

1 **ARTICLE 19**

2 RELATING TO COMMERCE CORPORATION AND ECONOMIC DEVELOPMENT

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

5 **42-64-13. Relations with municipalities.** -- (a) (1) With respect to projects situated on  
6 federal land, the Rhode Island commerce corporation is authorized to plan, construct, reconstruct,  
7 rehabilitate, alter, improve, develop, maintain, and operate projects: (i) in conformity with the  
8 applicable provisions of chapter 1 of title 2 except that the projects shall not require the approval  
9 of a town or city council provided for in § 2-1-21, and (ii) without regard to the zoning or other  
10 land use ordinances, codes, plans, or regulations of any municipality or political subdivision;  
11 provided, however, that the exemption from the zoning or other land use ordinances, codes, plans,  
12 or regulations shall be subject to the corporation's compliance with the provisions of this  
13 subsection. Projects which are planned, constructed, reconstructed, rehabilitated, altered,  
14 improved, or developed by the corporation on federal land in accordance with the provisions of  
15 this subsection may be maintained and operated by lessees from and successors in interest to the  
16 corporation in the same manner as if the projects had been in existence prior to the enactment of  
17 the zoning or other land use ordinances, codes, plans, or regulations which, but for this chapter,  
18 would otherwise be applicable. With respect to other projects of the commerce corporation, or  
19 projects receiving state incentives as administered by the commerce corporation, developers are  
20 authorized to plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and  
21 operate a project subject only to the state building code and the state fire code, and all inspections  
22 regarding any such project shall be conducted by the state building commissioner or his designee  
23 without regard to the building and fire codes of any municipality or political subdivision;  
24 provided, however, that the exemption from the building and fire codes shall be subject to the  
25 corporation's compliance with the provisions of this subsection.

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

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

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

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

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

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

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

1 services or sale at retail of tangible personal property.

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

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

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

19 SECTION 2. Section 42-75-12 of the General Laws in Chapter 42-75 entitled "Council  
20 on the Arts" is hereby amended to read as follows:

21 **42-75-12. Rhode Island film and television office.** -- Within the department of  
22 ~~administration~~ executive office of commerce there is established a separate, distinct office  
23 entitled the "Rhode Island film and television office." This office is established in order to  
24 promote and encourage film and television productions within the state of Rhode Island. This  
25 office is also responsible for the review of applications of motion picture productions pursuant to  
26 the requirements of chapter 31.2 of title 44.

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

29 CHAPTER 64.2

30 REBUILD RHODE ISLAND TAX CREDIT

31 **42-64.2-1. Short title.** -- This chapter shall be known and may be cited as the "Rebuild  
32 Rhode Island Tax Credit Act."

33 **42-64.2-2. Findings and declarations.** -- (a) It is hereby found and declared that due to  
34 long-term and short-term stagnant or declining economic trends in Rhode Island, businesses in

1 the state have found it difficult to make investments that would stimulate economic activity and  
2 create new jobs for the citizens of the state. Moreover, such economic trends have caused  
3 business closures or out-of-state business relocations, while other out-of-state businesses are  
4 deterred from relocating to this state. This situation has contributed to a high rate of  
5 unemployment in the state. Consequently, a need exists to promote the retention and expansion of  
6 existing jobs, stimulate the creation of new jobs, attract new business and industry to the state,  
7 and stimulate growth in real estate developments and/or businesses that are prepared to make  
8 meaningful investment and foster job creation in Rhode Island.

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

14 **42-64.2-3. Definitions. -- As used in this chapter:**

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

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

28 (3) "Affordable housing" means housing for sale or rent with combined rental costs or  
29 combined mortgage loan debt services, property taxes, and required insurance that do not exceed  
30 thirty percent (30%) of the gross annual income of a household earning up to eighty percent  
31 (80%) of the area median income, as defined annually by the United States Department of  
32 Housing and Urban Development.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33           (21) "Project cost" means the costs incurred in connection with the qualified development  
34 project or qualified residential or mixed use project by the applicant until the issuance of a

1 permanent certificate of occupancy, or until such other time specified by the commerce  
2 corporation, for a specific investment or improvement, as defined through rules and regulations  
3 promulgated by the commerce corporation.

4 (22) "Project financing gap" means

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

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

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

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

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

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

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

29 (28) "Workforce housing" means housing for sale or rent with combined rental costs or  
30 combined mortgage loan debt services, property taxes, and required insurance that do not exceed  
31 thirty percent (30%) of the gross annual income of a household earning between eighty percent  
32 (80%) and one hundred and forty percent (140%) of the area median income, as defined annually  
33 by the United States Department of Housing and Urban Development.

34 **42-64.2-4. Establishment of program. -- The rebuild Rhode Island tax credit program is**



1 hereby established as a program under the jurisdiction and administration of the commerce  
2 corporation. The program may provide tax credits to applicants meeting the requirements of this  
3 chapter for an eligibility period of five (5) years. On an annual basis, the commerce corporation  
4 shall confer with the executive office of commerce, the department of administration, and the  
5 division of taxation regarding the availability of funds for the award of new tax credits.

6 **42-64.2-5. Tax credits. --** (a) An applicant meeting the requirements of this chapter may  
7 be allowed a credit as set forth hereinafter against taxes imposed upon such person under  
8 applicable provisions of title 44 of the general laws for a qualified development project.

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

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

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

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

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

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

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

34 (c) Applicants qualifying for a tax credit pursuant to chapter 44-33.2 of the General Laws

1 shall be exempt from the requirements of subsections (b)(3)(ii) and (b)(3)(iii) of this section. The  
2 following procedure shall apply to such applicants:

3 (1) The division of taxation shall remain responsible for determining the eligibility of an  
4 applicant for tax credits awarded under chapter 44-33.2 of the General Laws;

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

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

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

15 (ii) The credit allowed pursuant to this chapter shall not exceed fifteen million dollars  
16 (\$15,000,000) for any qualified development project under this chapter. No building or qualified  
17 development project to be completed in phases or in multiple projects shall exceed the maximum  
18 project credit of fifteen million dollars (\$15,000,000) for all phases or projects involved in the  
19 rehabilitation of such building.

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

25 (1) The project includes adaptive reuse or development of recognized historical  
26 structures;

27 (2) The project is undertaken by or for targeted industries;

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

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

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

33 (6) The project includes commercial facilities constructed in accordance with the  
34 minimum environmental and sustainability standards, as certified by the commerce corporation

1 pursuant to LEED or other equivalent standards.

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

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

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

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

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

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

33 (l) In the case of a corporation, this credit is only allowed against the tax of a corporation  
34 included in a consolidated return that qualifies for the credit and not against the tax of other

1 corporations that may join in the filing of a consolidated tax return.

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

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

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

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

18 **42-64.2-6. Administration.** -- (a) To obtain the tax credit authorized in this chapter,  
19 applicants shall apply to the commerce corporation board for approval of a qualified development  
20 project for credits under this chapter. Such approval shall at a minimum require:

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

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

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

33 (4) That the director of the office of management and budget provide (i) written  
34 confirmation to the commerce corporation board that the total credits recommended by the

1 commerce corporation do not exceed the existing and anticipated revenue capacity of the state  
2 and its funding commitment described in 42-64.20-7; and (ii) an analysis of the fiscal impact, if  
3 any, in the year of application and any subsequent year. Such determination shall be made in a  
4 timely manner.

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

10 (c) To claim a tax credit authorized by the board of the commerce corporation, applicants  
11 shall apply to the commerce corporation for a certification that the project has met all  
12 requirements of this chapter and any additional requirements set by the commerce corporation  
13 subsequent to the time the qualified development project is placed in service. The commerce  
14 corporation shall issue to the applicant a certification or a written response detailing any  
15 deficiencies precluding certification. The commerce corporation may deny certification, or may  
16 revoke the delivery of tax credits if the project does not meet all requirements of this chapter and  
17 any additional requirements set by the commerce corporation.

