It is enacted by the General Assembly as follows:

SECTION 1. Section 35-1.1-3 of the General Laws in Chapter 35-1.1 entitled "Office of Management and Budget" is hereby amended to read as follows:

35-1.1-3. Director of management and budget. -- Appointment and responsibilities.

(a) Within the department of administration there shall be a director of management and budget, who shall be appointed by the director of administration with the approval of the governor. The director shall be responsible to the governor and director of administration for supervising the office of management and budget and for managing and providing strategic leadership and direction to the budget officer, the performance management office, and the federal grants management office.

(b) The director of management and budget shall be responsible to:

(1) Oversee, coordinate and manage the functions of the budget officer as set forth by section 35-3, program performance management as set forth by § 35-3-24.1, approval of agreements with federal agencies defined by § 35-3-25 and budgeting, appropriation and receipt of federal monies as set forth by chapter 42-41;

(2) Manage federal fiscal proposals and guidelines, and serve as the State Clearinghouse for the application of federal grants; and,

(3) Maximize the indirect cost recoveries by state agencies set forth by § 35-4-23.1.

(4) To undertake a comprehensive review and inventory of all reports filed by the
executive office and agencies of the state with the general assembly. The inventory should include but not be limited to: the type, title, and summary of reports; the author(s) of the reports; the specific audience of the reports; and a schedule of the reports’ release. The inventory shall be presented to the general assembly as part of the budget submission on a yearly basis. The office of management and budget shall also make recommendations to consolidate, modernize the reports, and to make recommendations for elimination or expansion of each report.

SECTION 2. Section 35-3-7 of the General Laws in Chapter 35-3 entitled “State Budget” is hereby amended to read as follows:

35-3-7. Submission of budget to general assembly - Contents. --

(a) On or before the third Thursday in January in each year of each January session of the general assembly, the governor shall submit to the general assembly a budget containing a complete plan of estimated revenues and proposed expenditures, with a personnel supplement detailing the number and titles of positions of each agency and the estimates of personnel costs for the next fiscal year, and with the inventory required by subsection 35-1.1-3(b)(4). Provided, however, in those years that a new governor is inaugurated, the new governor shall submit the budget on or before the first Thursday in February. In the budget the governor may set forth in summary and detail:

(1) Estimates of the receipts of the state during the ensuing fiscal year under laws existing at the time the budget is transmitted and also under the revenue proposals, if any, contained in the budget, and comparisons with the estimated receipts of the state during the current fiscal year, as well as actual receipts of the state for the last two (2) completed fiscal years.

(2) Estimates of the expenditures and appropriations necessary in the governor's judgment for the support of the state government for the ensuing fiscal year, and comparisons with appropriations for expenditures during the current fiscal year, as well as actual expenditures of the state for the last two (2) complete fiscal years.

(3) Financial statements of the

(i) Condition of the treasury at the end of the last completed fiscal year;

(ii) The estimated condition of the treasury at the end of the current fiscal year; and

(iii) Estimated condition of the treasury at the end of the ensuing fiscal year if the financial proposals contained in the budget are adopted.

(4) All essential facts regarding the bonded and other indebtedness of the state.

(5) A report indicating those program revenues and expenditures whose funding source is proposed to be changed from state appropriations to restricted receipts, or from restricted receipts to other funding sources.
(6) Such other financial statements and data as in the governor's opinion are necessary or desirable.

(b) Any other provision of the general laws to the contrary notwithstanding, the proposed appropriations submitted by the governor to the general assembly for the next ensuing fiscal year should not be more than five and one-half percent (5.5%) in excess of total state appropriations, excluding any estimated supplemental appropriations, enacted by the general assembly for the fiscal year previous to that for which the proposed appropriations are being submitted; provided, that the increased state share provisions required to achieve fifty percent (50%) state financing of local school operations as provided for in P.L. 1985, ch. 182, shall be excluded from the definition of total appropriations.

(c) Notwithstanding the provisions of subsection 35-3-7(a), the governor shall submit to the general assembly a budget for the fiscal year ending June 30, 2006 not later than the fourth (4th) Thursday in January 2005.

(d) Notwithstanding the provisions of subsection 35-3-7(a), the governor shall submit to the general assembly a supplemental budget for the fiscal year ending June 30, 2006 and/or a budget for the fiscal year ending June 30, 2007 not later than Thursday, January 26, 2006.

(e) Notwithstanding the provisions of subsection 35-3-7(a), the governor shall submit to the general assembly a supplemental budget for the fiscal year ending June 30, 2007 and/or a budget for the fiscal year ending June 30, 2008 not later than Wednesday, January 31, 2007.

(f) Notwithstanding the provisions of subsection 35-3-7(a), the governor shall submit to the general assembly a budget for the fiscal year ending June 30, 2012 not later than Thursday, March 10, 2011.

(g) Notwithstanding the provisions of subsection 35-3-7(a), the governor shall submit to the general assembly a budget for the fiscal year ending June 30, 2013 not later than Tuesday, January 31, 2012.

SECTION 3. Section 22-12-3 of the General Laws in Chapter 22-12 entitled “Fiscal Notes” is hereby amended to read as follows:

22-12-3. Request for fiscal notes.-- (a) Fiscal notes shall only be requested by the chairperson of the house or senate finance committee upon being notified by another committee chairperson, the sponsor of the bill or resolution, or in the case of bills or resolutions affecting cities or towns, by the Rhode Island League of Cities and Towns in addition to the individuals referred to in this section, of the existence of any bill or resolution described in § 22-12-1. Requests shall be made in the form and substance as may be requested by the finance committee chairperson, and shall be forwarded through the house or senate fiscal adviser to the state budget
officer, who shall determine the agency or agencies affected by the bill, or for bills affecting cities and towns to the chief executive official of the cities and the towns, the Rhode Island League of Cities and Towns, and the department of revenue. The budget officer shall then be responsible, in cooperation with these agencies, for the preparation of the fiscal note, except that the department of administration, in consultation and cooperation with the Rhode Island League of Cities and Towns, shall be responsible for the preparation of the fiscal note for bills affecting cities and towns.

