold further award until the taxpayer complies with the eligibility or other
32 requirements of the award; or

33 (2) Terminate the award.

34 **42-64.26-8. Carry forward and redemption of tax credits.** -- (a) If the amount of the

1 tax credit allowed under this chapter exceeds the taxpayer's total tax liability for the year in
2 which the credit is allowed, the amount of such credit that exceeds the taxpayer's tax liability
3 may be carried forward and applied against the taxes imposed for the succeeding four (4) years,
4 or until the full credit is used, whichever occurs first.

5 (b) The tax credit allowed under this chapter may be used as a credit against personal
6 income taxes imposed under chapter 30 of title 44.

7 (c) The division of taxation shall at the request of a taxpayer redeem such credits in
8 whole or in part for one hundred percent (100%) of the value of the tax credit.

9 (d) Any amounts paid to a taxpayer for the redemption of tax credits allowed pursuant to
10 this section shall be exempt from taxation under title 44 of the General Laws.

11 **42-64.26-9. Implementation guidelines, rules, regulations.** -- (a) The commerce
12 corporation may adopt implementation guidelines, rules, and regulations pursuant to § 42-35-3 as
13 are necessary for the implementation of this chapter.

14 (b) The commerce corporation shall adopt guidelines to assure integrity and eliminate
15 potential conflicts of interest in the issuing of awards.

16 (c) The division of taxation may adopt implementation guidelines, directives, criteria, and
17 rules and regulations pursuant to section 42-35-3 of the General Laws, as are necessary for the
18 implementation of the division's responsibilities under this chapter.

19 **42-64.26-10. Promotion by state agencies.** -- (a) The commerce corporation and any
20 other agencies engaging in education-related outreach shall integrate promotion of the program
21 into existing educational opportunity outreach efforts to the extent possible in a manner consistent
22 with the scope of the program and its centrality to the state's efforts to raise educational
23 attainment, including, without limitation, promoting the program to Rhode Island permanent
24 residents who enroll in accredited Rhode Island colleges or universities and receive financial aid
25 in the form of student loans.

26 **42-64.26-11. Program integrity.** -- Program integrity being of paramount importance,
27 the commerce corporation shall establish procedures to ensure ongoing compliance with the terms
28 and conditions of the program established herein and to safeguard the expenditure of public
29 funds.

30 **42-64.26-12. Sunset.** -- No incentives or credits shall be authorized pursuant to this
31 chapter after December 31, 2018.

32 SECTION 10. Title 42 of the General Laws entitled "STATE AFFAIRS AND
33 GOVERNMENT" is hereby amended by adding thereto the following chapter:

34 CHAPTER 64.27

1 MAIN STREET RHODE ISLAND STREETScape IMPROVEMENT FUND

2 **42-64.27-1. Statement of intent.** -- It is the intention of the general assembly to foster
3 private-public partnerships in relation to improvement of streetscapes in local business districts
4 by creating a funding program to stimulate investment in such improvements, thus enhancing the
5 environment for business and attracting further investment.

6 **42-64.27-2. Fund established.** -- The main street RI streetscape improvement fund is
7 hereby created within the Rhode Island commerce corporation. The commerce corporation is
8 authorized, within available appropriations, to award loans, matching grants, and other forms of
9 financing to facilitate improvement of streetscapes such as but not limited to (1) enhanced
10 sidewalks, (2) new wayfinding signage, (3) upgraded building facades, and (4) improved street
11 and public space lighting, in support of creating an attractive environment for small business
12 development and commerce. Applications and awards of grants or loans shall be on a rolling
13 basis. There is established an account in the name of the "main street RI streetscape improvement
14 fund" under the control of the commerce corporation, and the commerce corporation shall pay
15 into such account any eligible funds available to the commerce corporation from any source,
16 including funds appropriated by the state and any grants made available by the United States or
17 any agency of the United States.

18 **42-64.27-3. Rules and regulations.** -- The commerce corporation is hereby authorized to
19 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
20 including the criteria by which grant or loan applications will be judged and awarded.

21 **42-64.27-4. Reporting requirements.** -- The commerce corporation shall publish a
22 report on the main street RI streetscape improvement fund at the end of each fiscal year. The
23 report shall contain information on the commitment, disbursement, and use of funds allocated
24 under the fund. The report shall also, to the extent practicable, track the economic impact of
25 projects that have been completed using the fund. The report is due no later than sixty (60) days
26 after the end of the fiscal year, and shall be provided to the speaker of the house of
27 representatives and the president of the senate.

28 **42-64.27-5. Program integrity.** -- Program integrity being of paramount importance, the
29 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
30 and conditions of the program established herein, including procedures to safeguard the
31 expenditure of public funds and to ensure that the funds further the objectives of the program.

32 **42-64.27-6. Sunset.** -- No incentives shall be authorized pursuant to this chapter after
33 December 31, 2018.

34 SECTION 11. Title 42 of the General Laws entitled "STATE AFFAIRS AND

1 GOVERNMENT" is hereby amended by adding thereto the following chapter:

2 CHAPTER 64.28

3 INNOVATION INITIATIVE.

4 **42-64.28-1. Legislative findings.** -- (a) While large enterprises have the expert personnel
5 and financial resources to make strategic investments in innovation, few small businesses have
6 the resources to do so. The resulting underinvestment in innovation stunts the growth of Rhode
7 Island's economy, inhibits the potential of small businesses and impedes local universities and
8 other technological resources from providing technological input and other developmental
9 assistance to such small businesses. It is the intention of the general assembly to foster innovation
10 in small businesses and increase demand for technological services by creating an innovation
11 initiative. This initiative will further advance the competitiveness of Rhode Island's companies in
12 the national and global economies and result in the creation and/or retention of jobs and tax
13 revenues for the state.

14 **42-64.28-2. Definitions.** -- As used in this chapter:

15 (1) "Commerce corporation" means the Rhode Island commerce corporation established
16 pursuant to General Laws § 42-64-1 et. seq.

17 (2) "Small business" means a business that is resident in Rhode Island, has its business
18 facility located within the state, and employs five hundred (500) or fewer persons.