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

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

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

32 **42-64.2-7. Rebuild Rhode Island tax credit fund. --** There is hereby established at the  
33 commerce corporation a restricted account known as the rebuild Rhode Island tax credit fund (the  
34 "Fund") in which all amounts appropriated for the redemption and/or reimbursement of tax

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

10 **42-64.2-8. Program integrity.** -- (a) Program integrity being of paramount importance,  
11 the commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
12 and conditions of the program established herein, including procedures to safeguard the  
13 expenditure of public funds and to ensure that the funds further the objectives of the program.

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

23 **42-64.2-9. Reporting requirements.** -- (a) By August 1st of each year, each applicant  
24 receiving credits under this chapter shall report to the commerce corporation and the division of  
25 taxation the following information:

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

27 (2) The total project cost;

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

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

30 (b) By September 1, 2016 and each year thereafter, the commerce corporation shall report  
31 the name, address, and amount of tax credit for each credit recipient during the previous state  
32 fiscal year to the governor, the speaker of the house of representatives, the president of the senate,  
33 and the chairpersons of the house and senate finance committees, the house and senate fiscal  
34 advisors, and the department of revenue. Such report shall include any determination regarding

1 the potential impact on an approved qualified development project's ability to stimulate business  
2 development; retain and attract new business and industry to the state; create good-paying jobs  
3 for its residents; assist with business, commercial, and industrial real estate development; and  
4 generate revenues for necessary state and local governmental services.

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

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

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

18 **42-64.2-10. Sunset.** -- No credits shall be authorized to be reserved pursuant to this  
19 chapter after December 31, 2018.

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

22 CHAPTER 64.21

23 RHODE ISLAND TAX INCREMENT FINANCING

24 **42-64.21-1. Short title.** -- This act shall be known and may be cited as the "Rhode Island  
25 Tax Increment Financing Act of 2015."

26 **42-64.21-2. Legislative findings.** -- (a) It is hereby found and declared that due to long-  
27 term and short-term stagnant or declining economic trends in Rhode Island, businesses in the  
28 state have found it difficult to make investments that would stimulate economic activity and  
29 create new jobs for the citizens of the state. Moreover, such economic trends have caused  
30 business closures or out-of-state business relocations, while other out-of-state businesses are  
31 deterred from relocating to this state. This situation has contributed to a high rate of  
32 unemployment in the state. Consequently, a need exists to promote the retention and expansion of  
33 existing jobs, stimulate the creation of new jobs, attract new business and industry to the state,  
34 and stimulate growth in real estate developments and/or businesses that are prepared to make

1 meaningful investment and foster job creation in Rhode Island.

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

7 **42-64.21-3. Definitions. -- as used in this chapter:**

8 (1) "Applicant" means a developer proposing to enter into a tax increment financing  
9 agreement under this chapter.

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

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

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

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

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

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

30 (8) "Project financing gap" means:

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



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

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

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

15 (i) Generation or preservation of manufacturing jobs;

16 (ii) Promotion of targeted industries;

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

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

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

20 (vi) Location in a hope community;

21 (vii) Location in an area designated by a municipality as a redevelopment area under §  
22 45-32-4 of the general laws; and

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

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

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

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

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

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

10           **42-64.21-4. TIF program.** -- The commerce corporation shall establish a tax increment  
11 financing program for the purpose of encouraging qualified development projects in qualifying  
12 TIF areas.

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

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

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

33           (d) Under conditions defined by the commerce corporation and in consultation with the  
34 department of revenue, those taxes eligible for inclusion in this TIF program may instead be

1 exempted up to the levels permitted by this act in cases of significant taxpayers. Such significant  
2 taxpayers may instead be required to contribute payments in lieu of taxes (PILOTs) into a  
3 dedicated fund established by the commerce corporation. Such payments shall be up to 75 percent  
4 of the amount that would otherwise be due to the state in the form of taxation as per the  
5 provisions of this statute. Such dedicated funds must be used for the purposes described in this  
6 act. The commerce corporation may issue revenue bonds secured by this dedicated fund. Such  
7 bonds shall not be a general obligation of the state.

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

10 **42-64.21-6. Agreements permitted. --** (a) The commerce corporation is authorized to  
11 enter into a TIF agreement with a developer for any qualified development project located within  
12 a qualifying TIF area. The TIF agreement between the commerce corporation and the developer  
13 shall contain a provision acknowledging that the benefits of said agreement, with the exception of  
14 42-64.21-5 (d) of this chapter, are subject to such annual appropriation.

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

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

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

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

30 (iii) That the secretary of commerce provide written confirmation to the commerce  
31 corporation board that the recommendation of the commerce corporation is consistent with the  
32 purposes of this chapter.

33 (c) A developer that has entered into a TIF agreement with the commerce corporation  
34 pursuant to this section may, upon notice to and consent of the corporation, pledge and assign as

1 security for any loan, any or all of its right, title and interest in and to the TIF agreement and in  
2 the TIF payments due thereunder, and the right to receive same, along with the rights and  
3 remedies provided to the developer under such agreement. Any such assignment shall be an  
4 absolute assignment for all purposes, including the federal bankruptcy code.

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

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

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

19 **42-64.21-7. Program integrity.** -- Program integrity being of paramount importance, the  
20 commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
21 and conditions of the program established herein, including procedures to safeguard the  
22 expenditure of public funds and to ensure that the funds further the objectives of the program.

23 **42-64.21-8. Reporting requirements.** -- (a) By September 1, 2016 and each year  
24 thereafter, the commerce corporation shall report the name, address, and incentive amount of each  
25 agreement entered into during the previous state fiscal year to the division of taxation.

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

31 (c) By January 1, 2017 and each year thereafter, the commerce corporation shall report to  
32 governor, the speaker of the house, the president of the senate, the chairpersons of the house and  
33 senate finance committees, and the house and senate fiscal advisors the address and incentive  
34 amount of each agreement entered into during the previous state fiscal year as well as any

1 determination regarding the measurable impact of each and every agreement on the retention and  
2 expansion of existing jobs, stimulation of the creation of new jobs, attraction of new business and  
3 industry to the state, and stimulation of growth in real estate developments and/or businesses that  
4 are prepared to make meaningful investment and foster job creation in the state.

5 **42-64.21-9. Sunset.** -- The commerce corporation shall enter into no agreement under  
6 this chapter after December 31, 2018.

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

9 CHAPTER 64.22

10 TAX STABILIZATION INCENTIVE

11 **42-64.22-1. Findings and declarations.** -- The general assembly finds and declares:

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

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

20 **42-64.22-2. Definitions.** -- As used in this chapter:

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

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

34 (3) "Affordable housing" means housing for sale or rent with combined rental costs or

1 combined mortgage loan debt services, property taxes, and required insurance that do not exceed  
2 thirty percent (30%) of the gross annual income of a household earning up to eighty percent  
3 (80%) of the Providence-Fall River, RI-MA metropolitan area median income, as defined  
4 annually by the United States Department of Housing and Urban Development.

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

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

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

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

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

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

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

1 (i) Listed individually on the national register of historic places; or  
2 (ii) Listed individually in the state register of historic places; or  
3 (iii) Located in a registered historic district and certified by either the commission or  
4 Secretary of the Interior as being of historic significance to the district.

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

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

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

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

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

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

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

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

1 of the Census.

2 (12) "Project" means qualified development project as defined under subsection (12) of  
3 this chapter.

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

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

11 (15) "Qualifying communities" are those municipalities within the state that are not  
12 defined as a hope community.

