

ARTICLE 2

RELATING TO ECONOMIC DEVELOPMENT AND TAX CREDITS

SECTION 1. Sections 42-64.28-2, 42-64.28-3, 42-64.28-4, and 42-64.28-5 of the General Laws in Chapter 42-64.28 entitled "Innovation Initiative" are hereby amended to read as follows:

42-64.28-2 Definitions.

As used in this chapter:

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

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

(3) "Manufacturer" shall mean any entity that:

(i) Uses any premises within the state primarily for the purpose of transforming raw materials into a finished product for trade through any or all of the following operations: adapting, altering, finishing, making, processing, refining, metalworking, and ornamenting, but shall not include fabricating processes incidental to warehousing or distribution of raw materials, such as alteration of stock for the convenience of a customer; or

(ii) Is described in codes 31-33 of the North American Industry Classification system, as revised from time to time.

(4) "Small business manufacturer" shall mean a business that meets the definitions of terms small business and manufacturer as defined herein.

~~(3)~~ (5) "Match" shall mean a funding match, or in kind services provided by a third party.

~~(4)~~ (6) "Targeted industry" means any advanced, promising or otherwise prioritized industry identified in the economic development vision and policy promulgated pursuant to 42-64.17-1 or, until such time as any such economic development vision and policy is promulgated, as identified by the commerce corporation.

42-64.28-3 Programs Established.

(a) The Rhode Island commerce corporation shall establish a voucher program and an innovation network program as provided under this chapter. The programs are subject to available appropriations and such other funding as may be dedicated to the programs.

(b) There is established an account in the name of the "innovation initiative fund" (the

1 "fund") under the control of the commerce corporation to fund the programs.

2 (1) The fund shall consist of:

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

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

6 (iii) Application or other fees paid to the fund to process applications for awards under this
7 chapter; and

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

9 (c) *Voucher program.* The commerce corporation is authorized, to develop and implement
10 an innovation voucher program to provide financing to small businesses to purchase research and
11 development support or other forms of technical assistance and services from Rhode Island
12 institutions of higher education and other providers and to fund research and development by and
13 for small business manufacturers.

14 (d) *Innovation network program.* The commerce corporation is authorized to provide
15 innovation grants to organizations, including non-profit organizations, for-profit organizations,
16 universities, and co-working space operators that offer technical assistance, space on flexible terms,
17 and access to capital to businesses in advanced or targeted industries. The commerce corporation
18 shall only issue grants under this subsection when those grants are matched by private sector or
19 non-profit partners. The commerce corporation shall establish guidelines for appropriate matching
20 criteria under this section, including necessary matching ratios.

21 **42-64.28-4 Eligible uses.**

22 (a) Vouchers available under this chapter shall be used for the benefit of small businesses
23 to access technical assistance and other services including, but not limited to, research,
24 technological development, product development, commercialization, market development,
25 technology exploration, and improved business practices that implement strategies to grow
26 business and create operational efficiencies.

27 (b) Vouchers available under this chapter shall be used to provide funding to finance
28 internal research and development by and for small business manufacturers, including, but not
29 limited to, research, technological development, product development, commercialization, market
30 development, technology exploration, and improved business practices that implement strategies
31 to grow business and create operational efficiencies. Subject to appropriation, the commerce
32 corporation shall reserve an amount not to exceed fifty percent (50%) of the voucher program's
33 annual appropriation to be made available in fiscal year 2018 for vouchers awarded to small
34 business manufacturers under this subsection.

1 ⊕ (c) Matching fund awards shall be used for the benefit of small businesses in industries
2 designated from time-to-time by the corporation, including without limitation, life science and
3 healthcare; food and agriculture; clean technology and energy efficiency; and cyber security to pay
4 for and access technological assistance, to procure space on flexible terms, and to access capital
5 from organizations, including non-profit organizations, for-profit organizations, universities, and
6 co-working space businesses.

7 **42-64.28-5 Qualification.**

8 (a) To qualify for a voucher or for a matching fund award under this chapter, a business
9 must make application to the commerce corporation, and upon selection, shall enter into an
10 agreement with the commerce corporation. The commerce corporation shall have no obligation to
11 issue any voucher, make any award or grant any benefits under this chapter.

12 **(b) In a given tax year, a business shall not receive a voucher or matching fund award**
13 **provided for under this chapter in conjunction with the tax credit provided for in §44-32-3 of the**
14 **general laws.**

15 SECTION 2. Section 44-33.6-11 of the General Laws in Chapter 44-33.6 entitled "Historic
16 Preservation Tax Credits 2013" is hereby amended to read as follows:

17 **44-33.6-11. Sunset.**

18 No credits shall be authorized to be reserved pursuant to this chapter on or after June 30,
19 ~~2017~~ 2019, or upon the exhaustion of the maximum aggregate credits, whichever comes first.

20 SECTION 3. Section 1 of this article shall take on July 1, 2017. Section 2 shall take effect
21 upon passage.