19 (3) "Match" shall mean a funding match, or in kind services provided by a third party.

20 (4) "Targeted industry" means any advanced, promising or otherwise prioritized industry
21 identified in the economic development vision and policy promulgated pursuant General Laws §
22 42-64.17-1 or, until such time as any such economic development vision and policy is
23 promulgated, as identified by the commerce corporation.

24 **42-64.28-3. Programs established.** -- (a) The Rhode Island commerce corporation shall
25 establish a voucher program and an innovation network program as provided under this chapter.
26 The programs are subject to available appropriations and such other funding as may be dedicated
27 to the programs.

28 (b) There is established an account in the name of the "innovation initiative fund" (the
29 "fund") under the control of the commerce corporation to fund the programs.

30 (1) The fund shall consist of:

31 (i) Money appropriated in the state budget to the fund;

32 (ii) Money made available to the fund through federal grants, programs or private
33 contributions;

34 (iii) Application or other fees paid to the fund to process applications for awards under

1 this chapter; and

2 (iv) Any other money made available to the fund.

3 (c) Voucher program –The commerce corporation is authorized, to develop and
4 implement an innovation voucher program to provide financing to small businesses to purchase
5 research and development support or other forms of technical assistance and services from Rhode
6 Island institutions of higher education and other providers.

7 (d) Innovation network program – The commerce corporation is authorized to provide
8 innovation grants to organizations, including non-profit organizations, for-profit organizations,
9 universities, and co-working space operators that offer technical assistance, space on flexible
10 terms, and access to capital to businesses in advanced or targeted industries. The commerce
11 corporation shall only issue grants under this section when those grants are matched by private
12 sector or non-profit partners. The commerce corporation shall establish guidelines for appropriate
13 matching criteria under this section, including necessary matching ratios.

14 **42-64.28-4. Eligible uses. --** (a) Vouchers available under this chapter shall be used for
15 the benefit of small businesses to access technical assistance and other services including, but not
16 limited to, research, technological development, product development, commercialization, market
17 development, technology exploration, and improved business practices that implement strategies
18 to grow business and create operational efficiencies.

19 (b) Matching fund awards shall be used for the benefit of small businesses in industries
20 designated from time-to-time by the corporation, including without limitation, life science and
21 healthcare; food and agriculture; clean technology and energy efficiency; and cyber security to
22 pay for and access technological assistance, to procure space on flexible terms, and to access
23 capital from organizations, including non-profit organizations, for-profit organizations,
24 universities, and co-working space businesses.

25 **42-64.28-5. Qualification. --** To qualify for a voucher or for a matching fund award
26 under this chapter, a business must make application to the commerce corporation, and upon
27 selection, shall enter into an agreement with the commerce corporation. The commerce
28 corporation shall have no obligation to issue any voucher, make any award or grant any benefits
29 under this chapter.

30 **42-64.28-6. Voucher amounts and matching fund awards. --** (a) Voucher award
31 amounts to a selected applicant shall be determined by the corporation, to be in the minimum
32 amount of five thousand dollars (\$5,000) and the maximum amount of fifty thousand dollars
33 (\$50,000), subject to appropriations or other available moneys in the fund.

34 (b) Matching fund awards shall be awarded to organizations in an amount approved by

1 the corporation, subject to appropriations or other available moneys in the fund.

2 **42-64.28-7. Rules and regulations.** -- The commerce corporation is hereby authorized to
3 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
4 including the criteria by which voucher and matching fund applications will be judged, awards
5 will be approved, and vendors of services will be approved.

6 **42-64.28-8. Program integrity.** -- Program integrity being of paramount importance, the
7 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
8 and conditions of the program established herein, including procedures to safeguard the
9 expenditure of public funds and to ensure that the funds further the objectives of the program.

10 **42-64.28-9. Reporting requirements.** -- The commerce corporation shall submit a report
11 annually, no later than sixty (60) days after the end of the fiscal year to the speaker of the house
12 and the president of the senate detailing: (1) the total amount of innovation vouchers and
13 matching funds awarded; (2) the number of innovation vouchers and matching fund awards
14 approved, (3) the amount of each voucher or matching fund award and a description of services
15 purchased; and (4) such other information as the commerce corporation deems necessary.

16 **42-64.28-10. Sunset.** -- No vouchers, grants, or incentives shall be authorized pursuant to
17 this chapter after December 31, 2018.

18 SECTION 12. Title 42 of the General Laws entitled "STATE AFFAIRS AND
19 GOVERNMENT" is hereby amended by adding thereto the following chapter:

20 CHAPTER 64.29

21 INDUSTRY CLUSTER GRANTS

22 **42-64.29-1. Statement of intent.** -- Robust industry clusters – geographic concentrations
23 of interconnected firms and related institutions in a field – drive competitiveness and innovation
24 by fostering dynamic interactions among businesses such as labor force pooling, supplier
25 specialization, collaborative problem solving, technology exchange and knowledge sharing. It is
26 the intention of the general assembly to foster such industry clusters by creating a grant program
27 to stimulate cluster initiatives and enhance industry competitiveness.

28 **42-64.29-2. Fund established.** -- The industry cluster grant fund (the "fund") is hereby
29 created within the Rhode Island commerce corporation. The commerce corporation is authorized,
30 within available appropriations, to award grants to organizations on a competitive basis as more
31 particularly set forth in this chapter. Applications and awards of grants shall be on a rolling basis,
32 and the commerce corporation shall only issue grants up to the amount contained in the fund.
33 There is established an account in the name of the fund under the control of the commerce
34 corporation, and the commerce corporation shall pay into such account any eligible funds

1 available to the commerce corporation from any source, including funds appropriated by the state
2 and any grants made available by the United States Government or any agency of the United
3 States Government.

4 **42-64.29-3. Startup and technical assistance grants.** -- Startup and technical assistance
5 grants of seventy-five thousand dollars to two hundred fifty thousand dollars shall be made
6 available to support activities within the industry cluster that enable collaboration among
7 businesses and other institutions in order to advance innovation and increase sector profitability.
8 Eligible organizations may be regional or statewide in scope and may include, but not solely be
9 composed of, relevant companies or institutions outside of Rhode Island. The commerce
10 corporation shall establish, by regulation, both (a) the criteria for issuing grants under this section;
11 and (b) a process for receiving and reviewing applications for grants under this section.

