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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND COMMERCE CORPORATION

Introduced By: Representatives Kennedy, Azzinaro, Diaz, Ackerman, Casimiro, and Bennett

Date Introduced: March 01, 2023

Referred To: House Corporations

(Dept. of Revenue)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64-10 of the General Laws in Chapter 42-64 entitled "Rhode
2 Island Commerce Corporation" is hereby amended to read as follows:

3 **42-64-10. Findings of the corporation.**

4 (a) Except as specifically provided in this chapter, the Rhode Island commerce corporation
5 shall not be empowered to undertake the acquisition, construction, reconstruction, rehabilitation,
6 development, or improvement of a project, nor enter into a contract for any undertaking or for the
7 financing of this undertaking, unless it first:

8 (1) Finds:

9 (i) That the acquisition or construction and operation of the project will prevent, eliminate,
10 or reduce unemployment or underemployment in the state and will generally benefit economic
11 development of the state;

12 (ii) That adequate provision has been made or will be made for the payment of the cost of
13 the acquisition, construction, operation, and maintenance and upkeep of the project;

14 (iii) That, with respect to real property, the plans and specifications assure adequate light,
15 air, sanitation, and fire protection;

16 (iv) That the project is in conformity with the applicable provisions of chapter 23 of title
17 46; and

18 (v) That the project is in conformity with the applicable provisions of the state guide plan;

1 and

2 (2) Prepares and publicly releases an analysis of the impact the proposed project will or
3 may have on the State. The analysis shall be supported by appropriate data and documentation and
4 shall consider, but not be limited to, the following factors:

5 (i) The impact on the industry or industries in which the completed project will be involved;

6 (ii) State fiscal matters, including the state budget (revenues and expenses);

7 (iii) The financial exposure of the taxpayers of the state under the plans for the proposed
8 project and negative foreseeable contingencies that may arise therefrom;

9 (iv) The approximate number of full-time, part-time, temporary, seasonal, and/or
10 permanent jobs projected to be created, construction and non-construction;

11 (v) Identification of geographic sources of the staffing for identified jobs;

12 (vi) The projected duration of the identified construction jobs;

13 (vii) The approximate wage rates for each category of the identified jobs;

14 (viii) The types of fringe benefits to be provided with the identified jobs, including
15 healthcare insurance and any retirement benefits;

16 (ix) The projected fiscal impact on increased personal income taxes to the state of Rhode
17 Island; and

18 (x) The description of any plan or process intended to stimulate hiring from the host
19 community, training of employees or potential employees and outreach to minority job applicants
20 and minority businesses.

21 (b) With respect to the uses described in § 42-64-3(18), (23), (30), (35), and (36) and with
22 respect to projects situated on federal lands, the corporation shall not be required to make the
23 findings specified in subsection (a)(1)(i) of this section.

24 (c) Except for the findings specified in subsections (a)(1)(iv) and (a)(1)(v) of this section,
25 the findings of the corporation made pursuant to this section shall be binding and conclusive for all
26 purposes. Upon adoption by the corporation, any such findings shall be transmitted to the division
27 of taxation, and shall be made available to the public for inspection by any person, and shall be
28 published by the tax administrator on the tax division website.

29 (d) The corporation shall monitor every impact analysis it completes through the duration
30 of any project incentives. Such monitoring shall include annual reports which shall be transmitted
31 to the division of taxation, and shall be available to the public for inspection by any person, and
32 shall be published by the tax administrator on the tax division website. The annual reports on the
33 impact analysis shall include:

34 (1) Actual versus projected impact for all considered factors; and

1 (2) Verification of all commitments made in consideration of state incentives or aid.

2 (e) Upon its preparation and release of the analysis required by subsection (a)(2) of this
3 section, the corporation shall provide copies of that analysis to the chairpersons of the house and
4 senate finance committees, the house and senate fiscal advisors, the department of labor and
5 training and the division of taxation. Any such analysis shall be available to the public for
6 inspection by any person and shall be published by the tax administrator on the tax division website.
7 Annually thereafter, the department of labor and training shall certify to the chairpersons of the
8 house and senate finance committees, the house and senate fiscal advisors, the corporation and the
9 division of taxation that: (i) the actual number of new full-time jobs with benefits created by the
10 project, not including construction jobs, is on target to meet or exceed the estimated number of new
11 jobs identified in the analysis above, and (ii) the actual number of existing full-time jobs with
12 benefits has not declined. This certification shall no longer be required two (2) tax years after the
13 terms and conditions of both the general assembly's joint resolution of approval required by § 42-
14 64-20.1 of this chapter and any agreement between the corporation and the project lessee have been
15 satisfied. For purposes of this section, "full-time jobs with benefits" means jobs that require
16 working a minimum of thirty (30) hours per week within the state, with a median wage that exceeds
17 by five percent (5%) the median annual wage for full-time jobs in Rhode Island and within the
18 taxpayer's industry, with a benefit package that includes healthcare insurance plus other benefits
19 typical of companies within the project lessee's industry. The department of labor and training shall
20 also certify annually to the chairpersons of the house and senate finance committees, the house and
21 senate fiscal advisors, and the division of taxation that jobs created by the project are "new jobs"
22 in the state of Rhode Island, meaning that the employees of the project are in addition to, and
23 without a reduction in the number of, those employees of the project lessee currently employed in
24 Rhode Island, are not relocated from another facility of the project lessee in Rhode Island or are
25 employees assumed by the project lessee as the result of a merger or acquisition of a company
26 already located in Rhode Island. The certifications made by the department of labor and training
27 shall be available to the public for inspection by any person and shall be published by the tax
28 administrator on the tax division website.

