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ARTICLE 29

RELATING TO COMMERCE CORPORATION AND ECONOMIC DEVELOPMENT

SECTION 1. Section 42-64-13 of the General Laws in Chapter 42-13 entitled “Rhode Island Commerce Corporation” is hereby amended as follows:

42-64-13. Relations with municipalities. - (a) (1) With respect to projects situated on federal land, the Rhode Island commerce corporation is authorized to plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and operate projects: (i) in conformity with the applicable provisions of chapter 1 of title 2 except that the projects shall not require the approval of a town or city council provided for in § 2-1-21, and (ii) without regard to the zoning or other land use ordinances, codes, plans, or regulations of any municipality or political subdivision; provided, however, that the exemption from the zoning or other land use ordinances, codes, plans, or regulations shall be subject to the corporation's compliance with the provisions of this subsection. Projects which are planned, constructed, reconstructed, rehabilitated, altered, improved, or developed by the corporation on federal land in accordance with the provisions of this subsection may be maintained and operated by lessees from and successors in interest to the corporation in the same manner as if the projects had been in existence prior to the enactment of the zoning or other land use ordinances, codes, plans, or regulations which, but for this chapter, would otherwise be applicable. With respect to other projects of the commerce corporation, or projects receiving state incentives as administered by the commerce corporation, developers are authorized to plan, construct, reconstruct, rehabilitate, alter, improve, develop, maintain, and operate project subject only to the state building code and the state fire code, and all inspections regarding any such project shall be conducted by the state building commissioner or his designee without regard to the building and fire codes of any municipality or political subdivision; provided, however, that the exemption from the building and fire codes shall be subject to the corporation's compliance with the provisions of this subsection. Provided further that any municipality with a population in excess of 150,000 may opt, at the election of its chief elected official, to have the state building commissioner and/or the state fire marshal assume the responsibility for review and inspections of projects, and in such case only the state building and state fire codes shall be applicable to projects located within said municipality.

(2) As used in this section, "the comprehensive plan" means a comprehensive plan

1 adopted pursuant to chapter 22 of title 45 by a planning board or commission; "the applicable
2 comprehensive plan" shall mean the comprehensive plan of any municipality within which any
3 project is to be situated, in whole or in part; and "the project plan" shall mean a general
4 description of a proposed project situated on federal land, describing in reasonable detail its
5 location, nature, and size. A zoning ordinance adopted by a municipality pursuant to chapter 24 of
6 title 45 shall not be deemed to be a comprehensive plan nor a statement of the land use goals,
7 objectives, and standards.

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

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

1 plan or fails to take any action within the time specified, the corporation shall be authorized to
2 proceed with the project described in the project plan without regard to the zoning or other land
3 use ordinances, codes, plans, or regulations of a municipality within which the project is to be
4 situated in whole or in part.

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

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

13 (c) The corporation shall, in planning, constructing, reconstructing, rehabilitating,
14 altering, or improving any project, comply with all requirements of state and federal laws, codes,
15 or regulations applicable to that planning, construction, reconstruction, rehabilitation, alteration,
16 or improvement. The corporation shall adopt a comprehensive building code (which may, but
17 need not be, the BOCA Code) with which all projects shall comply. That adoption shall not
18 preclude the corporation's later adoption of a different comprehensive building code or of its
19 alteration, amendment, or supplementation of any comprehensive building code so adopted.
20 Except as otherwise specifically provided to the contrary, no municipality or other political
21 subdivision of the state shall have the power to modify or change in whole or in part the
22 drawings, plans, or specifications for any project of the corporation; nor to require that any
23 person, firm, or corporation employed with respect to that project perform work in any other or
24 different manner than that provided by those drawings, plans, and specifications; nor to require
25 that any such person, firm, or corporation obtain any approval, permit, or certificate from the
26 municipality or political subdivision in relation to the project; and the doing of that work by any
27 person, firm, or corporation in accordance with the terms of those drawings, plans, specifications,
28 or contracts shall not subject the person, firm, or corporation to any liability or penalty, civil or
29 criminal, other than as may be stated in the contracts or may be incidental to the proper
30 enforcement thereof; nor shall any municipality or political subdivision have the power to require
31 the corporation, or any lessee or successor in interest, to obtain any approval, permit, or
32 certificate from the municipality or political subdivision as a condition of owning, using,
33 maintaining, operating, or occupying any project acquired, constructed, reconstructed,
34 rehabilitated, altered, or improved by the corporation or pursuant to drawings, plans, and

1 specifications made or approved by the corporation; provided, however, that nothing contained in
2 this subsection shall be deemed to relieve any person, firm, or corporation from the necessity of
3 obtaining from any municipality or other political subdivision of the state any license which, but
4 for the provisions of this chapter, would be required in connection with the rendering of personal
5 services or sale at retail of tangible personal property.