12 **42-64.29-4. Competitive program grants.** -- (a) Competitive program grants of one
13 hundred thousand dollars to five hundred thousand dollars shall be made available to support
14 activities to overcome identified cluster gaps and documented constraints on cluster growth or to
15 improve clusters' effectiveness. The commerce corporation shall establish, by regulation, both (1)
16 the criteria for issuing competitive program grants under this section; and (2) a process for
17 receiving and reviewing applications for grants under this section. The criteria that the commerce
18 corporation establishes to evaluate applications for grants under this section shall include
19 objective evidence of the entity's organizational capacity, degree of internal acceptance of the
20 proposed program, economic rationale for the proposed activity to be funded and the entity's
21 ability to raise future funds to sustain the activity when the grant has been expended.

22 (b) The commerce corporation shall have no obligation to make any award or grant any
23 benefits under this chapter.

24 **42-64.29-5. Rules and regulations.** -- The commerce corporation is hereby authorized to
25 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
26 including the criteria by which grant applications will be judged and awarded.

27 **42-64.29-6. Program integrity.** -- Program integrity being of paramount importance, the
28 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
29 and conditions of the program established herein, including procedures to safeguard the
30 expenditure of public funds and to ensure that the funds further the objectives of the program.

31 **42-64.29-7. Annual report.** -- (a) The commerce corporation shall submit a report
32 annually detailing: (1) The total amount of grants awarded; (2) The number of grants awarded;
33 (3) The amount of each grant and the private funds matching such grants; (4) The recipients of
34 the grants; (5) The specific activities undertaken by recipients of grants; and (6) Such other

1 information as the commerce corporation deems necessary.

2 (b) The report required under subsection (a) of this section is due no later than sixty (60)
3 days after the end of the fiscal year, and shall be provided to the speaker of the house of
4 representatives and the president of the senate.

5 **42-64.29-8. Sunset. --** No grants or incentives shall be authorized to be reserved pursuant
6 to this chapter after December 31, 2018.

7 SECTION 13. Title 42 of the General Laws entitled "STATE AFFAIRS AND
8 GOVERNMENT" is hereby amended by adding thereto the following chapter:

9 CHAPTER 64.30

10 ANCHOR INSTITUTION TAX CREDIT

11 **42-64.30-1. Short title. --** This chapter shall be known and may be cited as the "Anchor
12 Institution Tax Credit Act."

13 **42-64.30-2. Statement of intent. --** It is to the advantage of the state of Rhode Island and
14 its people to attract businesses to locate in Rhode Island thereby increasing the vitality of the
15 Rhode Island economy. It is the intention of the general assembly to give existing Rhode Island
16 businesses an incentive to encourage businesses in their supply chain, service providers or
17 customers to relocate to Rhode Island by giving existing Rhode Island businesses a tax credit
18 when they are able to bring about a business relocation to this state.

19 **42-64.30-3. Definitions. --** As used in this act:

20 (1) "Commerce corporation" means the Rhode Island commerce corporation established
21 pursuant to general laws § 42-64-1 et. seq.

22 (2) "Eligibility period" means the period in which a Rhode Island business may claim a
23 tax credit under this act, beginning with the tax period in which the commerce corporation
24 accepts certification by the Rhode Island business that it has played a substantial role in the
25 decision of a qualified business to relocate to Rhode Island and extending thereafter for a term of
26 five (5) years.

27 (3) "Hope community" means a municipality for which the five (5) year average
28 percentage of families with income below the federal poverty level exceeds the state five (5) year
29 average percentage, both most recently reported by the U.S. Department of Commerce, Bureau of
30 the Census.

31 (4) "Qualified business" means an entity that supplies goods or services to a Rhode Island
32 business or is a material service provider or a material customer of a Rhode Island business, or is
33 an affiliate of such supplier, service provider or customer.

34 (5) "Qualifying relocation" means a qualified business with the minimum number of

1 employees as set forth in 42-64.30-5(a)(1) and (2), which moves an existing facility to the state of
2 Rhode Island or constructs a new facility to supply goods or services to a Rhode Island business.

3 (6) "Rhode Island business" means a business enterprise physically located in, and
4 authorized to do business in, the state of Rhode Island.

5 (7) "Taking possession" means executing a lease, acquiring title or otherwise committing
6 to occupy as defined by the commerce corporation.

7 **42-64.30-4. Establishment of anchor institution tax credit.** -- The tax credit program is
8 hereby established as a program under the jurisdiction of the commerce corporation and shall be
9 administered by the commerce corporation. The purposes of the program are to encourage
10 economic development and job creation in connection with the relocation of qualified businesses
11 to the state of Rhode Island by providing an incentive to existing Rhode Island businesses to
12 encourage a qualified business to relocate to Rhode Island. To implement these purposes, the
13 program may provide tax credits to eligible businesses for a period of five (5) years.

14 **42-64.30-5. Allowance of tax credits.** -- (a) A Rhode Island business, upon application
15 to and approval from the commerce corporation, shall be allowed a credit as set forth hereinafter
16 against taxes imposed under applicable provisions of title 44 of the general laws for having
17 played a substantial role in the decision of a qualified business to relocate a minimum number of
18 jobs as provided below:

19 (1) For the years 2015 through 2018, not less than ten (10) employees to Rhode Island;
20 and

21 (2) For the years 2019 through 2020, not less than twenty-five (25) employees to Rhode
22 Island.

23 (b) To be eligible for the tax credit, an existing Rhode Island business must demonstrate
24 to the commerce corporation, in accordance with regulations promulgated by the commerce
25 corporation, that it played a substantial role in the decision of a qualified business to relocate.

26 (c) If the commerce corporation approves an application, then an eligible Rhode Island
27 business which has procured a qualifying relocation shall be entitled to a tax credit. The amount
28 of the tax credit shall be based upon criteria to be established by the commerce corporation. Such
29 criteria shall include the number of jobs created, types of jobs and compensation, industry sector
30 and whether the relocation benefits a hope community.