29 (f) The corporation, with the assistance of the taxpayer, the department of labor and
30 training, the department of human services and the division of taxation shall provide annually an
31 analysis of whether any of the employees of the project lessee has received RIte Care or RIte Share
32 benefits and the impact such benefits or assistance may have on the state budget. Any such analysis
33 shall be available to the public for inspection by any person and shall be published by the tax
34 administrator on the tax division website. Notwithstanding any other provision of law or rule or

1 regulation, the division of taxation, the department of labor and training and the department of
2 human services are authorized to present, review and discuss lessee-specific tax or employment
3 information or data with the Rhode Island commerce corporation (RICC), the chairpersons of the
4 house and senate finance committees, and/or the house and senate fiscal advisors for the purpose
5 of verification and compliance with this tax credit reporting requirement.

6 (g) The corporation and the project lessee shall agree that, if at any time prior to pay back
7 of the amount of the sales tax exemption through new income tax collections over three (3) years,
8 not including construction job income taxes, the project lessee will be unable to continue the
9 project, or otherwise defaults on its obligations to the corporation, the project lessee shall be liable
10 to the state for all the sales tax benefits granted to the project plus interest, as determined in Rhode
11 Island General Law § 44-1-7, calculated from the date the project lessee received the sales tax
12 benefits.

13 (h) Any agreements or contracts entered into by the corporation and the project lessee shall
14 be sent to the division of taxation and be available to the public for inspection by any person and
15 shall be published by the tax administrator on the tax division website.

16 (i) By August 15th of each year the project lessee shall report the source and amount of
17 any bonds, grants, loans, loan guarantees, matching funds or tax credits received from any state
18 governmental entity, state agency or public agency as defined in § 37-2-7 received during the
19 previous state fiscal year. This annual report shall be sent to the division of taxation and be available
20 to the public for inspection by any person and shall be published by the tax administrator on the tax
21 division website.

22 ~~(j) By August 15th of each year the division of taxation shall report the name, address, and~~
23 ~~amount of sales tax benefit each project lessee received during the previous state fiscal year to the~~
24 ~~corporation, the chairpersons of the house and senate finance committees, the house and senate~~
25 ~~fiscal advisors, the department of labor and training and the division of taxation. This report shall~~
26 ~~be available to the public for inspection by any person and shall be published by the tax~~
27 ~~administrator on the tax division website.~~

28 ~~(k) On or before September 1, 2011, and every September 1 thereafter, the project lessee~~
29 ~~shall file an annual report with the tax administrator. Said report shall contain each full-time~~
30 ~~equivalent, part-time or seasonal employee's name, social security number, date of hire, and hourly~~
31 ~~wage as of the immediately preceding July 1 and such other information deemed necessary by the~~
32 ~~tax administrator. The report shall be filed on a form and in a manner prescribed by the tax~~
33 ~~administrator.~~

34 SECTION 2. Section 42-64.3-6.1 of the General Laws in Chapter 42-64.3 entitled

1 "Distressed Areas Economic Revitalization Act" is hereby amended to read as follows:

2 **42-64.3-6.1. Impact analysis and periodic reporting.**

3 (a) The council shall not certify any applicant as a qualified business under subsection 42-
4 64.3-3(4) of this chapter until it has first prepared and publicly released an analysis of the impact
5 the proposed investment will or may have on the state. The analysis shall be supported by
6 appropriate data and documentation and shall consider, but not be limited to, the following factors:

7 (i) The impact on the industry or industries in which the applicant will be involved;

8 (ii) State fiscal matters, including the state budget (revenues and expenses);

9 (iii) The financial exposure of the taxpayers of the state under the plans for the proposed
10 investment and negative foreseeable contingencies that may arise therefrom;

11 (iv) The approximate number of full-time, part-time, temporary, seasonal and/or permanent
12 jobs projected to be created, construction and non-construction;

13 (v) Identification of geographic sources of the staffing for identified jobs;

14 (vi) The projected duration of the identified construction jobs;

15 (vii) The approximate wage rates for each category of the identified jobs;

16 (viii) The types of fringe benefits to be provided with the identified jobs, including
17 healthcare insurance and any retirement benefits;

18 (ix) The projected fiscal impact on increased personal income taxes to the state of Rhode
19 Island; and

20 (x) The description of any plan or process intended to stimulate hiring from the host
21 community, training of employees or potential employees, and outreach to minority job applicants
22 and minority businesses.

