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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - DISTRESSED AREAS
ECONOMIC REVITALIZATION ACT

Introduced By: Representatives Reilly, Edwards, Canario, Phillips, and Ruggiero

Date Introduced: February 12, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64.3-3 of the General Laws in Chapter 42-64.3 entitled
2 "Distressed Areas Economic Revitalization Act" is hereby amended to read as follows:

3 **42-64.3-3. Definitions.** -- As used in this chapter, the following words and terms shall
4 have the following meanings unless the context shall indicate another or different meaning or
5 intent:

6 (1) "Council" or "enterprise zone council" means the governmental agency created
7 pursuant to § 42-64.3-3.1.

8 (2) "Enterprise zone," "economic revitalization zone," or "zone" means an economically
9 distressed United States bureau of the census division or delineation in need of expansion of
10 business and industry, and the creation of jobs, which is designated to be eligible for the benefits
11 of this chapter.

12 (3) "Governing authority" means the governing body of a state, city or town within
13 which a qualified United States bureau of the census division or delineation lies.

14 (4) (i) "Qualified business" or "business facility" means any ~~business corporation~~, sole
15 proprietorship, partnership, ~~or~~ limited partnership, ~~or~~ limited liability company, limited liability
16 partnership or other form of corporate entity registered to do business in the state of Rhode Island

17 which:

18 (A) After the date of its original application for membership in the enterprise zone

1 program or the date annual membership is renewed creates and hires a minimum of five percent
2 (5%) new or additional enterprise jobs or in the case of a company having twenty (20) employees
3 or less, this requirement shall be that the company create and hire one new or additional
4 enterprise job, in the respective zone during the same certification year; and

5 (B) Whose total Rhode Island wages including those Rhode Island wages for additional
6 enterprise jobs, exceeds the total Rhode Island wages paid to its employees in the prior calendar
7 year; and

8 (C) Obtains certificates of good standing from the Rhode Island division of taxation, the
9 corporations division of the Rhode Island secretary of state and the appropriate municipal
10 authority at the time of certification; and

11 (D) Provides the council with an affidavit stating under oath that the entity seeking
12 certification as a qualified business has not within the preceding twelve (12) months from the date
13 of application for certification changed its legal status for the purpose of gaining favorable
14 treatment under the provisions of chapter 64.3 of this title; and

15 (E) Meets certain other requirements as set forth by the council; and

16 (F) Has received certification from the council pursuant to the rules and regulations
17 promulgated by the council.

18 (ii) In the event that an applicant for certification meets the criteria of subdivisions
19 (4)(i)(A) and (4)(i)(C) to (F), but fails to meet the requirements of subdivision (4)(i)(B) solely
20 because the amount of wages paid to the owner or owners of the business has decreased from the
21 prior calendar year, the Council may, for good cause shown, certify the applicant as a qualified
22 business. The applicant shall have the burden to show, notwithstanding its failure to meet the
23 requirements of subdivision (4)(i)(B) above, that the applicant has met the intent of this chapter.
24 For the purposes of this provision, owner shall mean a person who has at least twenty percent
25 (20%) of the indicia of ownership of the applicant.

26 (5) "Effective date of certification" means the date upon which the qualified business
27 meets the tests imposed in subdivisions (4)(i)(A) through (F) above and applies to the calendar
28 year for which these tests were performed.

29 (6) "Enterprise job employees" means those full-time employees whose business activity
30 originates and terminates from within the enterprise zone business and facility on a daily basis,
31 and who are domiciled residents of the state (or who, in the case of employees of a high
32 performance manufacturer as that term is defined in § 44-31-1(b)(3)(i), pay personal income taxes
33 to the state) and hired (or transferred, in the case of existing out-of-state employees) and
34 employed by the qualified business in the enterprise zone after the effective date of certification

1 or annual recertification in excess of those full-time employees employed by the qualified
2 business in any Rhode Island enterprise zone in the prior calendar year. An employee who is
3 hired and terminated in the same certification period does not constitute an enterprise job
4 employee.

5 (7) "Wages" means wages, tips and other compensation as defined in the Internal
6 Revenue Code of 1986, 26 U.S.C. § 1 et seq.

7 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO STATE AFFAIRS AND GOVERNMENT - DISTRESSED AREAS
ECONOMIC REVITALIZATION ACT

- 1 This act would expand the definition of qualified businesses with respect to enterprise
- 2 zones to include limited liability partnerships and any other form of business corporation.
- 3 This act would take effect upon passage.

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