31 (d) In determination of the tax credit amount, the commerce corporation may take into
32 account such factors as area broker's fees, the strategic importance of the businesses involved,
33 and the economic return to the state. The tax credits issued under this chapter shall not exceed the
34 funds appropriated for these credit(s).

1 (e) A Rhode Island business qualifying for the tax credit under this chapter shall not be
2 eligible to receive a credit in excess of seventy-five percent (75%) of the amount appropriated in
3 the fiscal year in which the tax credits are issued.

4 (f) Tax credits allowed pursuant to this chapter shall be allowed for the taxable year in
5 which the existing Rhode Island business demonstrates, to the satisfaction of the commerce
6 corporation, both (1) that a certificate of occupancy issues for the project or as of a lease
7 commencement date or other such related commitment; and (2) that the qualified business has
8 created the number of net new jobs required by § 42-64.30-5(a)(1) and (2).

9 (g) The tax credit allowed under this chapter may be used as a credit against corporate
10 income taxes imposed under chapters 11, 12, 13, 14, or 17, of title 44.

11 (h) In the case of a corporation, this credit is only allowed against the tax of a corporation
12 included in a consolidated return that qualifies for the credit and not against the tax of other
13 corporations that may join in the filing of a consolidated tax return.

14 (i) If the existing Rhode Island business has not claimed the tax credit allowed under this
15 chapter in whole or part, the existing Rhode Island business eligible for the tax credit shall, prior
16 to assignment or transfer to a third party, file a request with the division of taxation to redeem the
17 tax credit in whole or in part to the state. Within ninety (90) days from the submission of a
18 request to the division of taxation to redeem the tax credits, the division shall be entitled to
19 redeem the tax credits in exchange for payment by the state to the existing Rhode Island business
20 of (1) one hundred percent (100%) of the value of the portion of the tax credit redeemed, or (2)
21 for tax credits redeemed in whole, one hundred percent (100%) of the total remaining value of the
22 tax credit; provided, however, that the redemption shall be prorated equally over each year of the
23 remaining term of the eligible period of the tax credit.

24 (j) Any redemption under subsection (h) of this section shall be subject to annual
25 appropriation by the general assembly.

26 **42-64.30-6. Administration.** -- (a) To be eligible to receive a tax credit authorized by
27 this chapter, an existing Rhode Island business shall apply to the commerce corporation for
28 approval prior to the qualified business commencing a relocation search within the state for a
29 certification that the existing Rhode Island business qualifies for tax credits under this chapter.
30 Such approval shall require:

31 (1) That the qualified business has submitted a completed application as developed by the
32 commerce corporation;

33 (2) That the chief executive officer of the commerce corporation provide written
34 confirmation to the commerce corporation board that (i) the commerce corporation has reviewed

1 the application and any determination regarding the potential impact on the qualified business's
2 ability to promote the retention and expansion of existing jobs, stimulate the creation of new jobs,
3 including good-paying jobs, attract new business and industry to the state, and stimulate growth
4 in real estate developments and/or businesses that are prepared to make meaningful investment
5 and foster job creation in the state; and (ii) of the recommendation of the commerce corporation
6 as to the total credits to be awarded to the applicant; and

7 (3) That the secretary of commerce provide written confirmation to the commerce
8 corporation board that the recommendation of the commerce corporation is consistent with the
9 purposes of this chapter.

10 (b) The commerce corporation and the division of taxation shall be entitled to rely on the
11 facts represented in the application and upon the certification of a certified public accountant
12 licensed in the state of Rhode Island with respect to the requirements of this chapter.

13 (c) The tax credits provided for under this chapter shall be granted at the discretion of the
14 commerce corporation.

15 (d) If information comes to the attention of the commerce corporation at any time up to
16 and including the last day of the eligibility period that is materially inconsistent with
17 representations made in an application, the commerce corporation may deny the requested
18 certification, or revoke a certification previously given, with any processing fees paid to be
19 forfeited.

20 **42-64.30-7. Rules and regulations. --** The commerce corporation is hereby authorized to
21 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
22 including the criteria by which applications for tax credit will be evaluated and approved and to
23 provide for repayment of credits received if the qualified business leaves Rhode Island within a
24 period of time to be established by the commerce corporation. The division of taxation is hereby
25 authorized to promulgate such rules and regulations as are necessary to fulfill the purposes of this
26 chapter.

27 **42-64.30-8. Anchor institution tax credit fund. --** There is hereby established at the
28 commerce corporation a restricted account known as the Anchor Institution tax credit fund (the
29 "fund") in which all amounts appropriated for the redemption and/or reimbursement of tax credits
30 under this chapter shall be deposited. The Fund shall be used to pay for the redemption of tax
31 credits or reimbursement to the state for tax credits applied against a taxpayer's liability. The
32 Fund shall be exempt from attachment, levy or any other process at law or in equity. The director
33 of the department of revenue shall make a requisition to the commerce corporation for funding
34 during any fiscal year as may be necessary to pay for the redemption of tax credits presented for

1 redemption or to reimburse the state for tax credits applied against a taxpayer's tax liability. The
2 commerce corporation shall pay from the Fund such amounts as requested by the director of the
3 department of revenue necessary for redemption or reimbursement in relation to tax credits
4 granted under this chapter.

5 **42-64.30-9. Program integrity.** -- Program integrity being of paramount importance, the
6 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
7 and conditions of the program established herein, including procedures to safeguard the
8 expenditure of public funds and to ensure that the funds further the objectives of the program.

9 **42-64.30-10. Reports.** -- (a) By September 1, 2016 and each year thereafter, the
10 commerce corporation shall report the name, address, and amount of tax credit approved each
11 credit recipient during the previous state fiscal year to the governor, the speaker of the house of
12 representatives, the president of the senate, the chairpersons of the house and senate finance
13 committees, the house and senate fiscal advisors, and the department of revenue. Such report
14 shall include any determination regarding the potential impact on an approved qualified
15 relocation's ability to stimulate business development; retain and attract new business and
16 industry to the state; create good-paying jobs for its residents; assist with business, commercial,
17 and industrial real estate development; and generate revenues for necessary state and local
18 governmental services.