23 (b) The council shall monitor every impact analysis it completes through the duration of
24 any approved tax credit. Such monitoring shall include annual reports made available to the public
25 on the:

26 (1) Actual versus projected impact for all considered factors; and

27 (2) Verification of all commitments made in consideration of state incentives or aid.

28 (c) Upon its preparation and release of the analysis required by subsection (b) of this
29 section, the council shall provide copies of that analysis to the chairpersons of the house and senate
30 finance committees, the house and senate fiscal advisors, the department of labor and training and
31 the division of taxation. Any such analysis shall be available to the public for inspection by any
32 person and shall be published by the tax administrator on the tax division website. Annually
33 thereafter, through and including the second tax year after any taxpayer has applied for and received
34 a tax credit pursuant to this chapter, the department of labor and training shall certify to the

1 chairpersons of the house and senate finance committees, the house and senate fiscal advisors, the
2 corporation and the division of taxation that: (i) the actual number of new full-time jobs with
3 benefits created by the tax credit, not including construction jobs, is on target to meet or exceed the
4 estimated number of new jobs identified in the analysis above; and (ii) the actual number of existing
5 full-time jobs with benefits has not declined. For purposes of this section, “full-time jobs with
6 benefits” means jobs that require working a minimum of thirty (30) hours per week within the state,
7 with a median wage that exceeds by five percent (5%) the median annual wage for full-time jobs
8 in Rhode Island and within the taxpayer’s industry, with a benefit package that includes healthcare
9 insurance plus other benefits typical of companies within the taxpayer’s industry. The department
10 of labor and training shall also certify annually to the house and senate fiscal committee chairs, the
11 house and senate fiscal advisors, and the division of taxation that jobs created by the tax credit are
12 “new jobs” in the state of Rhode Island, meaning that the employees of the project are in addition
13 to, and without a reduction of, those employees of the taxpayer currently employed in Rhode Island,
14 are not relocated from another facility of the taxpayer in Rhode Island or are employees assumed
15 by the taxpayer as the result of a merger or acquisition of a company already located in Rhode
16 Island. The certifications made by the department of labor and training shall be available to the
17 public for inspection by any person and shall be published by the tax administrator on the tax
18 division website.

19 (d) The council, with the assistance of the taxpayer, the department of labor and training,
20 the department of human services and the division of taxation shall provide annually an analysis of
21 whether any of the employees of the taxpayer has received RItE Care or RItE Share benefits and the
22 impact such benefits or assistance may have on the state budget. This analysis shall be available to
23 the public for inspection by any person and shall be published by the tax administrator on the tax
24 division website. Notwithstanding any other provision of law or rule or regulation, the division of
25 taxation, the department of labor and training and the department of human services are authorized
26 to present, review and discuss taxpayer-specific tax or employment information or data with the
27 council, the chairpersons of the house and senate finance committees, and/or the house and senate
28 fiscal advisors for the purpose of verification and compliance with this tax credit reporting
29 requirement.

30 (e) Any agreements or contracts entered into by the council and the taxpayer shall be sent
31 to the division of taxation and be available to the public for inspection by any person and shall be
32 published by the tax administrator on the tax division website.

33 (f) By August 15th of each year the taxpayer shall report the source and amount of any
34 bonds, grants, loans, loan guarantees, matching funds or tax credits received from any state

1 governmental entity, state agency or public agency as defined in § 37-2-7 received during the
2 previous state fiscal year. This annual report shall be sent to the division of taxation and be available
3 to the public for inspection by any person and shall be published by the tax administrator on the tax
4 division website.

5 ~~(g) By August 15th of each year the division of taxation shall report the name, address, and~~
6 ~~amount of tax credit received for each taxpayer during the previous state fiscal year to the council,~~
7 ~~the chairpersons of the house and senate finance committees, the house and senate fiscal advisors,~~
8 ~~the department of labor and training and the division of taxation. This report shall be available to~~
9 ~~the public for inspection by any person and shall be published by the tax administrator on the tax~~
10 ~~division website.~~

11 ~~(h) On or before September 1, 2011, and every September 1 thereafter, the project lessee~~
12 ~~shall file an annual report with the tax administrator. Said report shall contain each full-time~~
13 ~~equivalent, part-time or seasonal employee's name, social security number, date of hire, and hourly~~
14 ~~wage as of the immediately preceding July 1 and such other information deemed necessary by the~~
15 ~~tax administrator. The report shall be filed on a form and in a manner prescribed by the tax~~
16 ~~administrator.~~

17 SECTION 3. Section 42-64.20-9 of the General Laws in Chapter 42-64.20 entitled
18 "Rebuild Rhode Island Tax Credit" is hereby amended to read as follows:

19 **42-64.20-9. Reporting requirements.**

20 (a) By August 1st of each year, each applicant receiving credits under this chapter shall
21 report to the commerce corporation and the division of taxation the following information:

- 22 (1) The number of total full-time employees employed at the development;
- 23 (2) The total project cost;
- 24 (3) The total cost of materials or products purchased from Rhode Island businesses; and
- 25 (4) Such other reasonable information deemed necessary by the secretary of commerce.

