



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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**Memorandum**

**To:** The Honorable Raymond E. Gallison, Jr.  
Chairman, House Finance Committee

The Honorable Daniel DaPonte  
Chairman, Senate Finance Committee

**From:** Thomas A. Mullaney *Thomas A. Mullaney*  
Executive Director/State Budget Officer

**Date:** April 15, 2015

**Subject:** Amendments to Article 29 of the FY 2016 Appropriations Act (15-H-5900)

The Governor requests that Article 29 entitled "Relating to Commerce Corporation and Economic Development" be replaced with the new, attached version. The amendment proposes an addition to Section 1. Changes from the original version submitted on March 12, 2015 are described below:

**Section 1** – The added language includes changes to § 42-64-13 and § 42-13 entitled "Rhode Island Commerce Corporation." It changes the structure of the Rhode Island Commerce Corporation board by replacing the Governor as chair of the board with the Secretary of Commerce and maintains the executive director position. The amendment will also replace the executive director on all boards and commissions to which they are appointed with the Secretary of Commerce, but permit the Secretary to send a designee.

Under 42-64-13, this amendment inserts the word "other" before projects at the end of paragraph (a)(1): large cities may elect to have the state building commissioner and/or fire marshal assume responsibility for projects that are not supported by state funds, in addition to projects that are so supported.

**Section 2** – Under 42-64.19-13, this amendment lists the statutory references to each of the specific tax credits which the tax credit reporting will apply:

- Manufacturing Investment Tax credit (RIGL 44-31-1)
- High Performance Manufacturing Investment Tax Credit (RIGL 44-31-1)
- High Performance Investment Tax Credit (RIGL 44-31-1)
- Research & Development Property Credit (RIGL 44-32-2)
- Research & Development Expenses Credit (RIGL 44-32-3)

**Section 3** – Under 42-64.20-3 (7), this amendment inserts "most recent estimate reported by the U.S. Department of Commerce, Bureau of the Census, of the" before median income to clarify the year's data on which the Hope Community classification will be determined. It removes the list of communities that "upon passage" will qualify as Hope Communities—they are redundant with the new language.

This amendment also includes the following changes:

- Adds a new definition for "adaptive reuse" as the rehabilitation of an existing structure for modern use.
- Delete "based upon an analysis" in paragraph 42-64.2-5 (b)(2) in the Tax Credits section because it does not add meaning and is somewhat confusing.
- Add "after construction" after "25 full-time to employees" in paragraph 42-64.2-5 (b)(4)(ii) in the Tax Credits section so that the minimum job requirement for commercial projects cannot be construed to mean construction jobs, but rather post-construction jobs in the structure.
- Remove the word "demonstrable" before financing gap in paragraph 42-64.20-5 (c) in the Tax Credits section because it is redundant.
- Replace the word "issues" with "is issued" in paragraph 42-64.20-5 (d) in the Tax Credits section regarding certificates of occupancy.
- Add the word "annual" before increments in paragraph 42-64.20-5 (e) in the Tax Credits section to clarify that the credit awards are spread out over five years.
- Add "of project cost" after twenty percent in paragraph 42-64.20-5 (m) in the Tax Credits section because the current language is unclear.
- Under 42-64.20-5 (e)(6), remove "qualified" before business facilities because it is somewhat confusing and redundant.
- Add under 42-64.20-6 (b), a new item (2) that the rules to be promulgated by the Rhode Island Commerce Corporation under Implementation Guidelines establish procedures for the reduction of tax credit awards in the event that a commercial development fails to meet the minimum threshold for jobs contained after construction as referred to in section 42-64.20-5(b)(4)(ii).
- Replace the reference in section 42-64.20-6 (b)(3) to "high-quality jobs" with "jobs that pay at least the most recent state median wage as defined by the Department of Labor and Training". "High-quality jobs" is an unclear term.
- Add under 42-64.20-3, a new item (23) that includes the definition of "developer" to "any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter".

**Section 4** – Add "Rhode Island" to the Chapter 64.21 title and add "As used in this chapter:" to 42-41.21-3. Other changes to this section include:

- Under 42-64.21-3 (3), change the definition of "developer" to "any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter".
- Under 42-64.21-3 (9), delete "including, but not limited to, developer contributed capital" and add to section (ii) "the amount by which Rhode Island is required to invest in a project to gain a competitive advantage over an alternative location in another state" and delete the remainder of the section "total project cost exceeds the cost of an alternative out of state location for a redevelopment project."

- Under section 42-64.21-6 (d), removed “as defined above” after utilities because it refers to an unnecessary definition which has since been deleted.

**Section 5**

Under 42-64.22-2, change the definition of “developer“ to any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter” and delete the language after “develops or proposes to develop...”.

**Section 6**

Under 42-64.23-3, change the definition of “developer” to any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter” and delete the language after “firm, or business that develops...”.

**Section 7**

Under 42-64.24-3, change the definition of “developer“ to any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter” and delete the language after “firm, or business that develops...”.

Under 42-64.24-3 (1), remove “including return on investment” and replace “funded” with “financed”. Also, remove “including, but not limited to, developer contributed capital”. Add “I-195” before “commission”. Finally, add the following language after “the amount by which” “Rhode Island is required to invest in a project to gain a competitive advantage over an alternative location in another state” and delete the language “total project cost exceeds the cost of an alternative location for an out of state development project”.

A copy of the replacement article is attached, with the changes from the original version indicated with gray shading. If you have any questions regarding this amendment, please feel free to call me or my staff at 222-6300.