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

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

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

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

25 **42-64.19-13. Tax incentive reporting. -- (a) Any person or entity who has or is**
26 **receiving a business tax credit, modification and/or incentive under any provision of the general**
27 **laws shall provide information to the secretary of commerce related to the use and effect of funds**
28 **pertaining to the credit, modification and/or incentive. The secretary of commerce shall**
29 **promulgate rules or regulations regarding the type of information to be provided, the procedure**
30 **for collecting the information and consequences for failure to provide any such information in a**
31 **timely manner. All personal, proprietary or other confidential information received from such**
32 **person relating to this section shall be held in confidence by the executive office of commerce**
33 **and shall be exempt from disclosure in accordance with chapter 2 of title 38.**

34 (b) In the event that a person or entity fails to provide the information requested under

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

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

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

13 CHAPTER 64.20

14 REBUILD RHODE ISLAND TAX CREDIT

15 **42-64.20-1. Short title.** -- This chapter shall be known and may be cited as the “Rebuild
16 Rhode Island Tax Credit Act.”

17 **42-64.20-2. Findings and declarations.**-- (a) It is hereby found and declared that due to
18 long-term and short-term stagnant or declining economic trends in Rhode Island, businesses in
19 the state have found it difficult to make investments that would stimulate economic activity and
20 create new jobs for the citizens of the state. Moreover, such economic trends have caused
21 business closures or out-of-state business relocations, while other out-of-state businesses are
22 deterred from relocating to this state. This situation has contributed to a high rate of
23 unemployment in the state. Consequently, a need exists to promote the retention and expansion
24 of existing jobs, stimulate the creation of new jobs, attract new business and industry to the state,
25 and stimulate growth in real estate developments and/or businesses that are prepared to make
26 meaningful investment and foster job creation in Rhode Island.

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

32 **42-64.20-3. Definitions.** -- As used in this chapter:

33 (1) “Affiliate” means an entity that directly or indirectly controls, is under common
34 control with, or is controlled by the business. Control exists in all cases in which the entity is a

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

9 (2) “Applicant” means a developer applying for a rebuild Rhode Island tax credit under
10 this chapter.

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

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

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

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

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

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

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

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

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

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

12 (10) “Affordable housing” means housing affordable according to recognized standards
13 for home ownership and rental costs.

14 (11) “Mixed use” means a development comprising both commercial and residential
15 components.

16 (12) “Partnership” means an entity classified as a partnership for federal income tax
17 purposes.

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

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

25 (15) “Financing gap” means

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

30 (ii) The amount by which total project cost exceeds the cost of an out-of-state alternative
31 location for a commercial project.

32 (16) “Qualified project” shall mean any project meeting the requirements of this chapter.

33 (17) “Residential” means a development of residential dwelling units.

34 (18) “Redevelopment project” means a specific construction project or improvement.

1 including lands, buildings, improvements, real and personal property or any interest therein,
2 including lands under water, riparian rights, space rights and air rights, acquired, owned, leased,
3 developed or redeveloped, constructed, reconstructed, rehabilitated or improved, undertaken by a
4 developer, owner or tenant, or both, within a project area as set forth in an application to be made
5 to the commerce corporation.

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

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

12 **42-64.20-4. Establishment of program. --** The rebuild Rhode Island tax credit program
13 is hereby established as a program under the jurisdiction and administration of the commerce
14 corporation. The program may provide tax credits to businesses meeting the requirements of this
15 chapter for an eligibility period of five (5) years. On an annual basis, the commerce corporation
16 shall confer with the executive office of commerce, the department of administration, and the
17 division of taxation regarding the availability of funds for the award of new tax credits.

18 **42-64.20-5. Tax credits.--** (a) An applicant meeting the requirements of this chapter may
19 be allowed a credit as set forth hereinafter against taxes imposed upon such person under
20 applicable provisions of title 44 of the general laws for a qualified project.

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

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

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

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

33 (4) The real estate project fulfills the state’s policy and planning objectives and priorities
34 in that:

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

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

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

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

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

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

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

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

34 (h) For purposes of this chapter, any assignment or sales proceeds received by the

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

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

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

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

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

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

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

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

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

34 (4) For residential projects in which at least twenty percent (20%) of the residential units

1 are for affordable housing or workforce housing;

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

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

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

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

13 **42-64.20-6. Implementation guidelines, directives, criteria, rules, regulations. -- (a)**
14 The commerce corporation may adopt implementation guidelines, directives, criteria, and rules
15 and regulations pursuant to section 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 (b) The rules that the commerce corporation promulgates shall incorporate the following:

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

1 department of administration determines that the credits would exceed the existing and
2 anticipated revenue capacity of the state. Such determination by the department of administration
3 shall be made in a timely manner.