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

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

6 (d) By October 1st of each year the division of taxation shall report the name, address, and
7 amount of tax credit received for each credit recipient during the previous state fiscal year ~~to the~~
8 ~~governor, the chairpersons of the house and senate finance committees, the house and senate fiscal~~
9 ~~advisors, and the department of labor and training.~~ [This report shall be available to the public for](#)
10 [inspection by any person and shall be published by the tax administrator on the tax division website.](#)

11 (e) By November 1st of each year the division of taxation shall report in the aggregate the
12 information required under subsection 42-64.20-9(a). This report shall be available to the public
13 for inspection by any person and shall be published by the tax administrator on the tax division
14 website.

15 SECTION 4. Section 42-64.21-8 of the General Laws in Chapter 42-64.21 entitled "Rhode
16 Island Tax Increment Financing" is hereby amended to read as follows:

17 **42-64.21-8. Reporting requirements.**

18 (a) By September 1, 2016, and each year thereafter, the commerce corporation shall report
19 the name, address, and incentive amount of each agreement entered into during the previous state
20 fiscal year to the division of taxation.

21 (b) By December 1, 2016, and each year thereafter, the ~~division of taxation~~ [commerce](#)
22 [corporation](#) shall provide the governor with the sum, if any, to be appropriated to fund the program.
23 The governor shall submit to the general assembly printed copies of a budget including the total of
24 the sums, if any, as part of the governor's budget required to be appropriated for the program
25 created under this chapter.

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

34 SECTION 5. Section 42-64.30-10 of the General Laws in Chapter 42-64.30 entitled

1 "Anchor Institution Tax Credit" is hereby amended to read as follows:

2 **42-64.30-10. Reports.**

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

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

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

21 SECTION 6. Section 44-34.1-2 of the General Laws in Chapter 44-34.1 entitled "Motor
22 Vehicle and Trailer Excise Tax Elimination Act of 1998" is hereby amended to read as follows:

23 **44-34.1-2. City, town and fire district reimbursement.**

24 (a) In fiscal years 2000 and thereafter, cities, towns, and fire districts shall receive
25 reimbursements, as set forth in this section, from state general revenues equal to the amount of lost
26 tax revenue due to the phase out or reduction of the excise tax. Cities, towns, and fire districts shall
27 receive advance reimbursements through state fiscal year 2002. In the event the tax is phased out,
28 cities, towns, and fire districts shall receive a permanent distribution of sales tax revenue pursuant
29 to § 44-18-18 in an amount equal to any lost revenue resulting from the excise tax elimination.
30 Lost revenues must be determined using a base tax rate fixed at fiscal year 1998 levels for each
31 city, town, and fire district, except that the town of Johnston's base tax rate must be fixed at a fiscal
32 year 1999 level. Provided, however, for fiscal year 2011 and thereafter, the base tax rate may be
33 less than but not more than the rates described in this subsection (a).

34 (b)(1) The director of administration shall determine the amount of general revenues to be

1 distributed to each city, town, and fire district for the fiscal years 1999 and thereafter so that every
2 city, town, and fire district is held harmless from tax loss resulting from this chapter, assuming that
3 tax rates are indexed to inflation through fiscal year 2003.

4 (2) The director of administration shall index the tax rates for inflation by applying the
5 annual change in the December Consumer Price Index — All Urban Consumers (CPI-U), published
6 by the Bureau of Labor Statistics of the United States Department of Labor, to the indexed tax rate
7 used for the prior fiscal year calculation; provided, that for state reimbursements in fiscal years
8 2004 and thereafter, the indexed tax rate shall not be subject to further CPI-U adjustments. The
9 director shall apply the following principles in determining reimbursements:

10 (i) Exemptions granted by cities, towns, and fire districts in the fiscal year 1998 must be
11 applied to assessed values prior to applying the exemptions in § 44-34.1-1(c)(1). Cities, towns, and
12 fire districts will not be reimbursed for these exemptions.

13 (ii) City, town, and fire districts shall be reimbursed by the state for revenue losses
14 attributable to the exemptions provided for in § 44-34.1-1 and the inflation indexing of tax rates
15 through fiscal 2003. Reimbursement for revenue losses shall be calculated based upon the
16 difference between the maximum taxable value less personal exemptions and the net assessed
17 value.