TAM: 15-Amend-10

Attachments

cc: Sharon Reynolds Ferland, House Fiscal Advisor  
Stephen Whitney, Senate Fiscal Advisor  
Michael DiBiase, Director of Administration  
Jonathan Womer, Director, Office of Management and Budget  
Kevin Gallagher, Office of the Governor  
Gregory Stack, Supervising Budget Analyst  
Rob Eaton, Budget Analyst

## ARTICLE 29

### RELATING TO COMMERCE CORPORATION AND ECONOMIC DEVELOPMENT

SECTION 1. Sections 42-64-5, 42-64-8 and 42-64-13 of the General Laws in Chapter 42-64 entitled "Rhode Island Commerce Corporation" are hereby amended to read as follows:

**§ 42-64-5 Purposes.** – The Rhode Island commerce corporation is authorized, created, and established to be an agency under the jurisdiction of the state's lead agency for economic development, the executive office of commerce, and to be the operating agency of the state to carry out the policies and procedure as established by the secretary, governor and the board of directors for the following purposes:

(1) To promote and encourage the preservation, expansion, and sound development of new and existing industry, business, commerce, agriculture, tourism, and recreational facilities in the state, which will promote the economic development of the state and the general welfare of its citizens; and

(2) With respect to real property other than federal land or land related to federal land, to undertake any project, except a residential facility; and

(3) With respect to federal land or land related to federal land, to undertake any project, except as those responsibilities are assigned to the Quonset Development Corporation; and

(4) To create an organization that is responsive to the needs and interests of businesses of all sizes within the state of Rhode Island and to be structured to be customer centric to enhance commerce in the state utilizing all available resources.

**§ 42-64-8 Directors, officers, and employees.** – (a) The powers of the Rhode Island commerce corporation shall be vested in a board of directors consisting of thirteen (13) members.

(1) The governor secretary of commerce shall serve as a member of the board and as chairperson, ex-officio, who shall vote only in the event of a tie.

(2) In addition to the governor secretary of commerce, the membership of the board shall consist of twelve (12) public members to be appointed by the governor.

(3) Each gubernatorial appointee shall be subject to the advice and consent of the senate and no one shall be eligible for appointment unless he or she is a resident of this state. The membership of the board shall reflect the geographic diversity of the state. Four

(4) of the public members shall be owners or principals of small businesses doing business in this state which are independently owned and operated and which employs one hundred (100) or fewer persons. One other of the public members shall be a representative of organized labor. One other of the public members shall be a representative of higher education. One other of the public members shall be a representative from the governor's work force board. One other of the public members shall be a representative of a minority business. One other of the public members shall be appointed on an interim basis by the governor when a project plan of the corporation situated on federal land is disapproved by the governing body of a municipality in accordance with § 42-64-13(a)(4). The member shall be the mayor of the municipality within whose borders all or a majority of the project plan is to be carried out, or in a municipality, which has no mayor, the member shall be the president of the town or city council. The appointed interim member shall have all the powers of other members of the board only in its deliberations and action on the disapproval of the project plan situated on federal land and within the borders of his or her municipality. Upon final action by the board pursuant to § 42-64-13(a)(5), the interim member's term of appointment shall automatically terminate.

(4) It shall be the responsibility of the corporation to conduct a training course for newly appointed and qualified members and new designees of ex-officio members within six (6) months of their qualification or designation. The course shall be developed by the

executive director of the corporation or his or her designee, be approved by the board, and conducted by the executive director or his or her designee. The board may approve the use of any board or staff members or other individuals to assist with training. The training course shall include instruction in the following areas: the provisions of the entirety of chapter 64 of this title and of chapters 46 of this title, 14 of title 36, and 2 of title 38 of the Rhode Island general laws; and the board's rules and regulations. The director of the department of administration shall, within ninety (90) days of July 15, 2005, prepare and disseminate materials relating to the provisions of chapters 46 of this title, 14 of title 36, and 2 of title 38.

(5) Members of the board shall be removable by the governor, pursuant to the provisions of § 36-1-7 and for cause only, and removal solely for partisan or personal reasons unrelated to capacity or fitness for the office shall be unlawful.

(6) The terms for the members of the board of directors were established by the appointment of twelve (12) directors in 2010 with the directors' initial terms expiring as follows: three (3) members shall have terms expiring on February 1, 2011; three (3) members shall have terms expiring on February 1, 2012; three (3) members shall have terms expiring on February 1, 2013; and three (3) members shall have terms expiring on February 1, 2014. Beginning in 2011 and annually thereafter, during the month of January, the governor shall appoint a member or members to succeed the member or members whose terms will then next expire to serve for a term of four (4) years commencing on the first day of February and then next following, and thereafter until the successors are appointed and qualified. Beginning in 2011 and annually thereafter the governor shall appoint owners or principals of small businesses doing business in this state that are independently owned and operated, and that employ one hundred (100) or fewer persons. The members of the board shall be eligible to succeed themselves, but only upon reappointment and with senate advice and consent.

(7) In the event of a vacancy occurring in the office of a member by death, resignation or otherwise, that vacancy shall be filled in the same manner as an original appointment, but only for the remainder of the term of the former member.

(b) The directors shall receive no compensation for the performance of their duties under this chapter, but each director shall be reimbursed for his or her reasonable expenses incurred in carrying out those duties. A director may engage in private employment, or in a profession or business.

(c) The chairperson shall designate a vice chairperson from among the members of the board who shall serve at the pleasure of the chairperson. A majority of directors holding office shall constitute a quorum, and, except as otherwise provided in § 42-64-13, any action to be taken by the corporation under the provisions of this chapter may be authorized by resolution approved by a majority of the directors present and entitled to vote at any regular or special meeting at which a quorum is present. A vacancy in the membership of the board of directors shall not impair the right of a quorum to exercise all of the rights and perform all of the duties of the corporation.

(d) ~~The chief executive officer of the corporation shall be executive director of the corporation until such time that the secretary of commerce is appointed. Upon the appointment of a secretary of commerce, the secretary of commerce shall be the commerce corporation's chief executive officer and responsible for the management of the corporation. He or she shall be appointed by and serve at the pleasure of the secretary of commerce. There shall be a chief operating officer (COO) of the corporation and he/she shall be appointed by the secretary of commerce. The COO shall be the chief administrative officer of the corporation and responsible for the day-to-day management of the corporation. The COO shall be a professional in the area of economic development, management of economic development corporations, and shall hold the requisite experience and education as established by the secretary and board. The secretary of commerce shall~~

take the place of the chief executive officer of the Rhode Island Commerce Corporation on all boards and commissions on which the chief executive officer is designated a member.

The secretary of commerce may send a designee to all boards and commissions.

(e) The board of directors shall appoint a secretary and such additional officers and staff members as they shall deem appropriate and shall determine the amount of reasonable compensation, if any, each shall receive. The board of directors may vest in the executive director, or the director's subordinates, and, upon the appointment of a secretary of commerce, the chief operating officer or the chief operating officer's subordinates, the authority to appoint additional staff members and to determine the amount of compensation each individual shall receive.