13 (16) "Qualified development project" includes:

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

17 (ii) Construction of a new building wherein:

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

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

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

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

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

30 (19) "Workforce housing" means housing for sale or rent with combined rental costs or  
31 combined mortgage loan debt services, property taxes, and required insurance that do not exceed  
32 thirty percent (30%) of the gross annual income of a household earning between eighty percent  
33 (80%) and one hundred and forty percent (140%) of the Providence-Fall River, RI-MA  
34 metropolitan area median income, as defined annually by the United States Department of



1 Housing and Urban Development.

2 **42-64.22-3. Establishment of program.** -- (a) The Tax Stabilization Incentive Program  
3 is hereby created to provide incentives to Rhode Island municipalities to enter into qualifying  
4 property tax stabilization agreements in connection with qualifying projects set forth herein.

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

11 **42-64.22-4. Incentives for municipalities.** -- The qualifying community or hope  
12 community grants a qualifying tax stabilization agreement in connection with a qualifying  
13 project, upon certification by the commerce corporation and subject to availability of  
14 appropriated funds, the commerce corporation shall provide a partial reimbursement of no more  
15 than ten percent (10%) of the qualified community and/or hope community's forgone tax revenue.  
16 The qualification for reimbursement shall cease upon any termination or cessation of the  
17 underlying tax stabilization agreement or upon exhaustion of funds appropriated pursuant to this  
18 section.

19 **42-64.22-5. Eligibility requirements for qualifying communities.** -- In order for a  
20 qualifying community to be eligible to receive incentives under this chapter, in addition to the  
21 provisions set forth herein, the tax stabilization agreement must be for a qualified development  
22 project resulting in the creation of at least fifty (50) new full-time jobs, and the developer must  
23 commit a capital investment of not less than ten million dollars (\$10,000,000.00) towards the  
24 project cost.

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

30 **42-64.22-7. Alternative eligibility requirements.** -- (a) Qualified communities may  
31 receive incentives under this chapter, where the tax stabilization agreement is for a qualified  
32 development project involving an adaptive reuse of a recognized historical structure or results in  
33 the creation of at least twenty (20) units of residential housing; provided that at least twenty  
34 percent (20%) of the residential units are for affordable or workforce housing.

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

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

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

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

12 **42-64.22-8. Reimbursement.** -- The aggregate value of all reimbursements approved by  
13 the commerce corporation pursuant to this chapter during the eligibility period shall not exceed  
14 the lesser of ten (10%) percent of the qualifying and/or hope communities' forgone tax revenue or  
15 annual appropriations received by the commerce corporation for the program.

16 **42-64.22-9. Applicability.** -- The amounts subject to reimbursement under this chapter  
17 shall apply to any real and/or personal property tax abatement provided pursuant to a tax  
18 stabilization agreement, granted pursuant to § 44-3-9 of the general laws, after January 1, 2015.  
19 The amounts subject to reimbursement shall also include any reduction in the then current real  
20 property taxes and/or personal property taxes, as well as a reduction in the prospective amounts  
21 that would be due in connection with the completion of the qualifying project.

22 **42-64.22-10. Approval.** -- The commerce corporation's approval of reimbursement to the  
23 qualifying or hope communities may be made in accordance with or conditional upon the  
24 conditions set forth under § 44-3-9 of the general laws and other guidelines, criteria, and priorities  
25 that may be adopted by the commerce corporation. In order to distribute funds under the chapter,  
26 the commerce corporation shall enter into an agreement with the community setting forth the  
27 terms of the reimbursements subject hereto. The commerce corporation may require communities  
28 to provide reports and documentation regarding any reimbursements provided under this chapter.

29 **42-64.22-11. Restrictions.** -- Nothing in this section shall be construed to interfere,  
30 restrict or prevent any qualifying community or hope community from granting tax stabilization  
31 agreements pursuant to § 44-3-9 of the general laws or other applicable sections of title 44 of the  
32 general laws.

33 **42-64.22-12. Implementation guidelines, directives, criteria, rules, regulations.** -- (a)  
34 The commerce corporation shall establish further guidelines, directives, criteria, rules and

1 regulations in regards to the implementation of this chapter.

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

5 **42-64.22-13. Program integrity.** -- Program integrity being of paramount importance,  
6 the commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
7 and conditions of the program established herein, including procedures to safeguard the  
8 expenditure of public funds and to ensure that the funds further the objectives of the program.

9 **42-64.22-14. Report requirements.** -- (a) By September 1, 2016 and each year  
10 thereafter, the commerce corporation shall report the name, address, and amount of each  
11 stabilization agreement entered into during the previous state fiscal year to the division of  
12 taxation.

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

18 **42-64.22-15. Sunset.** -- The commerce corporation shall enter into no agreement under  
19 this chapter after December 31, 2018.

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

22 CHAPTER 64.23

23 FIRST WAVE CLOSING FUND

24 **42-64.23-1. Short title.** -- This chapter shall be known as the "First Wave Closing Fund  
25 Act."

26 **42-64.23-2. Legislative findings.** -- The general assembly finds and declares: (a) It is  
27 hereby found and declared that due to long-term and short-term stagnant or declining economic  
28 trends in Rhode Island, businesses in the state have found it difficult to make investments that  
29 would stimulate economic activity and create new jobs for the citizens of the state. Moreover,  
30 such economic trends have caused business closures or out-of-state business relocations, while  
31 other out-of-state businesses are deterred from relocating to this state. This situation has  
32 contributed to a high rate of unemployment in the state. Consequently, a need exists to promote  
33 the retention and expansion of existing jobs, stimulate the creation of new jobs, attract new  
34 business and industry to the state, and stimulate growth in real estate developments and/or

1 businesses that are prepared to make meaningful investments and foster job creation in Rhode  
2 Island.

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

7 **42-64.23-3. Definitions.** -- As used in this chapter:

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

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

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

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

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

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

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

32 (6) "Developer" means a person, firm, corporation, partnership, association, political  
33 subdivision, or other entity that proposes to divide, divides, or causes to be divided real property  
34 into a subdivision or proposes to build, or builds a building or buildings or otherwise improves

1 land or existing structures, which division, building, or improvement of land qualifies for benefits  
2 under this chapter.

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

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

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

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

17 (10) "Project financing gap" means

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

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

25 **42-64.23-4. Establishment of fund; Purposes; Composition. --** (a) There is hereby  
26 established the first wave closing fund (the "Fund") to be administered by the commerce  
27 corporation as set forth in this chapter.

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

31 (c) The fund shall consist of:

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

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

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

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

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

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

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

7 **42-64.23-5. Powers of commerce corporation.** -- (a) The commerce corporation board  
8 shall promulgate regulations setting forth criteria for approving awards under the fund and such  
9 criteria shall ensure that awards from the fund are economically advantageous to the citizens of  
10 Rhode Island. To qualify for the benefits of this chapter, an applicant shall submit an application  
11 to the commerce corporation. Upon receipt of a proper application from an applicant, the  
12 commerce corporation board may approve a loan, a conditional grant or other investment. In  
13 making each award, the commerce corporation shall consider, among other factors, the:

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

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

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

17 (4) Quality and number of jobs produced;

18 (5) Quality of industry and project; and

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

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

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

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

32 **42-64.23-6. Implementation guidelines, directives, criteria, rules, regulations.** -- The  
33 commerce corporation may adopt implementation guidelines, directives, criteria, rules and  
34 regulations pursuant to § 42-35-3 of the General Laws as are necessary for the implementation

1 and administration of the fund.

2 **42-64.23-7. Program integrity.** -- Program integrity being of paramount importance, the  
3 commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
4 and conditions of the program established herein, including procedures to safeguard the  
5 expenditure of public funds and to ensure that the funds further the objectives of the program.

6 **42-64.23-8. Sunset.** -- No financing shall be authorized to be reserved pursuant to this  
7 chapter after December 31, 2018.

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

10 CHAPTER 64.24

11 I-195 REDEVELOPMENT PROJECT FUND

12 **42-64.24-1. Short title.** -- This chapter shall be known as the "I-195 Redevelopment  
13 Project Fund Act."