19 (b) By October 1, 2016 and each year thereafter, the commerce corporation shall report
20 for the year previous the total number of agreements and associated amount of approved tax
21 credits. This report shall be available to the public for inspection by any person and shall be
22 published by the commerce corporation on its website and by the secretary of commerce on the
23 executive office of commerce website.

24 (c) By October 1st of each year the division of taxation shall report the name, address,
25 and amount of tax credit received for each credit recipient during the previous state fiscal year to
26 the governor, the chairpersons of the house and senate finance committees, the house and senate
27 fiscal advisors, and the department of labor and training.

28 **42-64.30-11. Sunset.** -- No credits shall be authorized to be reserved pursuant to this
29 chapter after December 31, 2018.

30 SECTION 14. Section 44-48.2-3 of the General Laws in Chapter 44-48.2 entitled "Rhode
31 Island Economic Development Tax Incentives Evaluation Act of 2013" is hereby amended to
32 read as follows:

33 **44-48.2-3. Economic development tax incentive defined.** -- (a) As used in this section,
34 the term "economic development tax incentive" shall include:

1 (1) Those tax credits, deductions, exemptions, exclusions, and other preferential tax
2 benefits associated with §§ 42-64.3-6, 42-64.3-7, 42-64.5-3, 42-64.6-4, 42-64.11-4, 44-30-1.1,
3 44-31-1, 44-31-1.1, 44-31-2, 44-31.2-5, 44-32-1, 44-32-2, 44-32-3, 44-39.1-1, 44-43-2, 44-43-3,
4 and 44-63-2, and [chapters 64.20, 64.21, 64.26, 64.30 of title 42 and chapter 48.3 of title 44](#);

5 (2) Any future incentives enacted after the effective date of this section for the purpose
6 of recruitment or retention of businesses in the state of Rhode Island.

7 (b) In determining whether a future tax incentive is enacted for "the purpose of
8 recruitment or retention of businesses", the office of revenue analysis shall consider legislative
9 intent, including legislative statements of purpose and goals, and may also consider whether the
10 tax incentive is promoted as a business incentive by the state's economic development agency or
11 other relevant state agency.

12 SECTION 15. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
13 adding thereto the following chapter:

14 [CHAPTER 48.3](#)

15 [RHODE ISLAND NEW QUALIFIED JOBS INCENTIVE ACT 2015](#)

16 **44-48.3-1. Short title.** -- [This chapter shall be known and may be cited as the "Rhode](#)
17 [Island Qualified Jobs Incentive Act of 2015."](#)

18 **44-48.3-2. Findings and declaration.** -- [\(a\) It is hereby found and declared that due to](#)
19 [long-term and short-term negative economic trends in Rhode Island, businesses in the state have](#)
20 [found it difficult to make investments that would stimulate economic activity and create new](#)
21 [jobs. This situation has contributed to a rate of unemployment in Rhode Island that is higher than](#)
22 [our neighbors and among the highest in the nation. Consequently, a need exists to promote the](#)
23 [creation of new jobs, attract new business and industry, and stimulate growth in businesses that](#)
24 [are prepared to make meaningful investment and foster job creation in Rhode Island.](#)

25 [\(b\) Through the establishment of a jobs incentive program, Rhode Island can take steps to](#)
26 [stimulate business expansion and attraction, create well-paying jobs for its residents, and generate](#)
27 [revenues for necessary state and local governmental services.](#)

28 **44-48.3-3. Definitions.** -- [As used in this chapter, unless the context clearly indicates](#)
29 [otherwise, the following words and phrases shall have the following meanings:](#)

30 [\(1\) "Affiliate" or "affiliated entity" means an entity that directly or indirectly controls, is](#)
31 [under common control with, or is controlled by the business. Control exists in all cases in which](#)
32 [the entity is a member of an affiliated group of corporations as defined pursuant to § 1504 of the](#)
33 [Internal Revenue Code of 1986 \(26 U.S.C. §1504\) or the entity is an organization in a group of](#)
34 [organizations under common control as defined pursuant to subsection \(b\) or \(c\) of § 414 of the](#)

1 Internal Revenue Code of 1986 (26 U.S.C. §414). A taxpayer may establish by clear and
2 convincing evidence, as determined by the commerce corporation, that control exists in situations
3 involving lesser percentages of ownership than required by those statutes. An affiliate of a
4 business may contribute to meeting full-time employee requirements of a business that applies for
5 a credit under this chapter.

6 (2) "Business" means an applicant that is a corporation, state bank, federal savings bank,
7 trust company, national banking association, bank holding company, loan and investment
8 company, mutual savings bank, credit union, building and loan association, insurance company,
9 investment company, broker-dealer company or surety company, limited liability company,
10 partnership or sole proprietorship.

11 (3) "Commerce corporation" means the Rhode Island commerce corporation established
12 pursuant to chapter 64 of title 42.

13 (4) "Commitment period" means the period of time that at a minimum is twenty percent
14 (20%) greater than the eligibility period.

15 (5) "Eligibility period" means the period in which a business may claim a tax credit under
16 the program, beginning at the end of the tax period in which the commerce corporation issues a
17 certification for the business that it has met the employment requirements of the program and
18 extending thereafter for a term of not more than ten (10) years.

19 (6) "Eligible position" or "full-time job" means a full-time position in a business which
20 has been filled with a full-time employee who earns no less than the median hourly wage as
21 reported by the United States Bureau of Labor Statistics for the state of Rhode Island, provided,
22 that for economically fragile industries such as manufacturing, the commerce corporation may
23 reduce the wage threshold. An economically fragile industry shall not include retail.

24 (7) "Full-time employee" means a person who is employed by a business for
25 consideration for at least thirty-five (35) hours a week, or who is employed by a professional
26 employer organization pursuant to an employee leasing agreement between the business and the
27 professional employer organization for at least thirty-five (35) hours a week, and whose wages
28 are subject to withholding.

29 (8) "Hope community" means municipalities with a percentage of families below the
30 poverty level that is greater than the percentage of families below the poverty level for the state as
31 a whole as determined by the United States Census Bureau's most recent American Community
32 Survey.