18 (iii) Inflation reimbursements shall be the difference between:

19 (A) The levy calculated at the tax rate used by each city, town, and fire district for fiscal
20 year 1998 after adjustments for personal exemptions but prior to adjustments for exemptions
21 contained in § 44-34.1-1(c)(1); provided, that for the town of Johnston, the tax rate used for fiscal
22 year 1999 must be used for the calculation; and

23 (B) The levy calculated by applying the appropriate cumulative inflation adjustment
24 through state fiscal 2003 to the tax rate used by each city, town, and fire district for fiscal year
25 1998; provided, that for the town of Johnston the tax rate used for fiscal year 1999 shall be used
26 for the calculation after adjustments for personal exemptions but prior to adjustments for
27 exemptions contained in § 44-34.1-1.

28 (3) For fiscal year 2018 and thereafter, each city, town, and fire district shall tax motor
29 vehicles and trailers pursuant to chapter 34 of title 44 using the same motor vehicle and trailer
30 excise tax calculation methodology that was employed for fiscal year 2017, where motor vehicle
31 and trailer excise tax calculation methodology refers to the application of specific tax practices and
32 the order of operations in the determination of the tax levied on any given motor vehicle and/or
33 trailer.

34 (4) Each city, town, and fire district shall report to the department of revenue, as part of the

1 submission of the certified tax levy pursuant to § 44-5-22, the motor vehicle and trailer excise tax
2 calculation methodology that was employed for fiscal year 2017. For fiscal year 2018 and
3 thereafter, the department of revenue is authorized to confirm that each city, town, or fire district
4 has used the same motor vehicle and trailer excise tax methodology as was used in fiscal year 2017
5 and the department of revenue shall have the final determination as to whether each city, town, or
6 fire district has in fact complied with this requirement. Should the department of revenue determine
7 that a city, town, or fire district has failed to cooperate or comply with the requirement in this
8 section, the city, town, or fire district's reimbursement for the items noted in subsections (c)(13)(i)
9 through (c)(13)(iv) of this section shall be withheld until such time as the department of revenue
10 deems the city, town, or fire district to be in compliance.

11 (5) For purposes of reimbursement for the items noted in subsections (c)(13)(i) through
12 (c)(13)(iv) of this section, the FY 2018 baseline from which the reimbursement amount shall be
13 calculated is defined as the motor vehicle and trailer excise tax levy that would be generated by
14 applying the fiscal year 2017 motor vehicle and trailer excise tax calculation methodology to the
15 assessed value of motor vehicles and trailers as of fiscal year 2018. The amount of reimbursement
16 that each city, town, or fire district receives shall be the difference between the FY 2018 baseline
17 and the certified motor vehicle and trailer excise tax levy as submitted by each city, town, and fire
18 district as confirmed by the department of revenue. The department of revenue shall determine the
19 reimbursement amount for each city, town, and fire district.

20 ~~(6) For fiscal year 2020 and thereafter, the department of revenue shall assess the feasibility~~
21 ~~of standardizing the motor vehicle and trailer excise tax calculation methodology across all cities,~~
22 ~~towns, and fire departments. Based on this assessment, the department of revenue may make~~
23 ~~recommendations for changes to the motor vehicle and trailer excise tax calculation methodology.~~

24 ~~Beginning on January 1, 2021, the director of the department of revenue shall file an annual~~
25 ~~report for the consideration of the general assembly with the president of the senate, speaker of the~~
26 ~~house, chairperson of the senate committee on finance and chairperson of the house committee on~~
27 ~~finance, containing recommendations and findings as to the feasibility of the motor vehicle excise~~
28 ~~tax phase-out in each year until the phase-out is complete.~~

29 (c)(1) Funds shall be distributed to the cities, towns, and fire districts as follows:

30 (i) On October 20, 1998, and each October 20 thereafter through October 20, 2001, twenty-
31 five percent (25%) of the amount calculated by the director of administration to be the difference
32 for the upcoming fiscal year.

33 (ii) On February 20, 1999, and each February 20 thereafter through February 20, 2002,
34 twenty-five percent (25%) of the amount calculated by the director of administration to be the

1 difference for the upcoming fiscal year.

2 (iii) On June 20, 1999, and each June 20 thereafter through June 20, 2002, fifty percent
3 (50%) of the amount calculated by the director of administration to be the difference for the
4 upcoming fiscal year.

5 (iv) On August 1, 2002, and each August 1 thereafter, twenty-five percent (25%) of the
6 amount calculated by the director of administration to be the difference for the current fiscal year.

7 (v) On November 1, 2002, and each November 1 thereafter, twenty-five percent (25%) of
8 the amount calculated by the director of administration to be the difference for the current fiscal
9 year.

10 (vi) On February 1, 2003, and each February 1 thereafter, twenty-five percent (25%) of the
11 amount calculated by the director of administration to be the difference for the current fiscal year.