14 **42-64.24-2. Legislative findings.** -- The general assembly finds and declares:

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

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

24 **42-64.24-3. Definitions.** -- As used in this act:

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

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

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

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

34 (ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,

1 including but not limited to material goods for the operation of a business on real property or in a  
2 building, structure, facility, or improvement to real property.

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

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

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

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

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

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

23 (10) "Project financing gap" means

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

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

31 **42-64.24-4. Establishment of the fund uses and composition.** -- (a) The I-195  
32 Redevelopment Project Fund (the "Fund") is hereby established under the jurisdiction of and shall  
33 be administered by the commission in order to further the goals set forth in Chapter 42-64.14 of  
34 the general laws and to promote, among other purposes, the development and attraction of



1 advanced industries and innovation on and near the I-195 land in order to enhance Rhode Island's  
2 economic vitality.

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

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

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

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

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

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

16 (d) The fund shall consist of:

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

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

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

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

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

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

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

26 **42-64.24-5. Assistance, Powers of commission, reports. --** (a) An applicant seeking  
27 assistance under this chapter shall submit a request to the commission pursuant to an application  
28 procedure prescribed by the commission.

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

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

34 (d) The commission shall publish a report on the fund at the end of each fiscal year. The

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

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

11 **42-64.24-7. Program integrity.** -- Program integrity being of paramount importance, the  
12 commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
13 and conditions of the program established herein, including procedures to safeguard the  
14 expenditure of public funds and to ensure that the funds further the objectives of the program.

15 **42-64.24-8. Sunset.** -- No funding, credits, or incentives shall be authorized or authorized  
16 to be reserved pursuant to this chapter after December 31, 2018.

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

19 CHAPTER 64.25

20 SMALL BUSINESS ASSISTANCE PROGRAM

21 **42-64.25-1. Short title.** -- This chapter shall be known as the "Small Business Assistance  
22 Program Act."

23 **42-64.25-2. Statement of intent.** -- The general assembly hereby finds and declares that  
24 small businesses are the economic backbone of the state and the source of a majority of new jobs.  
25 The general assembly further finds that too many such businesses often have difficulty obtaining  
26 capital from traditional banking organizations to start up, improve or expand operations.  
27 Providing greater access to capital would enable the formation and expansion of small businesses  
28 across the state and provide job opportunities to the state's citizens. The purpose of this act is to  
29 assist small businesses that encounter difficulty in obtaining adequate credit or adequate terms for  
30 such credit. Among the small businesses that this act aims to assist are minority business  
31 enterprises and women-owned business enterprises.

32 **42-64.25-3. Establishment of small business capital access fund.** -- The small business  
33 capital access fund program is hereby created within the Rhode Island commerce corporation.  
34 The commerce corporation is authorized, within available appropriations, to provide direct

1 assistance and/or partner with lending organizations to provide funding for loans to small  
2 businesses located in Rhode Island. As used in this chapter, a "small business" means a business  
3 that is resident in Rhode Island and employs two hundred (200) or fewer persons. The commerce  
4 corporation is authorized, from time to time, to establish rules and regulations for the  
5 administration of the program.

6 **42-64.25-4. Qualifications of lending organizations.** -- The commerce corporation may  
7 elect to partner with an outside lending organization and authorize that organization to receive  
8 and administer program funds. Before partnering with an outside lending organization, the  
9 commerce corporation may identify eligible lending organizations through one or more  
10 competitive statewide or regional solicitations.

11 **42-64.25-5. Program loan structures.** -- Loan programs shall be structured by the  
12 commerce corporation that may include, but not be limited to, the following programs: (a)  
13 financing programs for companies that require additional capital outside of conventional senior  
14 debt or equity financing channels; (b) direct lending of subordinated and mezzanine debt; (c)  
15 collateral support in the form of credit enhancement; (d) pledge of cash collateral accounts to  
16 lending institutions to enhance collateral coverage of individual loans; and (e) technical assistance  
17 to small businesses.

18 **42-64.25-6. Micro-loan allocation.** -- Notwithstanding anything to the contrary in this  
19 chapter, ten percent (10%) of program funds will be allocated to "micro loans" with a principal  
20 amount between two thousand dollars and twenty-five thousand dollars. Micro loans will be  
21 administered by lending organizations, which will be selected by the commerce corporation on a  
22 competitive basis and shall have experience in providing technical and financial assistance to  
23 microenterprises.

24 **42-64.25-7. Lending organization reports.** -- Any participating lending organizations  
25 shall submit to the commerce corporation annual reports stating the following: the number of  
26 program loans made; the amount of program funding used for loans; the use of loan proceeds by  
27 the borrowers; the number of jobs created or retained; a description of the economic development  
28 generated; the status of each outstanding loan; and such other information as the commerce  
29 corporation may require.

30 **42-64.25-8. Audits.** -- The commerce corporation may conduct audits of any  
31 participating lending organization in order to ensure compliance with the provisions of this  
32 chapter, any regulations promulgated with respect thereto and agreements between the lending  
33 organizations and the commerce corporation on all aspects of the use of program funds and  
34 program loan transactions. In the event that the commerce corporation finds noncompliance, the

1 commerce corporation may terminate the lending organization's participation in the program.

2 **42-64.25-9. Termination.** -- Upon termination of a lending organization's participation in  
3 the program, the lending organization shall return to the commerce corporation, promptly after its  
4 demand therefor, an accounting of all program funds received by the lending organization,  
5 including a transfer of all currently outstanding loans that were made using program funds.  
6 Notwithstanding such termination, the lending organization shall remain liable to the commerce  
7 corporation with respect to any unpaid amount due from the lending organization pursuant to the  
8 terms of the commerce corporation's provision of funds to the lending organization.

9 **42-64.25-10. Discretion.** -- The commerce corporation shall have no obligation to grant  
10 any loan under this chapter or provide any funding to a lending organization.

11 **42-64.25-11. Limitations.** -- (a) The commerce corporation shall not grant any financial  
12 commitment from state program funds to any applicant in excess of seven hundred and fifty  
13 thousand (\$750,000) dollars under this program.

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

16 **42-64.25-12. Reporting requirements.** -- The commerce corporation shall publish a  
17 report on the small business capital access fund at the end of each fiscal year. The report shall  
18 contain information on the commitment, disbursement, and use of funds allocated under the fund.  
19 The report shall also, to the extent practicable, track the economic impact of projects that have  
20 been completed using the fund. The report is due no later than sixty (60) days after the end of the  
21 fiscal year, and shall be provided to the speaker of the house of representatives and the president  
22 of the senate.

23 **42-64.25-13. Program integrity.** -- Program integrity being of paramount importance,  
24 the commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
25 and conditions of the program established herein, including procedures to safeguard the  
26 expenditure of public funds and to ensure that the funds further the objectives of the program.

27 **42-64.25-14. Sunset.** -- No grants, funding, or incentives shall be authorized pursuant to  
28 this chapter after December 31, 2018.

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

31 CHAPTER 64.20

32 STAY INVESTED IN RI WAVEMAKER FELLOWSHIP

33 **42-64.20-1. Short title.** -- This chapter shall be known as the "Stay Invested in RI  
34 Wavemaker Fellowship."

1 **42-64.20-2. Legislative findings. -- The general assembly finds and declares:**

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

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

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

9 (4) Relieving student loan debt would give these individuals greater control over their  
10 earnings, would increase entrepreneurship and demand for goods and services, and would enable  
11 employers in this state to recruit and retain graduates in the fields of science, technology,  
12 engineering and mathematics.