33 (9) "Incentive agreement" means the contract between the business and the commerce
34 corporation, which sets forth the terms and conditions under which the business shall be eligible

1 to receive the incentives authorized pursuant to the program.

2 (10) "Incentive effective date" means the date the commerce corporation issues a
3 certification for issuance of tax credit based on documentation submitted by a business pursuant
4 to § 44-48.3-7.

5 (11) "New full-time job" means an eligible position created by the business that did not
6 previously exist in this state and which is created after approval of an application to the
7 commerce corporation under the program. Such job position cannot be the result of an acquisition
8 of an existing company located in Rhode Island by purchase, merger, or otherwise. For the
9 purposes of determining the number of new full-time jobs, the eligible positions of an affiliate
10 shall be considered eligible positions of the business so long as such eligible position(s) otherwise
11 meets the requirements of this section.

12 (12) "Partnership" means an entity classified as a partnership for federal income tax
13 purposes.

14 (13) "Program" means the incentive program established pursuant to this chapter.

15 (14) "Targeted industry" means any industry identified in the economic development
16 vision and policy promulgated under § 42-64.17-1 or, until such time as any economic
17 development vision and policy is promulgated, as identified by the commerce corporation.

18 (15) "Taxpayer" means a business granted a tax credit under this chapter or such person
19 entitled to the tax credit because the business is a pass through entity such as a partnership, S
20 corporation, sole proprietorship or limited liability company taxed as a partnership.

21 (16) "Transit oriented development area" means an area in proximity to mass-transit
22 infrastructure including, but not limited to, an airport, rail or intermodal facility that will be
23 further defined by regulation of the commerce corporation in consultation with the Rhode Island
24 department of transportation.

25 **44-48.3-4. Rhode Island qualified jobs incentive program. --** (a) The Rhode Island
26 qualified jobs incentive program is hereby established as a program under the jurisdiction of and
27 shall be administered by the commerce corporation. The program may provide tax credits to
28 eligible businesses for an eligibility period not to exceed ten (10) years.

29 (b) An eligible business under the program shall be entitled to a credit against taxes
30 imposed pursuant to chapters 11, 13, 14, 17 or 30 of title 44 as further provided under this
31 chapter.

32 (c) The minimum number of new full-time jobs required to be eligible for a tax credit
33 under this program shall be as follows:

34 (1) For a business in a targeted industry that employs not more than one hundred (100)

1 full-time employees on the date of application to the commerce corporation, the creation of at
2 least ten (10) new full-time jobs in this state;

3 (2) For a business in a targeted industry that employs more than one hundred (100) full-
4 time employees on the date of application to the commerce corporation, either the creation of new
5 full-time jobs in this state in an amount not less than ten percent (10%) of the business's existing
6 number of full-time employees or the creation of at least one hundred (100) new full-time jobs in
7 this state;

8 (3) For a business in a non-targeted industry that employs not more than two hundred
9 (200) full-time employees on the date of application to the commerce corporation, the creation of
10 at least twenty (20) new full-time jobs in this state; or

11 (4) For a business in a non-targeted industry that employs more than two hundred (200)
12 full-time employees on the date of application to the commerce corporation, either the creation of
13 new full-time jobs in this state in an amount not less than ten percent (10%) of the business's
14 existing number of full-time employees or the creation of at least one hundred (100) new full-
15 time jobs in this state.

16 (d) When a business applies for an incentive under this chapter, in order to assist the
17 commerce corporation in determining whether the business is eligible for the incentives under
18 this chapter, the business's chief executive officer, or equivalent officer, shall attest under oath:

19 (1) That any projected creation of new full-time jobs would not occur, or would not occur
20 in the state of Rhode Island, but for the provision of tax credits under the program;

21 (2) The business will create new full-time jobs in an amount equal to or greater than the
22 applicable number set forth in subsection (c) of this section;

23 (3) That the business's chief executive officer, or equivalent officer, has reviewed the
24 information submitted to the commerce corporation and that the representations contained therein
25 are accurate and complete.

26 (e)The commerce corporation shall establish, by regulation, the documentation an
27 applicant shall be required to provide under this subsection. Such documentation may include
28 documentation showing that the applicant could reasonably locate the new positions outside of
29 this state, or that the applicant is considering locating the positions outside of this state, or that it
30 would not be financially feasible for the applicant to create the positions without the tax credits
31 provided in this chapter.

32 (f) In the event that this attestation by the business's chief executive officer, or equivalent
33 officer, required under subsection (d) of this section is found to be willfully false, the commerce
34 corporation may revoke any award of tax credits in their entirety, which revocation shall be in

1 addition to any other criminal or civil penalties that the business and/or the officer may be subject
2 to under applicable law. Additionally, the commerce corporation may revoke any award of tax
3 credits in its entirety if the eligible business is convicted of bribery, fraud, theft, embezzlement,
4 misappropriation, and/or extortion involving the state, any state agency or political subdivision of
5 the state.

6 **44-48.3-5. Incentive agreement required prior to issuance of tax credits. -- (a) The**
7 commerce corporation shall require an eligible business to enter into an incentive agreement prior
8 to the issuance of tax credits. The incentive agreement shall include, but shall not be limited to,
9 the following:

10 (1) A detailed description of the proposed job creation including industry sectors and the
11 number of new full-time jobs that are sought to be approved for tax credits;

12 (2) The eligibility period of the tax credits, including the first year for which the tax
13 credits may be claimed;

14 (3) A requirement that the applicant maintain the project at a location in Rhode Island for
15 the commitment period, with at least the minimum number of full-time employees as required by
16 this program;

17 (4) A method for the business to annually certify that it has met the employment
18 requirements of the program for each year of the commitment period;

19 (5) A provision permitting an audit of the payroll records of the business from time to
20 time, as the commerce corporation deems necessary;

21 (6) A provision establishing the conditions under which the agreement may be
22 terminated;

23 (7) A provision that if, in any tax period, the business reduces the total number of full-
24 time employees in its statewide workforce in the last tax period prior to the credit amount
25 approval under this program by more than twenty percent (20%) of jobs for which a credit was
26 granted under this chapter as described in the business's incentive agreement(s), then the business
27 shall forfeit all credit amounts described in the business's incentive agreement(s) for that tax
28 period and each subsequent tax period, until the first tax period for which documentation
29 demonstrating the restoration of the business's statewide workforce to the threshold levels
30 required by the incentive agreement(s) has been reviewed and approved by the commerce
31 corporation, for which tax period and each subsequent tax period the full amount of the credit
32 shall be allowed; and

33 (8) A provision that during the commitment period, if the business ceases operations in
34 the state or transfers more than fifty percent (50%) of the jobs for which a credit was granted

1 under this chapter to another state, the tax credit shall cease pursuant to this section and the
2 business shall be liable to the state for, at a minimum, twenty percent (20%) of all tax benefits
3 granted to the business under this chapter calculated from the date of the incentive agreement.