4 (2) As the commerce corporation board determines whether to grant credits under this
5 chapter, it shall consider the purposes for which this chapter is established, which include (but are
6 not necessarily limited to) the following: (i) to create jobs with an emphasis on high-quality jobs;
7 and (ii) to spur economic growth and new development in Rhode Island.

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

11 **42-64.20-7. 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 SECTION 4. Title 42 of the General Laws entitled "State Affairs and Government" is
16 hereby amended by adding thereto the following chapter:

17 CHAPTER 64.21

18 TAX INCREMENT FINANCING

19 **42-64.21-1. Short title.** -- This act shall be known and may be cited as the "Rhode Island
20 Tax Increment Financing Act of 2015."

21 **42-64.21-2. Legislative findings.**-- (a) It is hereby found and declared that due to long-
22 term and short-term stagnant or declining economic trends in Rhode Island, businesses in the
23 state have found it difficult to make investments that would stimulate economic activity and
24 create new jobs for the citizens of the state. Moreover, such economic trends have caused
25 business closures or out-of-state business relocations, while other out-of-state businesses are
26 deterred from relocating to this state. This situation has contributed to a high rate of
27 unemployment in the state. Consequently, a need exists to promote the retention and expansion
28 of existing jobs, stimulate the creation of new jobs, attract new business and industry to the state,
29 and stimulate growth in real estate developments and/or businesses that are prepared to make
30 meaningful investment and foster job creation in Rhode Island.

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

1 services.

2 **42-64.21-3. Definitions.** -- (1) “Applicant” means a developer proposing to enter into a
3 TIF agreement.

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

6 (3) “Developer” means any person, entity, or political subdivision that enters or proposes
7 to enter into a redevelopment incentive grant agreement pursuant to the provisions of this chapter.

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

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

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

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

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

22 (9) “Project financing gap” means (i) the part of the total project cost that remains to be
23 financed after all other sources of capital have been accounted for, including, but not limited to,
24 developer-contributed capital, which shall be defined through rules and regulations promulgated
25 by the commerce corporation and (ii) the amount by which total project cost exceeds the cost of
26 an alternative out-of-state location for a redevelopment project.

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

32 (i) Generation or preservation of manufacturing jobs;

33 (ii) Promotion of targeted industries;

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

- 1 (iv) Location in an industrial or research park;
2 (v) Location in a transit oriented development area;
3 (vi) Location in a Hope Community;
4 (vii) Location in an area designated by a municipality as a redevelopment area under
5 section 45-32-4 of the general laws; and
6 (viii) Location in an area located within land approved for closure under any federal
7 commission on base realignment and closure action.

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

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

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

23 **42-64.21-4. TIF program. --** The commerce corporation shall establish a TIF program
24 for the purpose of encouraging redevelopment projects in qualifying TIF areas.

25 **42-64.21-5. Financing. --** (a) Up to the limits established in subsection (c) of this section
26 and in accordance with a TIF agreement, the division of taxation shall pay to the developer
27 incremental state revenues directly realized from businesses operating on the redevelopment
28 project premises from the taxes assessed and collected under chapters 11, 13, 14, 17, 18, 19, and
29 30 of Title 44 of the general laws or realized from such venue ticket sales or parking taxes as may
30 be established and levied under state law.

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

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

6 (d) Under conditions defined by the commerce corporation and in consultation with the
7 department of revenue, those taxes eligible for inclusion in this TIF program may instead be
8 exempted up to the levels permitted by this act in cases of significant taxpayers. Such significant
9 taxpayers may instead be required to contribute payments in lieu of taxes (PILOTs) into a
10 dedicated fund established by the commerce corporation. Such payments shall be up to 75 percent
11 of the amount that would otherwise be due to the state in the form of taxation as per the
12 provisions this statute. Such dedicated funds must be used for the redevelopment project
13 purposes described in this act. The commerce corporation may issue revenue bonds secured by
14 this dedicated fund. Such bonds shall not be a general obligation of the state.

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

17 **42-64.21-6. Agreements permitted.** -- (a) The commerce corporation is authorized to
18 enter into a TIF agreement with a developer for any redevelopment project located within a
19 qualifying TIF area. The TIF agreement between the commerce corporation and the developer
20 shall contain a provision acknowledging that the benefits of said agreement, with the exception of
21 42-64.21-5 (d) of this chapter, are subject to such annual appropriation.

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

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

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

33 (e) 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 (f) 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. Neither the TIF agreement nor any other instrument by which a pledge under this section
12 is created need be filed or recorded except with the commerce corporation.

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

16 **42-64.21-7. Program integrity.** -- Program integrity being of paramount importance, the
17 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
18 and conditions of the program established herein, including procedures to safeguard the
19 expenditure of public funds and to ensure that the funds further the objectives of the program.