12 (vii) On May 1, 2003, and each May 1 thereafter, except May 1, 2010, twenty-five percent
13 (25%) of the amount calculated by the director of administration to be the difference for the current
14 fiscal year.

15 (viii) On June 15, 2010, twenty-five percent (25%) of the amount calculated by the director
16 of administration to be the difference for the current fiscal year.

17 Provided, however, the February and May payments, and June payment in 2010, shall be
18 subject to submission of final certified and reconciled motor vehicle levy information.

19 (2) Each city, town, or fire district shall submit final certified and reconciled motor vehicle
20 levy information by August 30 of each year. Any adjustment to the estimated amounts paid in the
21 previous fiscal year shall be included or deducted from the payment due November 1.

22 (3) On any of the payment dates specified in paragraphs (1)(i) through (vii) of this
23 subsection, the director is authorized to deduct previously made over-payments or add
24 supplemental payments as may be required to bring the reimbursements into full compliance with
25 the requirements of this chapter.

26 (4) For the city of East Providence, the payment schedule is twenty-five percent (25%) on
27 February 20, 1999, and each February 20 thereafter through February 20, 2002, twenty-five percent
28 (25%) on June 20, 1999, and each June 20 thereafter through June 20, 2002, which includes final
29 reconciliation of the previous year's payment, and fifty percent (50%) on October 20, 1999, and
30 each October 20 thereafter through October 20, 2002. For local fiscal years 2003 and thereafter,
31 the payment schedule is twenty-five percent (25%) on each November 1, twenty-five percent (25%)
32 on each February 1, twenty-five percent (25%) on each May 1, which includes final reconciliation
33 of the previous year's payment, and twenty-five percent (25%) on each August 1; provided, the
34 May and August payments shall be subject to submission of final certified and reconciled motor

1 vehicle levy information.

2 (5) When the tax is phased out, funds distributed to the cities, towns, and fire districts for
3 the following fiscal year shall be calculated as the funds distributed in the fiscal year of the phase-
4 out. Twenty-five percent (25%) of the amounts calculated shall be distributed to the cities, towns,
5 and fire districts on August 1, in the fiscal year of the phase-out, twenty-five percent (25%) on the
6 following November 1, twenty-five percent (25%) on the following February 1, and twenty-five
7 percent (25%) on the following May 1. The funds shall be distributed to each city, town, and fire
8 district in the same proportion as distributed in the fiscal year of the phase-out.

9 (6) When the tax is phased out to August 1, of the following fiscal year the director of
10 revenue shall calculate to the nearest thousandth of one cent (\$0.00001) the number of cents of
11 sales tax received for the fiscal year ending June 30, of the year following the phase-out equal to
12 the amount of funds distributed to the cities, towns, and fire districts under this chapter during the
13 fiscal year following the phase-out and the percent of the total funds distributed in the fiscal year
14 following the phase-out received by each city, town, and fire district, calculated to the nearest one-
15 hundredth of one percent (0.01%). The director of the department of revenue shall transmit those
16 calculations to the governor, the speaker of the house, the president of the senate, the chairperson
17 of the house finance committee, the chairperson of the senate finance committee, the house fiscal
18 advisor, and the senate fiscal advisor. The number of cents, applied to the sales taxes received for
19 the prior fiscal year, shall be the basis for determining the amount of sales tax to be distributed to
20 the cities, towns, and fire districts under this chapter for the second fiscal year following the phase-
21 out and each year thereafter. The cities, towns, and fire districts shall receive that amount of sales
22 tax in the proportions calculated by the director of revenue as that received in the fiscal year
23 following the phase-out.

24 (7) When the tax is phased out, twenty-five percent (25%) of the funds shall be distributed
25 to the cities, towns, and fire districts on August 1 of the following fiscal year, and every August 1
26 thereafter; twenty-five percent (25%) shall be distributed on the following November 1, and every
27 November 1 thereafter; twenty-five percent (25%) shall be distributed on the following February
28 1, and every February 1 thereafter; and twenty-five percent (25%) shall be distributed on the
29 following May 1, and every May 1 thereafter.

30 (8) For the city of East Providence, in the event the tax is phased out, twenty-five percent
31 (25%) shall be distributed on November 1 of the following fiscal year, and every November 1
32 thereafter, twenty-five percent (25%) shall be distributed on the following February 1, and every
33 February 1 thereafter; twenty-five percent (25%) shall be distributed on the following May 1, and
34 every May 1 thereafter; and twenty-five percent (25%) of the funds shall be distributed on the

1 following August 1, and every August 1 thereafter.

2 (9) As provided for in § 44-34-6, the authority of fire districts to tax motor vehicles is
3 eliminated effective with the year 2000 tax roll and the state reimbursement for fire districts shall
4 be based on the provisions of § 44-34-6. All references to fire districts in this chapter do not apply
5 to the year 2001 tax roll and thereafter.