4 **44-48.3-6. Total amount of tax credit for eligible business. --** (a) The base amount of
5 the tax credit for an eligible business for each new full-time job shall be up to two thousand five
6 hundred dollars (\$2,500) annually.

7 (b) The total tax credit amount shall be calculated and credited to the business annually
8 for each year of the eligibility period after the commerce corporation, in consultation with the
9 division of taxation, has verified that the jobs covered by the tax credit have generated sufficient
10 personal income taxes to comply with subsection (e) of this section.

11 (c) In addition to the base amount of the tax credit, the amount of the tax credit to be
12 awarded for each new full-time job may be increased, pursuant to the provisions of subsection (d)
13 of this section, if the business meets any of the following criteria or such other additional criteria
14 determined by the commerce corporation from time to time in response to evolving economic or
15 market conditions:

16 (1) For a business located within a hope community;

17 (2) For a targeted industry;

18 (3) For a business located within a transit oriented development area; and

19 (4) For an out-of-state business that relocates a business unit or units or creates a
20 significant number of new full-time jobs during the commitment period.

21 (d) For any application made to the commerce corporation from 2015 through 2018, the
22 tax credit for an eligible business for each new full-time job shall not exceed seven thousand five
23 hundred dollars (\$7,500) annually.

24 (e) Notwithstanding the provisions of subsections (a) through (d) of this section, for each
25 application approved by the commerce corporation, the amount of tax credits available to be
26 obtained by the business annually shall not exceed the reasonable W-2 withholding received by
27 the state for each new full-time job created by a business for applications received by the
28 commerce corporation in 2015 through 2018.

29 (f) The commerce corporation shall establish regulations regarding the conditions under
30 which a business may submit more than one application for tax credits over time. The commerce
31 corporation may place limits on repeat applications.

32 **44-48.3-7. Documentation. --** (a) A business shall submit documentation indicating that
33 it has met the employment requirements specified in the incentive agreement for certification of
34 its tax credit amount within three (3) years following the date of approval of its application by the

1 commerce corporation. The commerce corporation, after a finding of good cause, may grant two
2 (2) six (6) month extensions of this deadline. In no event shall the incentive effective date occur
3 later than four (4) years following the date of approval of an application by the commerce
4 corporation.

5 (b) Full-time employment for an accounting or privilege period shall be determined as the
6 average of the monthly full-time employment for the period.

7 (c) In conducting its annual review of a business, the commerce corporation may require
8 a business to submit any information determined by the commerce corporation to be necessary
9 and relevant to its review.

10 (d) The credit amount for any tax period for which the documentation of a business's
11 credit amount remains uncertified as of a date one year after the closing date of that period shall
12 be forfeited, although credit amounts for the remainder of the years of the eligibility period shall
13 remain available to the business.

14 **44-48.3-8. Carry forward, transfer or redemption of tax credits, redemption fund. --**

15 (a) If the amount of the tax credit allowed under this chapter exceeds the taxpayer's total tax
16 liability for the year in which the credit is allowed, the amount of such credit that exceeds the
17 taxpayer's tax liability may be carried forward and applied against the taxes imposed for the
18 succeeding four (4) years, or until the full credit is used, whichever occurs first. Credits allowed
19 to a partnership, a limited liability company taxed as a partnership, or multiple owners of property
20 shall be passed through to the persons designated as partners, members or owners respectively
21 pro rata or pursuant to an executed agreement among such persons designated as partners,
22 members or owners documenting an alternate distribution method without regard to their sharing
23 of other tax or economic attributes of such entity.

24 (b) The commerce corporation shall establish, by regulation, the process for the
25 assignment, transfer or conveyance of tax credits.

26 (c) For purposes of this chapter, any assignment or sales proceeds received by the
27 taxpayer for its assignment or sale of the tax credits allowed pursuant to this section shall be
28 exempt from taxation under title 44. If a tax credit is subsequently revoked or adjusted, the
29 seller's tax calculation for the year of revocation or adjustment shall be increased by the total
30 amount of the sales proceeds, without proration, as a modification under chapter 30 of title 44 of
31 the general laws. In the event that the seller is not a natural person, the seller's tax calculation
32 under chapters 11, 13, 14, or 17 of title 44, as applicable, for the year of revocation, or
33 adjustment, shall be increased by including the total amount of the sales proceeds without
34 proration.

1 (d) The tax credit allowed under this chapter may be used as a credit against corporate
2 income taxes imposed under chapters 11, 13, 14, or 17 of title 44, or as determined by the
3 commerce corporation may be used as a credit against personal income taxes imposed under
4 chapter 30 of title 44. No more than the amount of tax credits equal to the total credit amount
5 divided by the duration of the eligibility period in years may be taken in any tax period.

6 (e) Prior to assignment or transfer of a tax credit granted under this chapter, the division
7 of taxation shall, at the request of the business, redeem such credit in whole or in part for ninety
8 percent (90%) of the value of the tax credit with monies in the jobs tax credit redemption fund
9 created under subsection (f) of this section. The division of taxation shall establish by regulation a
10 redemption process for tax credits.