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

22 CHAPTER 64.22

23 TAX STABILIZATION INCENTIVE

24 **42-64.22-1. Findings and declarations.** -- The General Assembly finds and declares:

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

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

33 **42-64.22-2. Definitions.** -- As used in this chapter:

34 (1) "Applicant" means a qualifying community or hope community applying for

1 incentives under this chapter.

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

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

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

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

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

26 (4) “Developer” means any person who develops or proposes to develop a qualified
27 project, or its successors or assigns, including but not limited to a lender that completes a
28 real estate project, operates a real estate project, or completes and operates a real estate project.

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

32 (6) “Eligibility period” means the period in which a qualified community and/or Hope
33 Community may apply for reimbursement under this chapter. The eligibility period shall be
34 subject to the term defined in the qualifying tax stabilization agreement granted by said

1 community. The amounts subject to reimbursement shall cease upon any termination or cessation
2 of the underlying qualified tax stabilization agreement.

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

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

10 (9) “Qualifying communities” are those communities not defined as a hope community.

11 (10) “Qualifying projects” include:

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

15 (ii) Construction of a new building wherein:

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

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

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

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

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

28 **42-64.22-3. Establishment of program. --** (a) The Tax Stabilization Incentive Program
29 is hereby created to provide incentives to Rhode Island municipalities to enter into qualifying
30 property tax stabilization agreements in connection with qualifying projects set forth herein.

31 (b) Under the program, qualified and Hope Communities in the state of Rhode Island that
32 grant qualifying tax stabilization agreements, subject to the provisions of § 44-3-9 of the Rhode
33 Island general laws, in connection with a qualifying project, may apply to the commerce
34 corporation for certification for partial reimbursement of the real estate taxes and/or personal

1 property taxes that would have otherwise been paid had the qualified and/or hope communities
2 not granted said tax stabilization agreement.

3 **42-64.22-4. Incentives for municipalities.** -- The qualifying community or hope
4 community grants a qualifying tax stabilization agreement in connection with a qualifying
5 project, upon certification by the commerce corporation and subject to availability of
6 appropriated funds, the commerce corporation shall provide a partial reimbursement of no more
7 than ten percent (10%) of the qualified community and/or hope community's forgone tax
8 revenue. The qualification for reimbursement shall cease upon any termination or cessation of
9 the underlying tax stabilization agreement or upon exhaustion of funds appropriated pursuant to
10 this section.

11 **42-64.22-5. Eligibility requirements for qualifying communities.** -- In order for a
12 qualifying community to be eligible to receive incentives under this chapter, in addition to the
13 provisions set forth herein, the tax stabilization agreement must be for a qualified project
14 resulting in the creation of at least fifty (50) new full-time jobs, and the developer must commit a
15 capital investment of not less than ten million dollars (\$10,000,000.00) towards the project cost.

16 **42-64.22-6. Eligibility requirements for hope communities.** -- In order for a hope
17 community to be eligible to receive incentives under this chapter, in addition to the provisions set
18 forth herein, the tax stabilization agreement must be for a qualified project resulting in the
19 creation of at least twenty-five (25) new full-time jobs, and the developer must commit a capital
20 investment of not less than five million dollars (\$5,000,000.00) towards the project cost.

21 **42-64.22-7. Alternative eligibility requirements.** -- (a) Qualified communities may
22 receive incentives under this chapter, where the tax stabilization agreement is for a qualified
23 project involving an adaptive re-use of a historic structure or results in the creation of at least
24 twenty (20) units of residential housing; provided that at least twenty percent (20%) of the
25 residential units are for affordable or workforce housing.

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

29 **42-64.22-8. Reimbursement.** -- The aggregate value of all reimbursements approved by
30 the commerce corporation pursuant to this chapter during the eligibility period shall not exceed
31 the lesser of ten (10%) percent of the qualifying and/or hope communities' forgone tax revenue or
32 annual appropriations received by the commerce corporation for the program.

33 **42-64.22-9. Applicability.** -- The amounts subject to reimbursement under this chapter
34 shall apply to any real and/or personal property tax abatement provided pursuant to a tax

1 stabilization agreement, granted pursuant to section 44-3-9 of the general laws, after January 1,
2 2015. The amounts subject to reimbursement shall also include any reduction in the then current
3 real property taxes and/or personal property taxes, as well as a reduction in the prospective
4 amounts that would be due in connection with the completion of the qualifying project.

5 **42-64.22-10. Approval.** -- The commerce corporation's approval of reimbursement to
6 the qualifying or hope communities may be made in accordance with or conditional upon the
7 conditions set forth under section 44-3-9 of the general laws and other guidelines, criteria, and
8 priorities that may be adopted by the commerce corporation. In order to distribute funds under
9 the chapter, the commerce corporation shall enter into an agreement with the community setting
10 forth the terms of the reimbursements subject hereto. The commerce corporation may require
11 communities to provide reports and documentation regarding any reimbursements provided under
12 this chapter.