(f) No full-time employee shall, during the period of his or her employment by the corporation, engage in any other private employment, profession or business, except with the approval of the board of directors.

(g) Notwithstanding any other law to the contrary, it shall not be or constitute a conflict of interest for a director, officer, or employee of any financial institution, investment banking firm, brokerage firm, commercial bank, trust company, building-loan association, architecture firm, insurance company, or any other firm, person, or corporation to serve as a director of the corporation, nor shall any contract or transaction between the corporation and a financial institution, investment banking firm, brokerage firm, commercial bank, trust company, building-loan association, architecture firm, insurance company, or other firm, person, or corporation be void or voidable by reason of that service as director of the corporation. If any director, officer, or employee of the corporation shall be interested either directly or indirectly, or shall be a director, officer, or employee of or have an ownership interest (other than as the owner of less than one percent (1%) of the shares of a publicly-held corporation) in any firm or corporation interested directly or indirectly in any contract with the corporation, that interest shall be disclosed to the



corporation and set forth in the minutes of the corporation, and the director, officer, or employee having that ownership interest shall not participate on behalf of the corporation in the authorization of that contract. Interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors of the corporation that authorizes the contract or transaction.

(h) Any action taken by the corporation under the provisions of this chapter may be authorized by vote at any regular or special meeting and each vote shall take effect immediately. The corporation shall be subject to the provisions of chapter 46 of title 42 ("Open Meetings") and chapter 2 of title 38 ("Access to Public Records").

(i) The board of directors may designate from among its members an executive committee and one or more other committees each of which, to the extent authorized by the board of directors, shall have and may exercise all of the authority of the board of directors, but no executive committee shall have the authority of the board of directors in reference to the disposition of all or substantially all of the property and assets of the corporation, amending the by-laws of the corporation; exercising the condemnation power conferred upon the corporation by § 42-64-9; or taking actions described or referred to in § 42-64-13(a).

(j) The board shall create a capital finance subcommittee that shall be responsible for drafting for board approval a set of guidelines, principals, and processes for all loans, loan guarantees, and financing programs. The guidelines shall contain a set of metrics that the board can use to determine the effectiveness of each program and to inform the governor and the general assembly of the outcome of the various programs and to determine if there is need for modification, continuance, or termination. The guidelines shall also contain measures to annually review the outstanding loan and loan guarantee programs to determine if the loans and loan guarantees were granted in accordance with the board's guidelines and principals and to determine the risk factors normally used by

lending institutions to determine risk and potential for repayment. The board shall also implement the provisions of §§ 42-64-36 and 42-64-37.

(k) Any action required by this chapter to be taken at a meeting of the board of directors, or any action that may be taken at a meeting of the board of directors, or committee of the board of directors, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed before or after that action by all of the directors, or all of the members of the committee, as the case may be.

(l) Employees of the corporation shall not, by reason of their employment, be deemed to be employees of the state for any purpose, any other provision of the general laws to the contrary notwithstanding, including, without limiting the generality of the foregoing, chapters 29, 39, and 42 of title 28 and chapters 4, 8, 9, and 10 of title 36.

(m) The board shall create a set of metrics and reporting requirements to disclose the programs and services offered or provided by the corporation and the effectiveness of each offering. The board shall develop an annual report containing these metrics and shall submit the report to the governor and the general assembly. The annual report shall also contain recommendations for improving the business climate within the state and other actions the board deems necessary to improve its effectiveness.

**§ 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. Provided further that any municipality with a population in excess of 150,000 may opt, at the election of its chief elected official, to have the state building commissioner and/or the state fire marshal assume the responsibility for review and inspections of other projects, and in such case only the state building and state fire codes shall be applicable to projects located within said municipality.

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

(3) If any project plan of the corporation with respect to projects situated on federal land conforms to the land use goals, objectives, and standards of the applicable comprehensive plan as of the time of the corporation's adoption of the project plan, or if there is no applicable comprehensive plan, then before proceeding with the project described in the project plan, the corporation shall refer the project plan to the appropriate community advisory committee which may thereafter hold any public hearings as

it may deem to be desirable for the purpose of permitting the public to comment on the project plan. The community advisory committee shall not later than forty-five (45) days after its receipt of the project plan, transmit its comments on the project plan, in either written or oral form, to the corporation and thereupon, or upon the community advisory committee's failure to take any action within the time specified, the corporation shall be authorized to proceed with the project described in the project plan without regard to the zoning or other land use ordinances, codes, plans, or regulations of a municipality within which the project is to be situated in whole or in part.

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

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

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

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

municipality or other political subdivision of the state any license which, but for the provisions of this chapter, would be required in connection with the rendering of personal services or sale at retail of tangible personal property.

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

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

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

SECTION 2. Chapter 42-64.19 of the General Laws in Chapter 42-64.3 entitled "Executive Office of Commerce" is hereby amended by adding thereto the following section:

§ 42-64.19-13 Tax incentive reporting. -- (a) Any person or entity who has or is receiving a business tax credit, modification and/or incentive under §§ 44-31-1, 44-32-2, and 44-32-3 shall provide information to the secretary of commerce related to the use and effect of funds pertaining to the credit, modification and/or incentive. The secretary of commerce shall promulgate rules or regulations regarding the type of information to be provided, the procedure for collecting the information and consequences for

failure to provide any such information in a timely manner. All personal, proprietary or other confidential information received from such person relating to this section shall be held in confidence by the executive office of commerce and shall be exempt from disclosure in accordance with chapter 2 of title 38.

(b) In the event that a person or entity fails to provide the information requested under this subsection within sixty (60) days from the date of the request, or such longer time as the secretary of commerce or his or her designee shall grant, the secretary shall notify the division of taxation in writing to withhold or deny any further business tax credit, modification and/or incentive credit benefits of any such person or entity. Ten (10) days advance written notice of a failure to cooperate from the executive office of commerce shall be sent to the person or entity prior to notifying the division of taxation. The suspension of benefits hereunder shall be lifted upon the secretary of commerce or his or her designee notifying in writing the division of taxation that such information was provided, does not exist or cannot be compiled.

(c) Any dispute relating to this section shall be conducted by the secretary of commerce in accordance with chapter 35 of title 42, administrative procedures.