(b) The chairperson of either the house finance or senate finance committee may also require executive branch agencies to provide performance metrics when legislation affecting an agency’s program or policy has an economic impact.

SECTION 4. Section 42-146-6 of the General Laws in Chapter 42-142 entitled “Department of Revenue” is hereby amended to read as follows:

42-142-6. Annual unified economic development report. -- (a) The director of the department of revenue shall, no later than January 15th of each state fiscal year, compile and publish, in printed and electronic form, including on the Internet, an annual unified economic development report which shall provide the following comprehensive information regarding the tax credits or other tax benefits conferred pursuant to §§ 42-64-10, 44-63-3, 42-64.5-5, 42-64.3-1, and 44-31.2-6.1 during the preceding fiscal year:

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

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

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

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

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

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

SECTION 5. Title 44 of the General Laws entitled “TAXATION” is hereby amended by
adding thereto the following chapter:

CHAPTER 48.2
“RHODE ISLAND ECONOMIC DEVELOPMENT TAX INCENTIVES EVALUATION ACT
OF 2013”

44-48.2-1. Short title. -- This chapter shall be known and may be cited as the “Economic
Development Tax Incentives Evaluation Act of 2013.”

44-48.2-2. Legislative findings and purpose. -- The general assembly finds and declares
that:

(1) The state of Rhode Island relies on a number of tax incentives, including credits,
exemptions, and deductions, to encourage businesses to locate, hire employees, expand, invest,
and/or remain in the state;

(2) These various tax incentives are intended as a tool for economic development,

promoting new jobs and business growth in Rhode Island:
The state needs a systematic approach for evaluating whether incentives are fulfilling their intended purposes in a cost-effective manner;

In order to improve state government's effectiveness in serving the residents of this state, the legislature finds it necessary to provide for the systematic and comprehensive analysis of economic development tax incentives, and for those analyses to be incorporated into the budget and policymaking processes.

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

(1) Those tax credits, deductions, exemptions, exclusions, and other preferential tax benefits associated with sections 42-64.3-6, 42-64.3-7, 42-64.5-3, 42-64.6-4, 42-64.11-4, 44-30-1.1, 44-31-1, 44-31-1.1, 44-31-2, 44-32-2, 44-32-3, 44-39.1-1, 44-43-2, 44-43-3, and 44-63-2, and;

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

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

44-48.2-4. Economic Development Tax Incentive Evaluations, Schedule. -- (a) In accordance with the following schedule, the tax expenditure report produced by the chief of the office of revenue analysis pursuant to section 44-48.1-1, shall include an additional analysis component, consistent with section 44-48.2-5 and produced in consultation with the director of the economic development corporation, the director of the office of management and budget, and the director of the department of labor and training:

(1) Analyses of economic development tax incentives as listed in subdivision 44-48.2-3(1) shall be completed at least once between July 1, 2014 and June 30, 2017, and no less than once every three (3) years thereafter;

(2) Analyses of any economic development tax incentives created after July 1, 2013, shall be completed within five (5) years of taking effect, and no less than once every three (3) years thereafter;

(b) No later than the tenth (10th) of January each year, beginning in 2014, the office of revenue analysis will submit to the chairs of the senate and house finance committees a three (3) year plan for evaluating economic development tax incentives.
(a) The additional analysis as required by section 44-48.2-4 shall include, but not be limited to:

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

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

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

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

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

(6) An estimate of the economic impact of the tax incentive including, but not limited to:
   (i) A cost-benefit comparison of the revenue foregone by allowing the tax incentive compared to tax revenue generated by the taxpayer receiving the credit, including direct taxes applied to them and taxes applied to their employees;
   (ii) An estimate of the number of jobs that were the direct result of the incentive; and
   (iii) A statement by the director of the economic development corporation as to whether, in his or her judgment, the statutory and programmatic goals of the tax benefit are being met, with obstacles to such goals identified, if possible;

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

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

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

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

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

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

(b) All departments, offices, boards, and agencies of the state shall cooperate with the chief of the office of revenue analysis and shall provide to the office of revenue analysis any records, information (documentary and otherwise), data, and data analysis as may be necessary to complete the report required pursuant to this section.

44-48.2-6. Consideration by the governor. -- The governor's budget submission as required under chapter 35-3 shall identify each economic development tax incentive for which an evaluation was completed in accordance with this chapter in the period since the governor's previous budget submission. For each evaluated tax incentive, the governor's budget submission shall include a recommendation as to whether the tax incentive should be continued, modified, or terminated.

SECTION 6. Sections 1, 2, 3 and 4 of this act shall take effect January 1, 2014. Section 5 of this act shall take effect sixty (60) days after passage.
This act would require the director management and budge to prepare a comprehensive review and inventory of all reports from the executive office and other state agencies that are filed with the general assembly. This act would also provide that this inventory would be presented to the general assembly as part of the annual budget submission. This act would also require that a cost-benefit analysis be incorporated into the annual unified economic development report that is prepared by the office of revenue analysis. This act would also create the “Rhode Island Economic Development Tax Incentives Evaluation Act of 2013” to provide an assessment of the state's tax incentive programs.

Sections 1, 2, 3 and 4 of this act would take effect January 1, 2014. Section 5 of this act would take effect sixty (60) days after passage.