13 **42-64.22-11. Restrictions.** -- Nothing in this section shall be construed to interfere,
14 restrict or prevent any qualifying community or hope community from granting tax stabilization
15 agreements pursuant to section 44-3-9 of the general laws or other applicable sections of title 44
16 of the general laws.

17 **42-64.22-12. Implementation guidelines, directives, criteria, rules, regulations.** -- (a)
18 The commerce corporation shall establish further guidelines, directives, criteria, rules and
19 regulations in regards to the implementation of this chapter.

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

23 **42-64.22-13. 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 SECTION 6. Title 42 of the General Laws entitled "State Affairs and Government" is
28 hereby amended by adding thereto the following chapter:

29 CHAPTER 64.23

30 FIRST WAVE CLOSING FUND

31 **42-64.23-1. Short title.** -- This chapter shall be known as the "First Wave Closing Fund
32 Act."

33 **42-64.23-2. Legislative findings.** -- The general assembly finds and declares:

34 (a) It is hereby found and declared that due to long-term and short-term stagnant or

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

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

15 **42-64.23-3. Definitions. -- As used in this chapter:**

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

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

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

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

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

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

6 (6) "Developer" means any person, firm, or business that develops or proposes to develop
7 a development project and/or to make a substantial investment that will result in the creation
8 and/or retention of jobs for full-time employees.

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

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

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

20 (10) "Project financing gap" means:

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

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

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

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

32 (c) The fund shall consist of:

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

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

- 1 (3) Repayments of principal and interest from loans made from the fund;
- 2 (4) Proceeds from the sale, disposition, lease, or rental of collateral related to financial
- 3 assistance provided under this chapter;
- 4 (5) Application or other fees paid to the fund to process requests for financial assistance;
- 5 (6) Recovery made by the commerce corporation, or the sale of an appreciated asset in
- 6 which the commerce corporation has acquired an interest under this chapter; and
- 7 (7) Any other money made available to the fund.

8 **42-64.23-5. Powers of commerce corporation. --** (a) The commerce corporation board

9 shall promulgate regulations setting forth criteria for approving awards under the fund and such

10 criteria shall ensure that awards from the fund are economically advantageous to the citizens of

11 Rhode Island. To qualify for the benefits of this chapter, an applicant shall submit an application

12 to the commerce corporation. Upon receipt of a proper application from an applicant, the

13 commerce corporation board may approve a loan, a conditional grant or other investment. In

14 making each award, the commerce corporation shall consider, among other factors, the:

- 15 (1) Economic impact of the project, including costs and benefits to the state;
- 16 (2) The amount of the project financing gap;
- 17 (3) Strategic importance of the project to the state, region, or locality;
- 18 (4) Quality and number of jobs produced;
- 19 (5) Quality of industry and project; and
- 20 (6) Competitive offers regarding the project from another state or country.

21 (b) The proceeds of the funding approved by the commerce corporation under this

22 chapter may be used for (1) working capital, equipment, furnishings, fixtures; (2) the

23 construction, rehabilitation, purchase of real property; (3) as permanent financing; or (4) such

24 other purposes that the commerce corporation approves.

25 (c) The commerce corporation shall have no obligation to make any award or grant any

26 benefits under this chapter.

27 (d) The commerce corporation shall publish a report on the fund at the end of each fiscal

28 year. The report shall contain information on the commitment, disbursement, and use of funds

29 allocated under the Fund. The report shall also, to the extent practicable, track the economic

30 impact of projects that have been completed using the fund. The report is due no later than sixty

31 (60) days after the end of the fiscal year, and shall be provided to the speaker of the house of

32 representatives and the president of the senate.

33 **42-64.23-6. Implementation guidelines, directives, criteria, rules, regulations. --** The

34 commerce corporation may adopt implementation guidelines, directives, criteria, rules and

1 regulations pursuant to section 42-35-3 of the General Laws as are necessary for the
2 implementation and administration of the fund.

3 **42-64.23-7. 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 SECTION 7. Title 42 of the General Laws entitled "State Affairs and Government" is
8 hereby amended by adding thereto the following chapter:

9 CHAPTER 64.24

10 I-195 REDEVELOPMENT PROJECT FUND

11 **42-64.24-1. Short title.** -- This chapter shall be known as the "I-195 Redevelopment
12 Project Fund."

13 **42-64.24-2. Legislative findings.** -- The general assembly finds and declares:

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

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

23 **42-64.24-3. Definitions.** -- As used in this act:

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

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

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

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

33 (ii) Obtaining and installing furnishings and machinery, apparatus, or equipment,
34 including but not limited to material goods for the operation of a business on real property or in a

1 building, structure, facility, or improvement to real property.

2 (4) “Commission” shall mean the I-195 district commission.