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

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

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

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

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

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

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

25 **42-64.20-3. Definitions. -- As used in this chapter:**

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

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

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

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

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

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

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

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

10           (i) That the applicant shall have graduated from an accredited two (2) year, four (4) year  
11 or graduate post-secondary institution of higher learning with an associate's, bachelor's, graduate,  
12 or post-graduate degree and at which the applicant incurred education loan repayment expenses;

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

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

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

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

30           (12) "Rhode Island-based employer" means an employer having a principal place of  
31 business or at least fifty-one percent (51%) of its employees located in this state.

32           (13) "Fund" refers to the "Stay Invested in RI Fund" established pursuant to § 42-64.20-4.

33           **42-64.20-4. Establishment of fund; Purposes; Composition.** -- (a) There is hereby  
34 established the "Stay Invested in RI Fund" (the "fund") to be administered by the commerce

1 corporation as set forth in this chapter.

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

5 (c) The fund shall consist of:

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

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

8 and

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

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

19 **42-64.20-5. Administration.** -- (a) Application.-- An eligible graduate claiming an award  
20 under this chapter shall submit to the commerce corporation an application in the manner that the  
21 commerce corporation shall prescribe.

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

1 redacted of the applicant's name, street address, and other personally-identifying information as  
2 well as the applicant's employer's name, street address, and other employer-identifying  
3 information. The commerce corporation shall determine the composition of the fellowship  
4 committee and the selection procedures it will use in consultation with the state's chambers of  
5 commerce.

6 (c) The credits awarded under this chapter shall not exceed one hundred percent (100%)  
7 of the education loan repayment expenses incurred by such taxpayer during each service period  
8 completed for up to four (4) consecutive service periods. Tax credits shall be issued annually to  
9 the taxpayer upon proof that (i) the taxpayer has actually incurred and paid such education loan  
10 repayment expenses; (ii) the taxpayer continues to meet the eligibility requirements throughout  
11 the service period; (iii) The award shall not exceed the original loan amount plus any capitalized  
12 interest less award previously claimed under this section; and (iv) that the taxpayer claiming an  
13 award is current on his or her student loan repayment obligations.

14 (d) The commerce corporation shall not commit to overall awards in excess of the  
15 amount contained in the fund. The commerce corporation shall not issue initial award notices in  
16 any calendar year committing to awards in excess of twenty-five percent (25%) of the fund for a  
17 calendar year in order to provide that taxpayers may receive awards for up to four (4) consecutive  
18 service periods as provided in this chapter.

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

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

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

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

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

30 **42-64.20-6. Reporting.** -- (a) The commerce corporation shall require taxpayers to  
31 submit annual reports, in such form and on such dates as the commerce corporation shall require,  
32 in order to confirm that the taxpayer continues to meet all of the eligibility requirements of this  
33 chapter and as a prerequisite to funding any award of tax credits under this chapter.

34 (b) Notwithstanding any other provision of law, no taxpayer shall receive an award



1 without first consenting to the public disclosure of the receipt of any award given under this  
2 chapter. The commerce corporation shall annually publish a list of taxpayers receiving awards  
3 under this program, their post-secondary institution of higher learning, and their employer on the  
4 commerce corporation website and in such other locations as it deems appropriate.

5 **42-64.20-7. Remedies.** -- (a) If an eligible graduate receiving an award under this chapter  
6 violates any provision of this chapter or ceases to meet the eligibility requirements of this chapter,  
7 the commerce corporation may, on reasonable notice:

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

10 (2) Terminate the award.

11 **42-64.26-8. Carry forward and redemption of tax credits.** -- (a) If the amount of the  
12 tax credit allowed under this chapter exceeds the taxpayer's total tax liability for the year in  
13 which the credit is allowed, the amount of such credit that exceeds the taxpayer's tax liability  
14 may be carried forward and applied against the taxes imposed for the succeeding four (4) years,  
15 or until the full credit is used, whichever occurs first.

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

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

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

22 **42-64.20-9. Implementation guidelines, rules, regulations.** -- (a) The commerce  
23 corporation may adopt implementation guidelines, rules, and regulations pursuant to § 42-35-3 as  
24 are necessary for the implementation of this chapter.

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

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

30 **42-64.20-10. Promotion by state agencies.** -- (a) The commerce corporation and any  
31 other agencies engaging in education-related outreach shall integrate promotion of the program  
32 into existing educational opportunity outreach efforts to the extent possible in a manner consistent  
33 with the scope of the program and its centrality to the state's efforts to raise educational  
34 attainment, including, without limitation, promoting the program to Rhode Island permanent

1 [residents who enroll in accredited Rhode Island colleges or universities and receive financial aid](#)  
2 [in the form of student loans.](#)

3 **42-64.20-11. Program integrity.** -- [Program integrity being of paramount importance,](#)  
4 [the commerce corporation shall establish procedures to ensure ongoing compliance with the terms](#)  
5 [and conditions of the program established herein and to safeguard the expenditure of public](#)  
6 [funds.](#)

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

9 [CHAPTER 64.27](#)

10 [MAIN STREET RHODE ISLAND STREETSCAPE IMPROVEMENT FUND](#)

11 **42-64.27-1. Statement of intent.** -- [It is the intention of the general assembly to foster](#)  
12 [private-public partnerships in relation to improvement of streetscapes in local business districts](#)  
13 [by creating a funding program to stimulate investment in such improvements, thus enhancing the](#)  
14 [environment for business and attracting further investment.](#)

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

27 **42-64.27-3. Rules and regulations.** -- [The commerce corporation is hereby authorized to](#)  
28 [promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,](#)  
29 [including the criteria by which grant or loan applications will be judged and awarded.](#)

30 **42-64.27-4. Reporting requirements.** -- [The commerce corporation shall publish a](#)  
31 [report on the main street RI streetscape improvement fund at the end of each fiscal year. The](#)  
32 [report shall contain information on the commitment, disbursement, and use of funds allocated](#)  
33 [under the fund. The report shall also, to the extent practicable, track the economic impact of](#)  
34 [projects that have been completed using the fund. The report is due no later than sixty \(60\) days](#)

1 after the end of the fiscal year, and shall be provided to the speaker of the house of  
2 representatives and the president of the senate.

3 **42-64.27-5. Program integrity.** -- Program integrity being of paramount importance, the  
4 commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
5 and conditions of the program established herein, including procedures to safeguard the  
6 expenditure of public funds and to ensure that the funds further the objectives of the program.

7 **42-64.27-6. Sunset.** -- No incentives shall be authorized pursuant to this chapter after  
8 December 31, 2018.

9 SECTION 11. Title 42 of the General Laws entitled "STATE AFFAIRS AND  
10 GOVERNMENT" is hereby amended by adding thereto the following chapter:

11 CHAPTER 64.28

12 INNOVATION INITIATIVE.

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

23 **42-64.28-2. Definitions.** -- As used in this chapter:

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

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

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

29 (4) "Targeted industry" means any advanced, promising or otherwise prioritized industry  
30 identified in the economic development vision and policy promulgated pursuant General Laws §  
31 42-64.17-1 or, until such time as any such economic development vision and policy is  
32 promulgated, as identified by the commerce corporation.

33 **42-64.28-3. Programs established.** -- (a) The Rhode Island commerce corporation shall  
34 establish a voucher program and an innovation network program as provided under this chapter.

1 The programs are subject to available appropriations and such other funding as may be dedicated  
2 to the programs.

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

5 (1) The fund shall consist of:

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

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

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

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

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

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

23 **42-64.28-4. Eligible uses. --** (a) Vouchers available under this chapter shall be used for  
24 the benefit of small businesses to access technical assistance and other services including, but not  
25 limited to, research, technological development, product development, commercialization, market  
26 development, technology exploration, and improved business practices that implement strategies  
27 to grow business and create operational efficiencies.

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

34 **42-64.28-5. Qualification. --** To qualify for a voucher or for a matching fund award

1 under this chapter, a business must make application to the commerce corporation, and upon  
2 selection, shall enter into an agreement with the commerce corporation. The commerce  
3 corporation shall have no obligation to issue any voucher, make any award or grant any benefits  
4 under this chapter.