SECTION 3. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

#### CHAPTER 64.20

#### REBUILD RHODE ISLAND TAX CREDIT

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

§ 42-64.20-2. Findings and declarations.- (a) It is hereby found and declared that due to long-term and short-term stagnant or declining economic trends in Rhode Island, businesses in the state have found it difficult to make investments that would stimulate economic activity and create new jobs for the citizens of the state. Moreover, such economic trends have caused business closures or out-of-state business relocations, while other out-of-state businesses are deterred from relocating to this state. This

situation has contributed to a high rate of unemployment in the state. Consequently, a need exists to promote the retention and expansion of existing jobs, stimulate the creation of new jobs, attract new business and industry to the state, and stimulate growth in real estate developments and/or businesses that are prepared to make meaningful investment and foster job creation in Rhode Island.

(b) Through the establishment of a rebuild Rhode Island tax credit program, Rhode Island can take steps to stimulate business development; retain and attract new business and industry to the state; create good-paying jobs for its residents; assist with business, commercial, and industrial real estate development; and generate revenues for necessary state and local governmental services.

**§ 42-64.20-3. Definitions.**

As used in this chapter:

(1) "Affiliate" means an entity that directly or indirectly controls, is under common control with, or is controlled by the business. Control exists in all cases in which the entity is a member of a controlled group of corporations as defined pursuant to section 1563 of the Internal Revenue Code of 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of organizations under common control as defined pursuant to subsection (b) or (c) of section 414 of the Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and convincing evidence, as determined by the tax administrator, that control exists in situations involving lesser percentages of ownership than required by those statutes. An affiliate of a business may contribute to meeting either the capital investment or full-time employee requirements of a business that applies for a credit under general laws section 46-64.20-5.

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

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



(4) “Capital investment” in a real estate project means expenses by a business or any affiliate of the business incurred after application for:

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

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

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

(5) “Commerce corporation” means the Rhode Island commerce corporation established pursuant to general laws section 42-64-1 et. seq.

(6) “Commercial” shall mean non-residential development.

(7) “Hope community” means a community where family poverty levels exceed the most recent estimate reported by the U.S. Department of Commerce, Bureau of the Census, of the state median.

(8) “Eligibility period” means the period in which a business may claim a tax credit under this act, beginning with the tax period in which the commerce corporation accepts certification of the business that it has met the requirements of the act and extending thereafter for a term of five (5) years.

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

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

(10) "Affordable housing" means housing affordable according to recognized standards for home ownership and rental costs.

(11) "Mixed use" means a development comprising both commercial and residential components.

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

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

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

(15) "Financing gap" means

(i) the part of the total project cost that remains to be financed after all other sources of capital have been accounted for, which shall be defined through rules and regulations promulgated by the commerce corporation; or

(ii) the amount by which Rhode Island is required to invest in a project to gain a competitive advantage over an alternative location in another state.

(16) "Qualified project" shall mean any project meeting the requirements of this chapter.

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

(18) "Redevelopment project" means a specific construction project or improvement, including lands, buildings, improvements, real and personal property or any interest therein, including lands under water, riparian rights, space rights and air rights, acquired, owned, leased, developed or redeveloped, constructed, reconstructed, rehabilitated or improved, undertaken by a developer, owner or tenant, or both, within a project area as set forth in an application to be made to the commerce corporation.

(19) "Targeted industry" means any advanced, promising or otherwise prioritized industry identified in the economic development vision and policy promulgated pursuant General Laws section 42-64.17-1.

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

(21) "Adaptive Reuse" means the rehabilitation of an existing structure for modern use.

(22) "Developer" means any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter.

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

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

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

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

(2) there is a financing gap for the project, in that, after taking into account all available private and public funding sources, the project is likely to be realized with the provision of tax credits at the level requested, but is not likely to be accomplished by private enterprise without the tax credits;

(3) the real estate project is a new or rehabilitated qualified development, new or rehabilitated qualified residential project, new or rehabilitated mixed use project, or is a new or rehabilitated project in a Hope Community; and

(4) the real estate project fulfills the state's policy and planning objectives and priorities in that:

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

(ii) It (A) is a commercial development consisting of at least 25,000 square feet and containing at least 25 full-time employees after construction or such additional full-time employees as the commerce corporation may determine; (B) is a multi-family residential development in a new, adaptive reuse, or historic structure consisting of at least 20,000 square feet and having at least 20 residential units in a hope community; or (C) is a mixed use development in a new, adaptive reuse, or historic structure consisting of at least 25,000 square feet, subject to further definition through rules and regulations promulgated by the commerce corporation; and

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

(c) For qualified projects, the maximum tax credit allowed under this chapter shall be the lesser of (1) thirty percent (30%) of the total project cost; or (2) the amount needed to close a financing gap (after taking into account all other private and public funding sources available to the project), as determined by the commerce corporation.

(d) Tax credits allowed pursuant to this chapter shall be allowed for the taxable year in which a certificate of occupancy is issued for the project.

(e) The amount of a tax credit allowed under this chapter shall be allowable to the taxpayer in five annual increments.

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

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

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

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

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

(k) Prior to assignment or transfer of a tax credit granted under this chapter, the state shall be entitled to redeem such credit in whole or in part for ninety percent (90%) of the value of the tax credit. The division of taxation shall establish by regulation a redemption process for tax credits.

(l) Projects eligible to receive a tax credit under this chapter, may at the discretion of the commerce corporation, be exempt from sales and use taxes imposed on the purchase of furniture, fixtures and equipment, except automobiles, trucks or other motor vehicles, or other materials that otherwise are depreciable and have a useful life of one year or more that are essential to and will be utilized in the qualified project.

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

(1) For redevelopment projects involving adaptive re-use of historic structures;

(2) For qualified projects undertaken by or for targeted industries;

(3) For qualified projects in transit oriented development areas;

(4) For residential projects in which at least twenty percent (20%) of the residential units are for affordable housing or workforce housing;

(5) For projects involving property subject to the requirements of the industrial property remediation and reuse act, sections 23-19.14-1, et seq. of the general laws; and

(6) For projects involving business facilities constructed in accordance with the minimum environmental and sustainability standards, as certified by the commerce corporation pursuant to LEED or other equivalent standards.