3 (5) “Developer” means any person, firm, or business that develops or proposes to
4 develop a redevelopment project and/or to make a substantial capital investment that will result in
5 the creation and/or retention of jobs or generation of revenue.

6 (6) “I-195 land” means the surplus land within the city of Providence owned by the I-
7 195 district commission and the area within a one-quarter mile radius of the outermost
8 boundary of said surplus land as further delineated by regulation of the commission.

9 (7) “Occupant” shall mean a business as a tenant, owner, or joint venture partner,
10 occupying space pursuant to a lease or other occupancy agreement on the I-195 land or a
11 project developed on such land.

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

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

20 (10) “Project financing gap” means (i) the part of the total project cost, including return
21 on investment, that remains to be funded after all other sources of capital have been accounted
22 for, including, but not limited to, developer-contributed capital, which shall be defined by the
23 commission; or (ii) the amount by which total project cost exceeds the cost of an alternative
24 location for an out-of-state development project.

25 **42-64.24-4. Establishment of the Fund; uses; composition. --** (a) The I-195
26 Redevelopment Project Fund (the “Fund”) is hereby established under the jurisdiction of and
27 shall be administered by the commission in order to further the goals set forth in Chapter 42-
28 64.14 of the general laws and to promote, among other purposes, the development and attraction
29 of advanced industries and innovation on and near the I-195 land in order to enhance Rhode
30 Island’s economic vitality.

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

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

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

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

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

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

10 (d) The fund shall consist of:

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

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

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

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

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

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

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

20 **42-64.24-5. Assistance; powers of commission, reports.** -- (a) An applicant seeking
21 assistance under this chapter shall submit a request to the commission pursuant to an application
22 procedure prescribed by the commission.

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

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

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

34 **42-64.24-6. Implementation guidelines, directives, criteria, rules, regulations.** -- The

1 commission shall adopt implementation guidelines, directives, criteria, rules and regulations
2 pursuant to section 42-35-3 of the general laws as are necessary for the implementation of the
3 commission’s responsibilities under this chapter and impose such fees and charges as are
4 necessary to pay for the administration and implementation of this program.

5 **42-64.24-7. Program integrity.** -- Program integrity being of paramount importance, the
6 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 SECTION 8. Title 42 of the General Laws entitled “State Affairs and Government” is
10 hereby amended by adding thereto the following chapter:

11 CHAPTER 64.25

12 SMALL BUSINESS ASSISTANCE

13 **42-64.25-1. Short title.** -- This chapter shall be known as the “Small Business Assistance
14 Program Act.”

15 **42-64.25-2. Statement of intent.** -- The general assembly hereby finds and declares that
16 small businesses are the economic backbone of the state and the source of a majority of new jobs.
17 The general assembly further finds that too many such businesses often have difficulty obtaining
18 capital from traditional banking organizations to start up, improve or expand operations.
19 Providing greater access to capital would enable the formation and expansion of small businesses
20 across the state and provide job opportunities to the state’s citizens. The purpose of this act is to
21 assist small businesses that encounter difficulty in obtaining adequate credit or adequate terms for
22 such credit. Among the small businesses that this act aims to assist are minority business
23 enterprises and women-owned business enterprises.

24 **42-64.25-3. Establishment of small business capital access fund.** -- The small business
25 capital access fund program is hereby created within the Rhode Island commerce corporation.
26 The commerce corporation is authorized, within available appropriations, to provide direct
27 assistance and/or partner with lending organizations to provide funding for loans to small
28 businesses located in Rhode Island. As used in this chapter, a “small business” means a business
29 that is resident in Rhode Island and employs two hundred (200) or fewer persons. The commerce
30 corporation is authorized, from time to time, to establish rules and regulations for the
31 administration of the program.

32 **42-64.25-4. Qualification of lending organizations.** -- The commerce corporation may
33 elect to partner with an outside lending organization and authorize that organization to receive
34 and administer program funds. Before partnering with an outside lending organization, the

1 commerce corporation may identify eligible lending organizations through one or more
2 competitive statewide or regional solicitations.

3 **42-64.25-5. Program loan structures.** -- Loan programs shall be structured by the
4 commerce corporation that may include, but not be limited to, the following programs:
5 (a) financing programs for companies that require additional capital outside of conventional
6 senior debt or equity financing channels; (b) direct lending of subordinated and mezzanine debt;
7 (c) collateral support in the form of credit enhancement; (d) pledge of cash collateral accounts to
8 lending institutions to enhance collateral coverage of individual loans; and (e) technical assistance
9 to small businesses.

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

16 **42-64.25-7. Lending organization reports.** -- Any participating lending organizations
17 shall submit to the commerce corporation annual reports stating the following: the number of
18 program loans made; the amount of program funding used for loans; the use of loan proceeds by
19 the borrowers; the number of jobs created or retained; a description of the economic development
20 generated; the status of each outstanding loan; and such other information as the commerce
21 corporation may require.