11 (f) The division of taxation is hereby authorized and empowered to segregate taxes
12 collected as a result of the creation of new full-time jobs under this chapter and transfer such
13 amounts to the general treasurer for deposit in a restricted account known as the jobs tax credit
14 redemption fund. The jobs tax credit redemption fund shall be used solely to pay for the
15 redemption of tax credits granted under this chapter. The director of the department of revenue
16 shall annually determine if a surplus exists in the job tax credit redemption fund over amounts
17 necessary to redeem tax credits in a fiscal year and may authorize the general treasurer to transfer
18 any surplus to the general fund.

19 (g) The unexpended balance of such sum of money received and appropriated for the jobs
20 tax credit redemption fund remaining in the treasury at the close of each fiscal year, shall be
21 continued to and is hereby annually appropriated for the same account for the ensuing year.

22 (h) The commerce corporation shall have no obligation to make any award or grant any
23 benefits under this chapter.

24 **44-48.3-9. Administration. --** (a) The commerce corporation may adopt implementation
25 guidelines, directives, criteria, rules and regulations pursuant to chapter 35 of title 42
26 ("administrative procedures act") as are necessary to implement this chapter, including, but not
27 limited to: the enumeration of specific targeted industries; specific delineation of the incentive
28 areas; the promulgation of procedures and forms necessary to apply for a tax credit, including the
29 enumeration of the certification procedures and allocation of tax credits; and provisions for tax
30 credit applicants to be charged an initial application fee, and ongoing service fees, to cover the
31 administrative costs related to the tax credit.

32 (b) For businesses adding jobs on the basis of a future federal procurement, the
33 commerce corporation shall establish specific procedures.

34 (c) The division of taxation shall adopt rules as are necessary to implement this chapter.

1 **44-48.3-10. Limitations.** -- The incentives provided under this chapter shall not be
2 granted in combination with any other job specific benefit provided by the state, the commerce
3 corporation, or any other state agency, board, commission, quasi-public corporation or similar
4 entity without the express authorization of the commerce corporation.

5 **44-48.3-11. Program integrity.** -- Program integrity being of paramount importance, the
6 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
7 and conditions of the program established herein, including procedures to safeguard the
8 expenditure of public funds and to ensure that the funds further the objectives of the program. At
9 a minimum these procedures will include an audit, at least every three (3) years, of the process
10 the commerce corporation followed in the administration of the program.

11 **44-48.3-12. Discontinuance of further rate reductions and future beneficiaries under**
12 **the jobs development act.** -- (a) The rate reduction(s) provided pursuant to chapter 64.5 of title
13 42 of the general laws shall be discontinued effective July 1, 2015, except as provided in
14 subsection (b) of this section.

15 (b) Any company that has qualified for a rate reduction pursuant to chapter 64.5 of title
16 42 prior to July 1, 2015, shall be entitled to maintain the rate reduction in effect as of June 30,
17 2015, and no additional rate reduction shall be permitted. All obligations of the company required
18 under chapter 64.5 of title 42 to retain a rate reduction shall remain in full force and effect.

19 **44-48.3-13. Reporting requirements.** -- (a) By August 1st of each year, each applicant
20 approved for credits under this chapter shall report to the commerce corporation and the division
21 of taxation the following information:

- 22 (1) The number of total jobs created;
23 (2) The applicable north American industry classification survey annual system code of
24 each job created;
25 (3) The annual salary of each job created;
26 (4) The address of each new employee;

27 (b) By September 1, 2016 and each year thereafter, the commerce corporation shall report
28 the name, address, and amount of tax credit approved for each credit recipient during the previous
29 state fiscal year to the governor, the speaker of the house of representatives, the president of the
30 senate, the chairpersons of the house and senate finance committees, the house and senate fiscal
31 advisors, and the department of revenue.

32 (c) By October 1, 2016 and each year thereafter, the commerce corporation shall report
33 for the year (i) the total number of businesses awarded credits in the previous fiscal year and (ii)
34 the name and address of each credit recipient . This report shall be available to the public for

1 inspection by any person and shall be published by the chief executive of the commerce
2 corporation on the commerce corporation and executive office of commerce websites.

3 (d) By October 1st of each year the division of taxation shall report the name, address,
4 and amount of tax credit received for each credit recipient during the previous state fiscal year to
5 the governor, the chairpersons of the house and senate finance committees, the house and senate
6 fiscal advisors, and the department of labor and training.

7 (e) By November 1st of each year the division of taxation shall report in the aggregate the
8 information required under subsection 44-48.3-13(a). This report shall be available to the public
9 for inspection by any person and shall be published by the tax administrator on the tax division
10 website.

11 **44-48.3-14. Sunset.** -- No credits shall be authorized to be reserved pursuant to this
12 chapter after December 31, 2018.

13 SECTION 16. Title 42 of the General Laws entitled "STATE AFFAIRS AND
14 GOVERNMENT" is hereby amended by adding thereto the following chapter:

15 CHAPTER 64.31

16 HIGH SCHOOL, COLLEGE, AND EMPLOYER PARTNERSHIPS

17 **42-64.31-1. High school, college, and employer partnership.** -- The commerce
18 corporation shall be authorized to grant funds to support partnerships among individual high
19 schools, the community college of Rhode Island, other institutions of higher education, and
20 employers to offer courses towards a high school diploma and associate's degree, as well as
21 internships and mentorships that help lead to employment after graduation. Such funds may be
22 used for purposes including, but not limited to, establishing partnerships, hiring coordinators,
23 compensating partnership instructors and administrators, purchasing books and other educational
24 supplies, underwriting coursework, and covering additional instructional, coordination, and
25 related expenses.

26 **42-64.31-2. Program integrity.** -- Program integrity being of paramount importance, the
27 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
28 and conditions of the program established herein, including procedures to safeguard the
29 expenditure of public funds and to ensure that the funds further the objectives of the program.

30 **42-64.31-3. Reporting requirements.** -- The commerce corporation shall submit a report
31 annually, no later than sixty (60) days after the end of the fiscal year to the speaker of the house
32 and the president of the senate detailing the total amount of grants awarded and matching funds
33 awarded and such other information as the commerce corporation deems necessary.

34 **42-64.31-4. Sunset.** -- No grants shall be authorized pursuant to this chapter after

1 [December 31, 2018.](#)

2 SECTION 17. This article shall take effect upon passage.

3