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

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

**§ 42-64.20-6. Implementation guidelines, directives, criteria, rules, regulations.** (a) The commerce corporation may adopt implementation guidelines, directives, criteria, and rules and regulations pursuant to section 42-35-3 of the general laws, as are necessary to implement this chapter, including, but not limited to: examples of the enumeration of specific targeted industries; specific delineation of incentive areas; the determination of additional limits; the promulgation of procedures and forms necessary to apply for a tax credit, including the enumeration of the certification procedures; the allocation of new tax credits in consultation with the executive office of commerce, division of taxation and department of administration; and provisions for tax credit applicants to be charged an initial application fee, and ongoing service fees, to cover the administrative costs related to the tax credit.

(b) The rules that the commerce corporation promulgates shall incorporate the following:

(1) Procedures for implementing this act shall include processes whereby any credit allowed under this program must be approved by the commerce corporation board. Before the commerce corporation board meets to consider an application for a credit under this chapter, both the director of the office of management and budget and the director of the department of revenue shall provide written analysis to the commerce corporation board regarding the application. The analysis from the office of management and budget should include the impact that granting the application would have on the budget for the state of Rhode Island both in the fiscal year in which the application is considered, and in subsequent fiscal years. The director of the department of administration shall submit to the commerce corporation a letter of opinion regarding the financial capacity of the state to grant the credits under this chapter. The commerce corporation shall not be authorized to grant credits to new qualified project(s) under this chapter if the department of administration determines that the credits would exceed the existing and anticipated revenue capacity of the state. Such determination by the department of administration shall be made in a timely manner.

(2) Procedures for the reduction of tax credit awards in the event that a commercial development fails to meet the minimum threshold for jobs contained after construction shall refer to section 42-64.20-5(b)(4)(ii).

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

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

§ 42-64.20-7. Program integrity. - Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

SECTION 4. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

CHAPTER 64.21

RHODE ISLAND TAX INCREMENT FINANCING

§ 42-64.21-1. Short title. - This act shall be known and may be cited as the "Rhode Island Tax Increment Financing Act of 2015."

§ 42-64.21-2. Legislative findings.- (a) It is hereby found and declared that due to long-term and short-term stagnant or declining economic trends in Rhode Island, businesses in the state have found it difficult to make investments that would stimulate economic activity and create new jobs for the citizens of the state. Moreover, such economic trends have caused business closures or out-of-state business relocations, while other out-of-state businesses are deterred from relocating to this state. This



situation has contributed to a high rate of unemployment in the state. Consequently, a need exists to promote the retention and expansion of existing jobs, stimulate the creation of new jobs, attract new business and industry to the state, and stimulate growth in real estate developments and/or businesses that are prepared to make meaningful investment and foster job creation in Rhode Island.

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

**§ 42-64.21-3. Definitions. – as used in this chapter:**

(1) “Applicant” means a developer proposing to enter into a TIF agreement.

(2) “Commerce corporation” means the Rhode Island commerce corporation established pursuant to general laws section 42-64-1 et. seq.

(3) “Developer” means any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter.

(4) “Hope Community” means a community where family poverty levels exceed the state median. Upon passage, these communities include Providence, Central Falls, West Warwick, Pawtucket and Woonsocket.

(5) “Eligible revenue” means the incremental revenues set forth in section 42-64.21-5 of this chapter.

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

(7) “TIF payment” means reimbursement of all or a portion of the project financing gap of a redevelopment project from the division of taxation as provided under this chapter.

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

(9) "Project financing gap" means (i) the part of the total project cost that remains to be financed after all other sources of capital have been accounted for, which shall be defined through rules and regulations promulgated by the commerce corporation and (ii) the amount by which Rhode Island is required to invest in a project to gain a competitive advantage over an alternative location in another state.

(10) "Qualifying TIF area" shall mean an area containing a redevelopment project identified by the commerce corporation as a priority because of its potential to generate, preserve or otherwise enhance jobs or its potential to produce, preserve or otherwise enhance housing units. The commerce corporation shall take into account the following factors in determining whether a redevelopment project is a priority:

(i) generation or preservation of manufacturing jobs;

(ii) promotion of targeted industries;

(iii) location in a port or airport district;

(iv) location in an industrial or research park;

(v) location in a transit oriented development area;

(vi) location in a Hope Community;

(vii) location in an area designated by a municipality as a redevelopment area under section 45-32-4 of the general laws; and

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

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

(12) “Redevelopment project” means a specific work or improvement, including lands, buildings, improvements, real and personal property or any interest therein, including lands under water, riparian rights, space rights and air rights, acquired, owned, developed or redeveloped, constructed, reconstructed, rehabilitated or improved, or undertaken by a developer within a project area.

(13) “Revenue increment base” means the amounts of all eligible revenues from sources within the redevelopment project area in the calendar year preceding the year in which the TIF agreement is executed, as certified by the division of taxation.

**§ 42-64.21-4. TIF program.** - The commerce corporation shall establish a TIF program for the purpose of encouraging redevelopment projects in qualifying TIF areas.

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

(b) The division of taxation shall annually, on or before December first, provide the governor with the sum, if any, to be appropriated to fund the program. The governor shall submit to the general assembly printed copies of a budget including the total of the sums, if any, as part of the governor’s budget required to be appropriated for the program created under this chapter.

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

(d) Under conditions defined by the commerce corporation and in consultation with the department of revenue, those taxes eligible for inclusion in this TIF program may instead be exempted up to the levels permitted by this act in cases of significant taxpayers. Such significant taxpayers may instead be required to contribute payments in lieu of taxes (PILOTs) into a dedicated fund established by the

commerce corporation. Such payments shall be up to 75 percent of the amount that would otherwise be due to the state in the form of taxation as per the provisions this statute. Such dedicated funds must be used for the redevelopment project purposes described in this act. The commerce corporation may issue revenue bonds secured by this dedicated fund. Such bonds shall not be a general obligation of the state.

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

**§ 42-64.21-6. Agreements permitted.** - (a) The commerce corporation is authorized to enter into a TIF agreement with a developer for any redevelopment project located within a qualifying TIF area. The TIF agreement between the commerce corporation and the developer shall contain a provision acknowledging that the benefits of said agreement, with the exception of 42-64.21-5 (d) of this chapter, are subject to such annual appropriation.