5 **42-64.28-6. Voucher amounts and matching fund awards.** -- (a) Voucher award  
6 amounts to a selected applicant shall be determined by the corporation, to be in the minimum  
7 amount of five thousand dollars (\$5,000) and the maximum amount of fifty thousand dollars  
8 (\$50,000), subject to appropriations or other available moneys in the Fund.

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

11 **42-64.28-7. Rules and regulations.** -- The commerce corporation is hereby authorized to  
12 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,  
13 including the criteria by which voucher and matching fund applications will be judged, awards  
14 will be approved, and vendors of services will be approved.

15 **42-64.28-8. Program integrity.** -- Program integrity being of paramount importance, the  
16 commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
17 and conditions of the program established herein, including procedures to safeguard the  
18 expenditure of public funds and to ensure that the funds further the objectives of the program.

19 **42-64.28-9. Reporting requirements.** -- The commerce corporation shall submit a report  
20 annually, no later than sixty (60) days after the end of the fiscal year to the speaker of the house  
21 and the president of the senate detailing: (1) the total amount of innovation vouchers and  
22 matching funds awarded; (2) the number of innovation vouchers and matching fund awards  
23 approved, (3) the amount of each voucher or matching fund award and a description of services  
24 purchased; and (4) such other information as the commerce corporation deems necessary.

25 **42-64.28-10. Sunset.** -- No vouchers, grants, or incentives shall be authorized pursuant to  
26 this chapter after December 31, 2018.

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

29 CHAPTER 64.29

30 INDUSTRY CLUSTER GRANTS

31 **42-64.29-1. Statement of intent.** -- Robust industry clusters – geographic concentrations  
32 of interconnected firms and related institutions in a field – drive competitiveness and innovation  
33 by fostering dynamic interactions among businesses such as labor force pooling, supplier  
34 specialization, collaborative problem solving, technology exchange and knowledge sharing. It is

1 the intention of the general assembly to foster such industry clusters by creating a grant program  
2 to stimulate cluster initiatives and enhance industry competitiveness.

3 **42-64.29-2. Fund established.** -- The industry cluster grant fund (the "fund") is hereby  
4 created within the Rhode Island commerce corporation. The commerce corporation is authorized,  
5 within available appropriations, to award grants to organizations on a competitive basis as more  
6 particularly set forth in this chapter. Applications and awards of grants shall be on a rolling basis,  
7 and the commerce corporation shall only issue grants up to the amount contained in the fund.  
8 There is established an account in the name of the fund under the control of the commerce  
9 corporation, and the commerce corporation shall pay into such account any eligible funds  
10 available to the commerce corporation from any source, including funds appropriated by the state  
11 and any grants made available by the United States Government or any agency of the United  
12 States Government.

13 **42-64.29-3. Startup and technical assistance grants.** -- Startup and technical assistance  
14 grants of seventy-five thousand dollars to two hundred fifty thousand dollars shall be made  
15 available to support activities within the industry cluster that enable collaboration among  
16 businesses and other institutions in order to advance innovation and increase sector profitability.  
17 Eligible organizations may be regional or statewide in scope and may include, but not solely be  
18 composed of, relevant companies or institutions outside of Rhode Island. The commerce  
19 corporation shall establish, by regulation, both (a) the criteria for issuing grants under this section;  
20 and (b) a process for receiving and reviewing applications for grants under this section.

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

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

33 **42-64.29-5. Rules and regulations.** -- The commerce corporation is hereby authorized to  
34 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,

1 including the criteria by which grant applications will be judged and awarded.

2 **42-64.29-6. Program integrity.** -- Program integrity being of paramount importance, the  
3 commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
4 and conditions of the program established herein, including procedures to safeguard the  
5 expenditure of public funds and to ensure that the funds further the objectives of the program.

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

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

14 **42-64.29-8. Sunset.** -- No grants or incentives shall be authorized to be reserved pursuant  
15 to this chapter after December 31, 2018.

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

18 CHAPTER 64.30

19 ANCHOR INSTITUTION TAX CREDIT

20 **42-64.30-1. Short title.** -- This chapter shall be known and may be cited as the "Anchor  
21 Institution Tax Credit Act."

22 **42-64.30-2. Statement of intent.** -- It is to the advantage of the state of Rhode Island and  
23 its people to attract businesses to locate in Rhode Island thereby increasing the vitality of the  
24 Rhode Island economy. It is the intention of the general assembly to give existing Rhode Island  
25 businesses an incentive to encourage businesses in their supply chain, service providers or  
26 customers to relocate to Rhode Island by giving existing Rhode Island businesses a tax credit  
27 when they are able to bring about a business relocation to this state.

28 **42-64.30-3. Definitions.** -- As used in this act:

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

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

1 five (5) years.

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

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

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

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

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

16 **42-64.30-4. Establishment of anchor institution tax credit.** -- The tax credit program is  
17 hereby established as a program under the jurisdiction of the commerce corporation and shall be  
18 administered by the commerce corporation. The purposes of the program are to encourage  
19 economic development and job creation in connection with the relocation of qualified businesses  
20 to the state of Rhode Island by providing an incentive to existing Rhode Island businesses to  
21 encourage a qualified business to relocate Rhode Island. To implement these purposes, the  
22 program may provide tax credits to eligible businesses for a period of five (5) years.

23 **42-64.30-5. Allowance of tax credits.** -- (a) A Rhode Island business, upon application  
24 to and approval from the commerce corporation, shall be allowed a credit as set forth hereinafter  
25 against taxes imposed under applicable provisions of title 44 of the general laws for having  
26 played a substantial role in the decision of a qualified business to relocate a minimum number of  
27 jobs as provided below:

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

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

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



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

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

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

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

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

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

23           (h) If the existing Rhode Island business has not claimed the tax credit allowed under this  
24 chapter in whole or part, the existing Rhode Island business eligible for the tax credit shall, prior  
25 to assignment or transfer to a third party, file a request with the division of taxation to redeem the  
26 tax credit in whole or in part to the state. Within ninety (90) days from the submission of a  
27 request to the division of taxation to redeem the tax credits, the division shall be entitled to  
28 redeem the tax credits in exchange for payment by the state to the existing Rhode Island business  
29 of (1) one hundred percent (100%) of the value of the portion of the tax credit redeemed, or (2)  
30 for tax credits redeemed in whole, one hundred percent (100%) of the total remaining value of the  
31 tax credit; provided, however, that the redemption shall be prorated equally over each year of the  
32 remaining term of the eligible period of the tax credit.

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

1           **42-64.30-6. Administration. --** (a) To be eligible to receive a tax credit authorized by  
2 this chapter, an existing Rhode Island business shall apply to the commerce corporation for  
3 approval prior to the qualified business commencing a relocation search within the state for a  
4 certification that the existing Rhode Island business qualifies for tax credits under this chapter.

5 Such approval shall require:

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

8           (2) That the chief executive officer of the commerce corporation provide written  
9 confirmation to the commerce corporation board that (i) the commerce corporation has reviewed  
10 the application and any determination regarding the potential impact on the qualified business's  
11 ability to promote the retention and expansion of existing jobs, stimulate the creation of new jobs,  
12 including good-paying jobs, attract new business and industry to the state, and stimulate growth  
13 in real estate developments and/or businesses that are prepared to make meaningful investment  
14 and foster job creation in the state; and (ii) of the recommendation of the commerce corporation  
15 as to the total credits to be awarded to the applicant; and

16           (3) That the secretary of commerce provide written confirmation to the commerce  
17 corporation board that the recommendation of the commerce corporation is consistent with the  
18 purposes of this chapter.