6 (10) For reimbursements payable in the year ending June 30, 2008, and thereafter, the
7 director of administration shall discount the calculated value of the exemption to ninety-eight
8 percent (98%) in order to establish a collection rate that is comparable to the collection rate
9 achieved by municipalities in the levy of the motor vehicle excise tax.

10 (11) For reimbursements payable in the year ending June 30, 2010, the director of
11 administration shall reimburse cities and towns eighty-eight percent (88%) of the reimbursements
12 payable pursuant to subsection (c)(10) above.

13 (12) For fiscal year 2011 through to June 30, 2017, the state shall reimburse cities and
14 towns, for the exemption pursuant to subsection (c)(10) above, ratably reduced to the appropriation.

15 (13) For fiscal year 2018 and thereafter, each city, town, and fire district shall receive a
16 reimbursement equal to the amount received in fiscal year 2017 plus an amount equal to the
17 reduction from the FY 2018 baseline, as defined in subsection (b)(5) of this section, resulting from
18 changes in:

19 (i) The assessment percentage set forth in § 44-34-11(c)(1)(iii);

20 (ii) The excise tax rate set forth in § 44-34.1-1(c)(5);

21 (iii) Exemptions set forth in § 44-34.1-1(c)(1); and

22 (iv) Exemptions for vehicles more than fifteen (15) years old as set forth in § 44-34-2.

23 (14) In the event any city, town, or fire district sent out or sends out tax bills for fiscal year
24 2018, which do not conform with the requirements of this act, the city, town, or fire district shall
25 ensure that the tax bills for fiscal year 2018 are adjusted or an abatement is issued to conform to
26 the requirements of this act.

27 SECTION 7. Section 44-48.2-5 of the General Laws in Chapter 44-48.2 entitled "Rhode
28 Island Economic Development Tax Incentives Evaluation Act of 2013" is hereby amended to read
29 as follows:

30 **44-48.2-5. Economic development tax incentive evaluations — Analysis.**

31 (a) The additional analysis as required by § 44-48.2-4 shall include, but not be limited to:

32 (1) A baseline assessment of the tax incentive, including, if applicable, the number of
33 aggregate jobs associated with the taxpayers receiving such tax incentive and the aggregate annual
34 revenue that such taxpayers generate for the state through the direct taxes applied to them and

1 through taxes applied to their employees;

2 (2) The statutory and programmatic goals and intent of the tax incentive, if said goals and
3 intentions are included in the incentive's enabling statute or legislation;

4 (3) The number of taxpayers granted the tax incentive during the previous twelve-month
5 (12) period;

6 (4) The value of the tax incentive granted, and ultimately claimed, listed by the North
7 American Industrial Classification System (NAICS) Code associated with the taxpayers receiving
8 such benefit, if such NAICS Code is available;

9 (5) An assessment and five-year (5) projection of the potential impact on the state's revenue
10 stream from carry forwards allowed under such tax incentive;

11 (6) An estimate of the economic impact of the tax incentive including, but not limited to:

12 (i) A cost-benefit comparison of the revenue foregone by allowing the tax incentive
13 compared to tax revenue generated by the taxpayer receiving the credit, including direct taxes
14 applied to them and taxes applied to their employees; [and](#)

15 (ii) An estimate of the number of jobs that were the direct result of the incentive; ~~and~~

16 ~~(iii) A statement by the chief executive officer of the commerce corporation as to whether,~~
17 ~~in his or her judgment, the statutory and programmatic goals of the tax benefit are being met, with~~
18 ~~obstacles to such goals identified, if possible;~~

19 (7) The estimated cost to the state to administer the tax incentive if such information is
20 available;

21 (8) An estimate of the extent to which benefits of the tax incentive remained in state or
22 flowed outside the state, if such information is available;

23 (9) In the case of economic development tax incentives where measuring the economic
24 impact is significantly limited due to data constraints, whether any changes in statute would
25 facilitate data collection in a way that would allow for better analysis;

26 (10) Whether the effectiveness of the tax incentive could be determined more definitively
27 if the general assembly were to clarify or modify the tax incentive's goals and intended purpose;

28 (11) A recommendation as to whether the tax incentive should be continued, modified, or
29 terminated; the basis for such recommendation; and the expected impact of such recommendation
30 on the state's economy;

31 (12) The methodology and assumptions used in carrying out the assessments, projections
32 and analyses required pursuant to subdivisions (1) through (8) of this section.

33 (b) All departments, offices, boards, and agencies of the state shall cooperate with the chief
34 of the office of revenue analysis and shall provide to the office of revenue analysis any records,

1 information (documentary and otherwise), data, and data analysis as may be necessary to complete
2 the report required pursuant to this section.