(b) The decision whether or not to enter into a TIF agreement is solely within the discretion of the commerce corporation.

(c) The TIF agreement shall specify the amount to be awarded the developer, the frequency of payments, and the length of time, which shall not exceed 20 years, during which the reimbursement shall be granted. In no event shall the amount of the reimbursements under a TIF agreement exceed 30 percent of the total cost of the project and provided further, that the commerce corporation may exempt public infrastructure, a preexisting municipally-owned stadium of 10,000 seats or greater, or utilities as defined above from said 30 percent cap.

(d) The commerce corporation may enter into a TIF agreement only if it determines that TIF payments are needed to cover a project financing gap except in cases of public infrastructure, a preexisting municipally-owned stadium of 10,000 seats or greater, or utilities.

(e) A developer that has entered into a TIF agreement with the commerce corporation pursuant to this section may, upon notice to and consent of the corporation, pledge and assign as security for any loan, any or all of its right, title and interest in and to the TIF agreement and in the TIF payments due thereunder, and the right to receive same, along with the rights and remedies provided to the developer

under such agreement. Any such assignment shall be an absolute assignment for all purposes, including the federal bankruptcy code.

(f) Any pledge of TIF payments made by the developer shall be valid and binding from the time when the pledge is made and filed in the records of the commerce corporation. The TIF agreement and payments so pledged and thereafter received by the developer shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the developer irrespective of whether the parties have notice thereof. Neither the TIF agreement nor any other instrument by which a pledge under this section is created need be filed or recorded except with the commerce corporation.

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

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

SECTION 5. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

#### CHAPTER 64.22

#### TAX STABILIZATION INCENTIVE

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

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

(b) In order to encourage this economic growth, the general assembly seeks to enhance and strengthen several of the current statutes governing economic development in this state. The general

assembly's goal is to create an economic stimulus program to promote development and growth and address the economic challenges currently impacting the State and local municipalities.

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

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

(2) "Capital investment" in a qualified project means expenses by a business or any affiliate of the business incurred after application for:

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

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

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

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

(4) "Developer" means any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter.

(5) "Hope Community" means a community where family poverty levels exceed the state median. Upon passage, these communities include Providence, Central Falls, West Warwick, Pawtucket and Woonsocket

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

(7) "Forgone tax revenue" means the amount of revenue that a municipality would have received from a qualifying project had a tax stabilization agreement not been in place, less the amount of revenue the municipality would be expected to receive from that qualifying project with a tax stabilization agreement in place.

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

(9) "Qualifying communities" are those communities not defined as a hope community.

(10) "Qualifying projects" include:

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

(ii) construction of a new building wherein:

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

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

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

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

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

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

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

**§ 42-64.22-4. Incentives for municipalities.** - The qualifying community or hope community grants a qualifying tax stabilization agreement in connection with a qualifying project, upon certification by the commerce corporation and subject to availability of appropriated funds, the commerce corporation shall provide a partial reimbursement of no more than ten percent (10%) of the qualified community and/or hope community's forgone tax revenue. The qualification for reimbursement shall cease upon any termination or cessation of the underlying tax stabilization agreement or upon exhaustion of funds appropriated pursuant to this section.

**§ 42-64.22-5. Eligibility requirements for qualifying communities.** - In order for a qualifying community to be eligible to receive incentives under this chapter, in addition to the provisions set forth



herein, the tax stabilization agreement must be for a qualified project resulting in the creation of at least fifty (50) new full-time jobs, and the developer must commit a capital investment of not less than ten million dollars (\$10,000,000.00) towards the project cost.

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

**§42-64.22-7. Alternative eligibility requirements.** - (a) Qualified communities may receive incentives under this chapter, where the tax stabilization agreement is for a qualified project involving an adaptive re-use of a historic structure or results in the creation of at least twenty (20) units of residential housing; provided that at least twenty percent (20%) of the residential units are for affordable or workforce housing.

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

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

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

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

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

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

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

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

SECTION 6. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

CHAPTER 64.23

FIRST WAVE CLOSING FUND

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

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

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

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

(1) “Affiliate” means an entity that directly or indirectly controls, is under common control with, or is controlled by the business. Control exists in all cases in which the entity is a member of a controlled group of corporations as defined pursuant to section 1563 of the Internal Revenue Code of 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of organizations under common control as defined pursuant to subsection (b) or (c) of section 414 of the Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and convincing evidence, as determined by the commerce corporation in its sole discretion, that control exists in situations involving lesser percentages of ownership than required by those statutes. An affiliate of a business may contribute to meeting full-time employee requirements of a business that applies for a credit under this chapter.

(2) “Applicant” means a business applying for assistance under this chapter.

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

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

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

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

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

(6) "Developer" means any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter.

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

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

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

(10) "Project financing gap" means:

(i) the part of the total project cost that remains to be financed after all other sources of capital have been accounted for, which shall be defined through rules and regulations promulgated by the commerce corporation; or

(ii) the amount by which Rhode Island is required to invest in a project to gain a competitive advantage over an alternative location in another state.

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

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

(c) The fund shall consist of:

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

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

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

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

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

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

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

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

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

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

(2) The amount of the project financing gap;

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

(4) Quality and number of jobs produced;

(5) Quality of industry and project; and

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

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

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

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

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

**§ 42-64.23-7. Program integrity.** - Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and

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

SECTION 7. Title 42 of the General Laws entitled “State Affairs and Government” is hereby amended by adding thereto the following chapter:

CHAPTER 64.24

I-195 REDEVELOPMENT PROJECT FUND

§ 42-64.24-1. Short title. - This chapter shall be known as the “I-195 Redevelopment Project Fund Act.”

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

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

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

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

(1) “Applicant” means a developer or occupant applying for a loan or conditional loan under this chapter.

(2) “Business” means a corporation as defined in general laws section 44-1-1(4), or is a partnership, an S corporation, a non-profit corporation, sole proprietorship or a limited liability corporation.

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

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

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

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

(5) "Developer" means any person, entity, or political subdivision that develops or proposes to develop a project that qualifies for benefits under this chapter.

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

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

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

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

(10) "Project financing gap" means (i) the part of the total project cost that remains to be financed after all other sources of capital have been accounted for, which shall be defined by the I-195 commission; or (ii) the amount by which Rhode Island is required to invest in a project to gain a competitive advantage over an alternative location in another state.