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

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

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

29           **42-64.30-7. Rules and regulations. --** The commerce corporation is hereby authorized to  
30 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,  
31 including the criteria by which applications for tax credit will be evaluated and approved and to  
32 provide for repayment of credits received if the qualified business leaves Rhode Island within a  
33 period of time to be established by the commerce corporation. The division of taxation is hereby  
34 authorized to promulgate such rules and regulations as are necessary to fulfill the purposes of this

1 chapter.

2 **42-64.30-8. Anchor institution tax credit fund.** -- There is hereby established at the  
3 commerce corporation a restricted account known as the Anchor Institution tax credit fund (the  
4 "Fund") in which all amounts appropriated for the redemption and/or reimbursement of tax  
5 credits under this chapter shall be deposited. The Fund shall be used to pay for the redemption of  
6 tax credits or reimbursement to the state for tax credits applied against a taxpayer's liability. The  
7 Fund shall be exempt from attachment, levy or any other process at law or in equity. The director  
8 of the department of revenue shall make a requisition to the commerce corporation for funding  
9 during any fiscal year as may be necessary to pay for the redemption of tax credits presented for  
10 redemption or to reimburse the state for tax credits applied against a taxpayer's tax liability. The  
11 commerce corporation shall pay from the Fund such amounts as requested by the director of the  
12 department of revenue necessary for redemption or reimbursement in relation to tax credits  
13 granted under this chapter.

14 **42-64.30-9. Program integrity.** -- Program integrity being of paramount importance, the  
15 commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
16 and conditions of the program established herein, including procedures to safeguard the  
17 expenditure of public funds and to ensure that the funds further the objectives of the program.

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

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

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

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

3 **42-64.30-11. Sunset.** -- [No credits shall be authorized to be reserved pursuant to this](#)  
4 [chapter after December 31, 2018.](#)

5 SECTION 14. Section 42-64.16-2 of the General Laws in Chapter 42-64.16 entitled "The  
6 Innovate Rhode Island Small Business Program" is hereby amended to read as follows:

7 **42-64.16-2. Establishment of matching funds program.** -- (a) There is established the  
8 Rhode Island SBIR/STTR Matching Funds Program to be administered by STAC. In order to  
9 foster job creation and economic development in the state, STAC may provide grants to eligible  
10 businesses to match funds received by a business as a SBIR or STTR Phase I [or II](#) award, ~~loans to~~  
11 ~~eligible businesses to match funds received by a business as a SBIR or STTR Phase II award,~~ and  
12 to encourage businesses to apply for further ~~Phase II and Phase III~~ [SBIR or STTR](#) awards,  
13 ~~respectively~~ [and commercialize their technology and research.](#)

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

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

20 (2) The business must have received an SBIR/STTR Phase I award from a participating  
21 federal agency in response to a specific federal solicitation. To receive the full Phase I matching  
22 grant, the business must also have submitted a final Phase I report, demonstrated that the  
23 sponsoring agency has interest in the Phase II proposal, and submitted a Phase II proposal to the  
24 agency. To receive the full Phase II matching ~~loan~~ [grant](#), the business must also have submitted a  
25 final Phase II report, ~~demonstrated that the sponsoring agency has interest in the Phase III~~  
26 ~~proposal, and submitted a Phase III proposal to the agency.~~

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

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

30 (5) For a Phase I [and II](#) matching grant, the business must certify that at least fifty-one  
31 percent (51%) of the research described in the federal SBIR/STTR Phase [I, II and any further](#)  
32 [SBIR/STTR proposal proposals and commercialization](#) will be conducted in this state and that the  
33 business will remain a Rhode Island-based business for the duration of the SBIR/STTR Phase [I, II](#)  
34 [any further SBIR/STTR project projects and commercialization.](#) ~~For a Phase II matching loan, the~~

1 ~~business must certify that at least fifty one percent (51%) of the research described in the federal~~  
2 ~~SBIR/STTR Phase III proposal will be conducted in this state and that the business will remain a~~  
3 ~~Rhode Island based business for the duration of the SBIR/STTR Phase III project.~~

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

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

17 ~~(d) Phase II Matching Loan. —STAC may award loans to match the funds received by a~~  
18 ~~business through a SBIR/STTR Phase II proposal up to a maximum of three hundred thousand~~  
19 ~~dollars (\$300,000) that must be secured by sufficient assets of the business. Seventy five percent~~  
20 ~~(75%) of the total loan shall be remitted to the business upon receipt of the SBIR/STTR Phase II~~  
21 ~~award and application for funds under this section. Twenty five percent (25%) of the total loan~~  
22 ~~shall be remitted to the business upon submission by the business of the Phase III application to~~  
23 ~~the funding agency and acceptance of the Phase I report by the funding agency. A business may~~  
24 ~~receive only one loan under this section per year. A business may receive only one loan under this~~  
25 ~~section with respect to each federal proposal submission. Over its lifetime, a business may receive~~  
26 ~~a maximum of six (6) loans under this section.~~

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

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

31 (2) For a Phase or II matching grant, an acknowledgement of receipt of the Phase I or II  
32 report and Phase II proposal by the relevant federal agency. ~~For a Phase II matching loan, an~~  
33 ~~acknowledgement of receipt of the Phase II report and Phase III proposal by the relevant federal~~  
34 ~~agency.~~

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

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

4 CHAPTER 48.3

5 RHODE ISLAND NEW QUALIFIED JOBS INCENTIVE ACT 2015

6 **44-48.3-1. Short title.** -- This chapter shall be known and may be cited as the "Rhode  
7 Island Qualified Jobs Incentive Act of 2015."

8 **44-48.3-2. Findings and declaration.** -- (a) It is hereby found and declared that due to  
9 long-term and short-term negative economic trends in Rhode Island, businesses in the state have  
10 found it difficult to make investments that would stimulate economic activity and create new  
11 jobs. This situation has contributed to a rate of unemployment in Rhode Island that is higher than  
12 our neighbors and among the highest in the nation. Consequently, a need exists to promote the  
13 creation of new jobs, attract new business and industry, and stimulate growth in businesses that  
14 are prepared to make meaningful investment and foster job creation in Rhode Island.

15 (b) Through the establishment of a jobs incentive program, Rhode Island can take steps to  
16 stimulate business expansion and attraction, create well-paying jobs for its residents, and generate  
17 revenues for necessary state and local governmental services.

18 **44-48.3-3. Definitions.** -- As used in this chapter, unless the context clearly indicates  
19 otherwise, the following words and phrases shall have the following meanings:

20 (1) "Affiliate" or "affiliated entity" means an entity that directly or indirectly controls, is  
21 under common control with, or is controlled by the business. Control exists in all cases in which  
22 the entity is a member of an affiliated group of corporations as defined pursuant to § 1504 of the  
23 Internal Revenue Code of 1986 (26 U.S.C. §1504) or the entity is an organization in a group of  
24 organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the  
25 Internal Revenue Code of 1986 (26 U.S.C. §414). A taxpayer may establish by clear and  
26 convincing evidence, as determined by the commerce corporation, that control exists in situations  
27 involving lesser percentages of ownership than required by those statutes. An affiliate of a  
28 business may contribute to meeting full-time employee requirements of a business that applies for  
29 a credit under this chapter.

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

1           (3) "Commerce corporation" means the Rhode Island commerce corporation established  
2 pursuant to chapter 64 of title 44.

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

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

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

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

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

23           (9) "Incentive agreement" means the contract between the business and the commerce  
24 corporation, which sets forth the terms and conditions under which the business shall be eligible  
25 to receive the incentives authorized pursuant to the program.

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

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

1 meets the requirements of this section.

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

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

5 (14) "Targeted industry" means any industry identified in the economic development  
6 vision and policy promulgated under § 42-64.17-1.