22 **42-64.25-8. Audits.** -- The commerce corporation may conduct audits of any
23 participating lending organization in order to ensure compliance with the provisions of this
24 chapter, any regulations promulgated with respect thereto and agreements between the lending
25 organizations and the commerce corporation on all aspects of the use of program funds and
26 program loan transactions. In the event that the commerce corporation finds noncompliance, the
27 commerce corporation may terminate the lending organization's participation in the program.

28 **42-64.25-9. Termination.** -- Upon termination of a lending organization's participation
29 in the program, the lending organization shall return to the commerce corporation, promptly after
30 its demand therefor, an accounting of all program funds received by the lending organization,
31 including a transfer of all currently outstanding loans that were made using program funds.
32 Notwithstanding such termination, the lending organization shall remain liable to the commerce
33 corporation with respect to any unpaid amount due from the lending organization pursuant to the
34 terms of the commerce corporation's provision of funds to the lending organization.

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

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

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

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

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

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

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

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

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

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

34 (9) “Service period” means a twelve-month period beginning on the date specified in an

1 award under this chapter.

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

5 **42-64.26-4. Establishment of fund; purposes; composition. --** (a) There is hereby
6 established a “competitive student loan reimbursement fund (the “fund”) to be administered by
7 the commerce corporation as set forth in this chapter.

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

11 (c) The fund shall consist of:

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

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

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

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

17 **42-64.26-5. Administration. --** (a) Application. -

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

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

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 awards to reimburse awardees for up to one hundred percent (100%) of the education loan
25 repayment expenses incurred by such awardee during each service period completed for up to
26 four consecutive service periods; provided, that the awardee continues to meet the eligibility
27 requirements throughout the eligibility period. The commerce corporation shall only issue
28 awards up to the amount contained in the Fund.

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

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

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

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

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

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

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

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

15 **42-64.26-6. Reporting.** -- (a) The commerce corporation shall require awardees to
16 submit annual reports, in such form and on such dates as the commerce corporation shall require,
17 in order to confirm that the awardees continue to meet all of the eligibility requirements of this
18 chapter and as a prerequisite to funding any reimbursement award under this chapter.

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

23 **42-64.26-7. Remedies.** -- (a) If an awardee of an award under this chapter violates any
24 provision of the award or ceases to meet the eligibility requirements of this chapter, the
25 commerce corporation may, on reasonable notice to the awardee:

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

28 (2) Terminate the award; or

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

30 **42-64.26-8. Implementation guidelines, directives, criteria, rules, regulations.** -- (a)
31 The commerce corporation may adopt implementation guidelines, directives, criteria, rules and
32 regulations pursuant to section 42-35-3 of the general laws as are necessary for the
33 implementation of the administration of the fund.

34 (b) The commerce corporation shall adopt guidelines to assure integrity and eliminate

1 [potential conflict of interest in the evaluation and selection of awardees.](#)

2 **42-64.26-9. High school, college, and employer partnerships.** -- [The commerce](#)
3 [corporation shall be authorized to grant funds to support partnerships among individual high](#)
4 [schools, the community college of Rhode Island, other institutions of higher education, and](#)
5 [employers to offer courses towards a high school diploma and associate’s degree, as well as](#)
6 [internships and mentorships that help lead to employment after graduation.](#)

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

11 **42-64.26-10. Program integrity.** -- [Program integrity being of paramount importance,](#)
12 [the 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 SECTION 10. Title 42 of the General Laws entitled “State Affairs and Government” is
16 hereby amended by adding thereto the following chapter:

17 [CHAPTER 64.27](#)

18 [MAIN STREET RHODE ISLAND STREETScape IMPROVEMENT FUND](#)

19 **42-64.27-1. Statement of intent.** -- [It is the intention of the general assembly to foster](#)
20 [private-public partnerships in relation to improvement of streetscapes in local business districts](#)
21 [by creating a funding program to stimulate investment in such improvements, thus enhancing the](#)
22 [environment for business and attracting further investment.](#)