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

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

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

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

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

(4) Financing public infrastructure and public facilities to support or enhance development including, but not limited to, transportation, parks, greenways, performance venues, meeting facilities, community facilities, and public safety precincts.

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

(d) The fund shall consist of:

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

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

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

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

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

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

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

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

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

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

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

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

**§ 42-64.24-7. Program integrity.** - Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

SECTION 8. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

CHAPTER 64.25

SMALL BUSINESS ASSISTANCE PROGRAM

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

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

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

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

**§ 42-64.25-5. Program loan structures.** - Loan programs shall be structured by the commerce corporation that may include, but not be limited to, the following programs: (a) financing programs for companies that require additional capital outside of conventional senior debt or equity financing channels; (b) direct lending of subordinated and mezzanine debt; (c) collateral support in the form of credit enhancement; (d) pledge of cash collateral accounts to lending institutions to enhance collateral coverage of individual loans; and (e) technical assistance to small businesses.

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

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

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

**§ 42-64.25-9. Termination.** - Upon termination of a lending organization's participation in the program, the lending organization shall return to the commerce corporation, promptly after its demand therefor, an accounting of all program funds received by the lending organization, including a transfer of all currently outstanding loans that were made using program funds. Notwithstanding such termination,

the lending organization shall remain liable to the commerce corporation with respect to any unpaid amount due from the lending organization pursuant to the terms of the commerce corporation's provision of funds to the lending organization.

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

§ 42-64.25-11. Program integrity. - Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

SECTION 9. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

#### CHAPTER 64.26

##### COMPETITIVE STUDENT LOAN REIMBURSEMENT FUND

§ 42-64.26-1. Short title. - This chapter shall be known as the "Competitive Student Loan Reimbursement Fund."

§ 42-64.26-2. Legislative findings. The general assembly finds and declares: (a) Establishing a competitive student loan reimbursement fund for qualified graduates in fields related to science, technology, engineering, and mathematics and in other careers aligned with the state's strategic economic plan would assist the state's employers in attracting the most qualified candidates in such fields.

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

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

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

(e) Relieving student loan debt would give these individuals greater control over their earnings, would increase entrepreneurship and demand for goods and services, and would enable employers in this state to recruit and/or retain graduates in the fields of science, technology, engineering, mathematics, and other careers aligned with the state's strategic economic plan.

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

(1) "Applicant" means an individual who meets the eligibility requirements and who applies for reimbursement of education loan repayment expenses under this chapter.

(2) "Award" means an award by the commerce corporation to a successful applicant that has been chosen to receive student loan reimbursement under this chapter.

(3) "Awardee" means an applicant that has been chosen to receive student loan reimbursement under this chapter.

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

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

(6) "Eligibility period" means a term of up to four consecutive service periods beginning with the date that the commerce corporation specifies in the award to an awardee and expiring at the conclusion of the fourth service period after such date specified.

(7) "Eligibility requirements" means those qualifications or criteria, as established from time-to-time by rule adopted by the commerce corporation, that are required for an applicant to be eligible for an award under this chapter, which shall include without limitation:

(i) That the applicant shall have graduated from an accredited two-year, four-year or graduate post-secondary institution of higher learning with an associates, bachelors, graduate, or post-graduate degree and at which the applicant incurred education loan repayment expenses;

(ii) That the applicant shall be a full-time employee with an employer located in this state throughout the eligibility period in one or more of the following careers or fields: life, natural or environmental sciences; computer technology or other technological field; engineering; medicine; or such other careers or fields as are aligned with the state's economic strategic plan, as may be published from time-to-time by the commerce corporation;

(iii) That the applicant shall reside in this state throughout the eligibility period; and

(iv) That at least two-thirds (2/3) of the awardees shall either be permanent residents of the state of Rhode Island or shall have attended an institution of higher education located in Rhode Island when they incurred the education loan expenses to be repaid.

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

(9) "Service period" means a twelve-month period beginning on the date specified in an award under this chapter.

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

**§ 42-64.26-4. Establishment of fund; purposes; composition.** - (a) There is hereby established a "competitive student loan reimbursement fund (the "fund") to be administered by the commerce corporation as set forth in this chapter.

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

(c) The fund shall consist of:

(1) money appropriated in the state budget to the fund;

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

(3) application or other fees paid to the fund to process applications for awards under this chapter; and

(4) any other money made available to the fund.

**§ 42-64.26-5. Administration. - (a) Application. -**

(1) Form. -- An applicant for an award under this chapter shall submit to the commerce corporation an application in the manner that the commerce corporation shall prescribe.

(2) Fees. -- The applicant shall pay a fee to the fund at the time of submission of the application in such amount as the commerce corporation shall specify, not to exceed \$50.00.

(b) Upon receipt of a proper application from an applicant who meets all of the eligibility requirements, the commerce corporation shall select applicants on a competitive basis to receive awards to reimburse awardees for up to one hundred percent (100%) of the education loan repayment expenses incurred by such awardee during each service period completed for up to four consecutive service periods; provided, that the awardee continues to meet the eligibility requirements throughout the eligibility period. The commerce corporation shall only issue awards up to the amount contained in the Fund.

(c) The proceeds of an award approved by the commerce corporation under this chapter shall be used exclusively to reimburse the awardee for up to one hundred percent (100%) of the education loan repayment expenses incurred by such awardee during each service period completed for up to four consecutive service periods. Annual payment under an award shall be made to the awardee upon proof that the awardee has actually incurred and paid such education loan repayment expenses.



(d) In administering awards and carrying out the purposes of this chapter, the commerce corporation shall have broad powers, including without limitation:

(1) To require suitable proof that an applicant meets the eligibility requirements for an award under this chapter;

(2) To solicit input from employers regarding the administration of awards;

(3) To determine the contents of applications and other materials to be submitted in support of an application for an award under this chapter;

(4) To select applicants, upon a competitive basis, at the discretion of the board of the commerce corporation, who shall receive awards under this chapter;

(5) To collect reports and other information during the eligibility period for each award to verify that an awardee continues to meet the eligibility requirements for an award; and

(6) To require such other information and to perform such other actions as the commerce corporation in its discretion shall determine in order to carry out the policies, goals, and purposes of this chapter.