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

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

14 **44-48.3-4. Rhode Island qualified jobs incentive program. --** (a) The Rhode Island  
15 qualified jobs incentive program is hereby established as a program under the jurisdiction of and  
16 shall be administered by the commerce corporation. The program may provide tax credits to  
17 eligible businesses for an eligibility period not to exceed ten (10) years.

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

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

23 (1) For a business in a targeted industry that employs not more than one hundred (100)  
24 full-time employees on the date of application to the commerce corporation, the creation of at  
25 least ten (10) new full-time jobs in this state;

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

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

34 (4) For a business in a non-targeted industry that employs more than two hundred (200)



1 full-time employees on the date of application to the commerce corporation, either the creation of  
2 new full-time jobs in this state in an amount not less than ten percent (10%) of the business's  
3 existing number of full-time employees or the creation of at least one hundred (100) new full-  
4 time jobs in this state.

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

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

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

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

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

21 (f) In the event that this attestation by the business's chief executive officer, or equivalent  
22 officer, required under subsection (d) of this section is found to be willfully false, the commerce  
23 corporation may revoke any award of tax credits in their entirety, which revocation shall be in  
24 addition to any other criminal or civil penalties that the business and/or the officer may be subject  
25 to under applicable law. Additionally, the commerce corporation may revoke any award of tax  
26 credits in its entirety if the eligible business is convicted of bribery, fraud, theft, embezzlement,  
27 misappropriation, and/or extortion involving the state, any state agency or political subdivision of  
28 the state.

29 **44-48.3-5. Incentive agreement required prior to issuance of tax credits. -- (a) The**  
30 commerce corporation shall require an eligible business to enter into an incentive agreement prior  
31 to the issuance of tax credits. The incentive agreement shall include, but shall not be limited to,  
32 the following:

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

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

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

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

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

10          (6) A provision establishing the conditions under which the agreement may be  
11 terminated;

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

22          (8) A provision that during the commitment period, if the business ceases operations in  
23 the state or transfers more than fifty percent (50%) of the jobs for which a credit was granted  
24 under this chapter to another state, the tax credit shall cease pursuant to this section and the  
25 business shall be liable to the state for, at a minimum, twenty percent (20%) of all tax benefits  
26 granted to the business under this chapter calculated from the date of the incentive agreement.

27          **44-48.3-6. Total amount of tax credit for eligible business. -- (a) The base amount of**  
28 **the tax credit for an eligible business for each new full-time job shall be up to two thousand five**  
29 **hundred dollars (\$2,500) annually.**

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

34          (c) In addition to the base amount of the tax credit, the amount of the tax credit to be

1 awarded for each new full-time job may be increased, pursuant to the provisions of subsection (d)  
2 of this section, if the business meets any of the following criteria or such other additional criteria  
3 determined by the commerce corporation from time to time in response to evolving economic or  
4 market conditions:

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

6 (2) For a targeted industry;

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

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

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

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

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

21 **44-48.3-7. Documentation.** -- (a) A business shall submit documentation indicating that  
22 it has met the employment requirements specified in the incentive agreement for certification of  
23 its tax credit amount within three (3) years following the date of approval of its application by the  
24 commerce corporation. The commerce corporation, after a finding of good cause, may grant two  
25 (2) six (6) month extensions of this deadline. In no event shall the incentive effective date occur  
26 later than four (4) years following the date of approval of an application by the commerce  
27 corporation.

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

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

33 (d) The credit amount for any tax period for which the documentation of a business's  
34 credit amount remains uncertified as of a date one year after the closing date of that period shall

1 be forfeited, although credit amounts for the remainder of the years of the eligibility period shall  
2 remain available to the business.

3 **44-48.3-8. Carry forward, transfer or redemption of tax credits, redemption fund. --**

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

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

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

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

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

34 (f) The division of taxation is hereby authorized and empowered to segregate taxes

1 collected as a result of the creation of new full-time jobs under this chapter and transfer such  
2 amounts to the general treasurer for deposit in a restricted account known as the jobs tax credit  
3 redemption fund. The jobs tax credit redemption fund shall be used solely to pay for the  
4 redemption of tax credits granted under this chapter. The director of the department of revenue  
5 shall annually determine if a surplus exists in the job tax credit redemption fund over amounts  
6 necessary to redeem tax credits in a fiscal year and may authorize the general treasurer to transfer  
7 any surplus to the general fund.

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

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

13 **44-48.3-9. Administration.** -- (a) The commerce corporation may adopt implementation  
14 guidelines, directives, criteria, rules and regulations pursuant to chapter 35 of title 42  
15 ("administrative procedures act") as are necessary to implement this chapter, including, but not  
16 limited to: the enumeration of specific targeted industries; specific delineation of the incentive  
17 areas; the promulgation of procedures and forms necessary to apply for a tax credit, including the  
18 enumeration of the certification procedures and allocation of tax credits; and provisions for tax  
19 credit applicants to be charged an initial application fee, and ongoing service fees, to cover the  
20 administrative costs related to the tax credit.

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

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

24 **44-48.3-10. Limitations.** -- The incentives provided under this chapter shall not be  
25 granted in combination with any other job specific benefit provided by the state, the commerce  
26 corporation, or any other state agency, board, commission, quasi-public corporation or similar  
27 entity without the express authorization of the commerce corporation.

28 **44-48.3-11. Program integrity.** -- Program integrity being of paramount importance, the  
29 commerce corporation shall establish procedures to ensure ongoing compliance with the terms  
30 and conditions of the program established herein, including procedures to safeguard the  
31 expenditure of public funds and to ensure that the funds further the objectives of the program. At  
32 a minimum these procedures will include an audit, at least every three (3) years, of the process  
33 the commerce corporation followed in the administration of the program.

34 **44-48.3-12. Discontinuance of further rate reductions and future beneficiaries under**

1 the jobs development act. -- (a) The rate reduction(s) provided pursuant to chapter 64.5 of title  
2 42 of the general laws shall be discontinued effective July 1, 2015, except as provided in  
3 subsection (b) of this section.

4 (b) Any company that has qualified for a rate reduction pursuant to chapter 64.5 of title  
5 42 prior to July 1, 2015, shall be entitled to maintain the rate reduction in effect as of June 30,  
6 2015, and no additional rate reduction shall be permitted. All obligations of the company required  
7 under chapter 64.5 of title 42 to retain a rate reduction shall remain in full force and effect.

8 **44-48.3-13. Reporting requirements. --** (a) By August 1st of each year, each applicant  
9 approved for credits under this chapter shall report to the commerce corporation and the division  
10 of taxation the following information:

11 (1) The number of total jobs created;

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

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

15 (4) The address of each new employee;

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

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

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

30 (e) By November 1st of each year the division of taxation shall report in the aggregate the  
31 information required under subsection 42-64.20-8(a). This report shall be available to the public  
32 for inspection by any person and shall be published by the tax administrator on the tax division  
33 website.

34 **44-48.3-14. Sunset. --** No no credits shall be authorized to be reserved pursuant to this

1 [chapter after December 31, 2018.](#)

2

3 SECTION 16. Section 44-48.2-3 of the General Laws in Chapter 44-48.2 entitled "Rhode  
4 Island Economic Development Tax Incentives Evaluation Act of 2013" is hereby amended to  
5 read as follows:

6 **44-48.2-3. Economic development tax incentive defined.** -- (a) As used in this section,  
7 the term "economic development tax incentive" shall include:

8 (1) Those tax credits, deductions, exemptions, exclusions, and other preferential tax  
9 benefits associated with §§ 42-64.3-6, 42-64.3-7, 42-64.5-3, 42-64.6-4, 42-64.11-4, 44-30-1.1,  
10 44-31-1, 44-31-1.1, 44-31-2, 44-31.2-5, 44-32-1, 44-32-2, 44-32-3, 44-39.1-1, 44-43-2, 44-43-3,  
11 and 44-63-2, and;

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

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

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