3 SECTION 8. Section 44-48.3-13 of the General Laws in Chapter 44-48.3 entitled "Rhode
4 Island New Qualified Jobs Incentive Act 2015" is hereby amended to read as follows:

5 **44-48.3-13. Reporting requirements.**

6 (a) By August 1st of each year, each applicant approved for credits under this chapter shall
7 report to the commerce corporation and the division of taxation the following information:

8 (1) The number of total jobs created;

9 (2) The applicable north American industry classification survey annual system code of
10 each job created;

11 (3) The annual salary of each job created;

12 (4) The address of each new employee;

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

18 (c) By October 1, 2016 and each year thereafter, the commerce corporation shall report for
19 the year (1) the total number of businesses awarded credits in the previous fiscal year and (2) the
20 name and address of each credit recipient. This report shall be available to the public for inspection
21 by any person and shall be published by the chief executive of the commerce corporation on the
22 commerce corporation and executive office of commerce websites.

23 (d) By October 1st of each year the division of taxation shall report the name, address, and
24 amount of tax credit received for each credit recipient during the previous state fiscal year ~~to the~~
25 ~~governor, the chairpersons of the house and senate finance committees, the house and senate fiscal~~
26 ~~advisors, and the department of labor and training.~~ [This report shall be available to the public for](#)
27 [inspection by any person and shall be published by the tax administrator on the tax division website.](#)

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

32 SECTION 9. Section 42-142-6 of the General Laws in Chapter 42-142 entitled
33 "Department of Revenue" is hereby repealed.

34 **42-142-6. Annual unified economic development report.**

1 (a) The director of the department of revenue shall, no later than January 15th of each state
2 fiscal year, compile and publish, in printed and electronic form, including on the internet, an annual
3 unified economic development report that shall provide the following comprehensive information
4 regarding the tax credits or other tax benefits conferred pursuant to §§ 42-64-10, 44-63-3, 42-64.5-
5 5, 42-64.3-1, and 44-31.2-6.1 during the preceding fiscal year:

6 (1) The name of each recipient of any such tax credit or other tax benefit; the dollar amount
7 of each such tax credit or other tax benefit; and summaries of the number of full-time and part-time
8 jobs created or retained; an overview of benefits offered, and the degree to which job creation and
9 retention, wage, and benefit goals and requirements of recipient and related corporations, if any,
10 have been met. The report shall include aggregate dollar amounts of each category of tax credit or
11 other tax benefit; to the extent possible, the amounts of tax credits and other tax benefits by
12 geographical area; the number of recipients within each category of tax credit or retained; overview
13 of benefits offered; and the degree to which job creation and retention, wage and benefit rate goals
14 and requirements have been met within each category of tax credit or other tax benefit;

15 (2) The cost to the state and the approving agency for each tax credit or other tax benefits
16 conferred pursuant to §§ 42-64-10, 44-63-3, 42-64.5-5, 42-64.3-1, and 44-31.2-6.1 during the
17 preceding fiscal year;

18 (3) To the extent possible, the amounts of tax credits and other tax benefits by geographical
19 area;

20 (4) The extent to which any employees of and recipients of any such tax credits or other
21 tax benefits has received RIte Care or RIte Share benefits or assistance; and

22 (5) To the extent the data exists, a cost-benefit analysis prepared by the office of revenue
23 analysis based upon the collected data under §§ 42-64-10, 44-63-3, 42-64.5-5, 42-64-3.1, and 44-
24 31.2-6.1, and required for the preparation of the unified economic development report. The cost-
25 benefit analysis may include, but shall not be limited to, the cost to the state for the revenue
26 reductions; cost to administer the credit; projected revenues gained from the credit; and other
27 metrics that can be measured along with a baseline assessment of the original intent of the
28 legislation. The office of revenue analysis shall also indicate the purpose of the credit to the extent
29 that it is provided in the enabling legislation, or note the absence of such information, and any
30 measureable goals established by the granting authority of the credit. Where possible, the analysis
31 shall cover a five-year (5) period projecting the cost and benefits over this period. The office of
32 revenue analysis may utilize outside services or sources for development of the methodology and
33 modeling techniques. The unified economic development report shall include the cost-benefit
34 analysis starting January 15, 2014. The office of revenue analysis shall work in conjunction with

1 ~~Rhode Island commerce corporation as established by chapter 64 of this title.~~

2 ~~(b) After the initial report, the division of taxation will perform reviews of each recipient~~
3 ~~of this tax credit or other tax benefits to ensure the accuracy of the employee data submitted. The~~
4 ~~division of taxation will include a summary of the reviews performed, along with any adjustments,~~
5 ~~modifications, and/or allowable recapture of tax credit amounts and data included on prior year~~
6 ~~reports.~~

7 SECTION 10. This act shall take effect upon passage.

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LC002073/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND COMMERCE
CORPORATION

- 1 This act would streamline tax incentive reporting by eliminating certain division of taxation
- 2 reporting requirements and using alternative methods of reporting such as the tax division website.
- 3 This act would take effect upon passage.

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LC002073/SUB A
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