**§ 42-64.26-6. Reporting.** - (a) The commerce corporation shall require awardees to submit annual reports, in such form and on such dates as the commerce corporation shall require, in order to confirm that the awardees continue to meet all of the eligibility requirements of this chapter and as a prerequisite to funding any reimbursement award under this chapter.

(b) Notwithstanding any other provision of law, no awardee shall receive an award without first consenting to the public disclosure of the receipt of any award given under this act. The commerce corporation shall annually publish a list of awardees on the commerce corporation website and in such other locations as it deems appropriate.

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

(1) Withhold further award until the loan recipient complies with the eligibility or other requirements of the award;

(2) Terminate the award; or

(3) Exercise any other remedy provided in the award documents.

**§ 42-64.26-8. Implementation guidelines, directives, criteria, rules, regulations. -**

(a) The commerce corporation may adopt implementation guidelines, directives, criteria, rules and regulations pursuant to section 42-35-3 of the general laws as are necessary for the implementation of the administration of the fund.

(b) The commerce corporation shall adopt guidelines to assure integrity and eliminate potential conflict of interest in the evaluation and selection of awardees.

**§ 42-64.26-9. High school, college, and employer partnerships.** The commerce corporation shall be authorized to grant funds to support partnerships among individual high schools, the community college of Rhode Island, other institutions of higher education, and employers to offer courses towards a high school diploma and associate's degree, as well as internships and mentorships that help lead to employment after graduation.

Such funds may be used for purposes including but not limited to establishing partnerships, hiring coordinators, compensating partnership instructors and administrators, purchasing books and other educational supplies, underwriting coursework, and covering additional instructional, coordination, and related expenses.

**§ 42-64.26-10. Program integrity.** - Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

SECTION 10. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

CHAPTER 64.27

MAIN STREET RHODE ISLAND STREETSCAPE IMPROVEMENT FUND

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

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

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

§ 42-64.27-4. Program integrity. - Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and conditions of the program established herein, including procedures to safeguard the expenditure of public funds and to ensure that the funds further the objectives of the program.

SECTION 11. Title 42 of the General Laws entitled “State Affairs and Government” is hereby amended by adding thereto the following chapter:

CHAPTER 64.28

## INNOVATION INITIATIVE

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

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

(1) "Commerce corporation" means the Rhode Island commerce corporation established pursuant to General Laws section 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) "Match" shall mean a funding match, or in kind services provided by a third party.

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

(1) The fund shall consist of:

(i) money appropriated in the state budget to the fund;

(ii) money made available to the Fund through federal grants, programs or private contributions;

(iii) application or other fees paid to the Fund to process applications for awards under this chapter; and

(iv) any other money made available to the fund.

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

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

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

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

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

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

(b) Matching fund awards shall be awarded to organizations in an amount approved by the corporation, subject to appropriations or other available moneys in the Fund.

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

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

§ 42-64.28-9. Annual Report. -The commerce corporation shall submit a report annually on December thirty-first to the speaker of the house and the president of the senate detailing: (1) the total amount of innovation vouchers and matching funds awarded; (2) the number of innovation vouchers and matching fund awards approved, (3) the amount of each voucher or matching fund award and a description of services purchased; and (4) such other information as the commerce corporation deems necessary.

SECTION 12. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

## CHAPTER 64.29

### INDUSTRY CLUSTER GRANTS

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

**§ 42-64.29-2. Fund established.** - The industry cluster grant fund (the “fund”) is hereby created within the Rhode Island commerce corporation. The commerce corporation is authorized, within available appropriations, to award grants to organizations on a competitive basis as more particularly set forth in this chapter. Applications and awards of grants shall be on a rolling basis, and the commerce corporation shall only issue grants up to the amount contained in the fund. There is established an account in the name of the fund under the control of the commerce corporation, and the commerce corporation shall pay into such account any eligible funds available to the commerce corporation from any source, including funds appropriated by the state and any grants made available by the United States Government or any agency of the United States Government.

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

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

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

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

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

**§ 42-64.29-7. Annual report.** - (a) The commerce corporation shall submit a report annually on December thirty-first detailing: (1) the total amount of grants awarded; (2) the number of grants awarded; (3) the amount of each grant and the private funds matching such grants; (4) the recipients of the grants; (5) the specific activities undertaken by recipients of grants; and (6) such other information as the commerce corporation deems necessary.



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

SECTION 13. Title 42 of the General Laws entitled "State Affairs and Government" is hereby amended by adding thereto the following chapter:

CHAPTER 64.30

ANCHOR INSTITUTION TAX CREDIT

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

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

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

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

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

(3) "Hope community" means a community where family poverty levels exceed the state median. Upon passage, these communities currently include Providence, Central Falls, West Warwick, Pawtucket and Woonsocket.

(4) "Qualifying relocation" means a qualified business with the minimum number of employees as set forth in 42-64.30-5(a)(1) and (2), which moves an existing facility to the state of Rhode Island or constructs a new facility to supply goods or services to a Rhode Island business.

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) If the existing Rhode Island business has not claimed the tax credit allowed under this chapter in whole or part, the existing Rhode Island business eligible for the tax credit shall, prior to assignment or transfer to a third party, file a request with the division of taxation to redeem the tax credit in whole or in part to the state. Within ninety (90) days from the submission of a request to the division of taxation to redeem the tax credits, the division shall be entitled to redeem the tax credits in exchange for payment by the state to the existing Rhode Island business of (1) one hundred percent (100%) of the value of the portion of the tax credit redeemed, or (2) for tax credits redeemed in whole, one hundred percent (100%)

of the total remaining value of the tax credit; provided, however, that the redemption shall be prorated equally over each year of the remaining term of the eligible period of the tax credit.

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

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

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

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

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

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

**§ 42-64.30-8. Program integrity.** - Program integrity being of paramount importance, the commerce corporation shall establish procedures to ensure ongoing compliance with the terms and

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

**§ 42-64.30-9. Reports.** - On an annual basis, the commerce corporation shall provide a report to the speaker of the house of representatives and the president of the senate identifying which Rhode Island businesses received tax credits under this act, the amount of those tax credits, and the resulting economic impact on the state of Rhode Island.

SECTION 14. This article shall take effect upon passage.