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

1 (i) money appropriated in the state budget to the fund;
2 (ii) money made available to the Fund through federal grants, programs or private
3 contributions;
4 (iii) application or other fees paid to the Fund to process applications for awards under
5 this chapter; and
6 (iv) any other money made available to the fund.
7 (c) Voucher program –The commerce corporation is authorized, to develop and
8 implement an innovation voucher program to provide financing to small businesses to purchase
9 research and development support or other forms of technical assistance and services from Rhode
10 Island institutions of higher education and other providers.
11 (d) Innovation network program – The commerce corporation is authorized to provide
12 innovation grants to organizations, including non-profit organizations, for-profit organizations,
13 universities, and co-working space operators that offer technical assistance, space on flexible
14 terms, and access to capital to businesses in advanced or targeted industries. The commerce
15 corporation shall only issue grants under this section when those grants are matched by private
16 sector or non-profit partners. The commerce corporation shall establish guidelines for appropriate
17 matching criteria under this section, including necessary matching ratios.
18 **42-64.28-4. Eligible uses. --** (a) Vouchers available under this chapter shall be used
19 exclusively by small businesses to access technical assistance and other services including, but
20 not limited to, research, technological development, product development, commercialization,
21 market development, technology exploration, and improved business practices that implement
22 strategies to grow business and create operational efficiencies.
23 (b) Matching fund awards shall be used exclusively by small businesses in industries
24 designated from time-to-time by the corporation, including without limitation, life science and
25 healthcare; food and agriculture; clean technology and energy efficiency; and cyber security to
26 pay for and access technological assistance, to procure space on flexible terms, and to access
27 capital from organizations, including non-profit organizations, for-profit organizations,
28 universities, and co-working space businesses.
29 **42-64.28-5. Qualification. --** To qualify for a voucher or for a matching fund award
30 under this chapter, a business must make application to the commerce corporation, and upon
31 selection, shall enter into an agreement with the commerce corporation. The commerce
32 corporation shall have no obligation to issue any voucher, make any award or grant any benefits
33 under this chapter.
34 **42-64.28-6. Voucher Amounts and matching fund awards. --** (a) Voucher award

1 amounts to a selected applicant shall be determined by the corporation, to be in the minimum
2 amount of five thousand dollars (\$5,000) and the maximum amount of fifty thousand dollars
3 (\$50,000), subject to appropriations or other available moneys in the Fund.

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

6 **42-64.28-7. Rules and regulations.** -- The commerce corporation is hereby authorized to
7 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
8 including the criteria by which voucher and matching fund applications will be judged, awards
9 will be approved, and vendors of services will be approved.

10 **42-64.28-8. Program integrity.** -- Program integrity being of paramount importance, the
11 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 **42-64.28-9. Annual Report.**-- The commerce corporation shall submit a report annually
15 on December thirty-first to the speaker of the house and the president of the senate detailing: (1)
16 the total amount of innovation vouchers and matching funds awarded; (2) the number of
17 innovation vouchers and matching fund awards approved, (3) the amount of each voucher or
18 matching fund award and a description of services purchased; and (4) such other information as
19 the commerce corporation deems necessary.

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

22 CHAPTER 64.29

23 INDUSTRY CLUSTER GRANTS

24 **42-64.29-1. Statement of intent.** -- Robust industry clusters – geographic concentrations
25 of interconnected firms and related institutions in a field – drive competitiveness and innovation
26 by fostering dynamic interactions among businesses such as labor force pooling, supplier
27 specialization, collaborative problem solving, technology exchange and knowledge sharing. It is
28 the intention of the general assembly to foster such industry clusters by creating a grant program
29 to stimulate cluster initiatives and enhance industry competitiveness.

30 **42-64.29-2. Fund established.** -- The industry cluster grant fund (the "fund") is hereby
31 created within the Rhode Island commerce corporation. The commerce corporation is authorized,
32 within available appropriations, to award grants to organizations on a competitive basis as more
33 particularly set forth in this chapter. Applications and awards of grants shall be on a rolling basis,
34 and the commerce corporation shall only issue grants up to the amount contained in the fund.

1 There is established an account in the name of the fund under the control of the commerce
2 corporation, and the commerce corporation shall pay into such account any eligible funds
3 available to the commerce corporation from any source, including funds appropriated by the state
4 and any grants made available by the United States Government or any agency of the United
5 States Government.

6 **42-64.29-3. Startup and technical assistance grants.** -- Startup and technical assistance
7 grants of seventy-five thousand dollars to two hundred fifty thousand dollars shall be made
8 available to support activities within the industry cluster that enable collaboration among
9 businesses and other institutions in order to advance innovation and increase sector profitability.
10 Eligible organizations may be regional or statewide in scope and may include, but not solely be
11 composed of, relevant companies or institutions outside of Rhode Island. The commerce
12 corporation shall establish, by regulation, both (a) the criteria for issuing grants under this section;
13 and (b) a process for receiving and reviewing applications for grants under this section.

14 **42-64.29-4. Competitive program grants.** -- (a) Competitive program grants of one
15 hundred thousand dollars to five hundred thousand dollars shall be made available to support
16 activities to overcome identified cluster gaps and documented constraints on cluster growth or to
17 improve clusters' effectiveness. The commerce corporation shall establish, by regulation, both (1)
18 the criteria for issuing competitive program grants under this section; and (2) a process for
19 receiving and reviewing applications for grants under this section. The criteria that the commerce
20 corporation establishes to evaluate applications for grants under this section shall include
21 objective evidence of the entity's organizational capacity, degree of internal acceptance of the
22 proposed program, economic rationale for the proposed activity to be funded and the entity's
23 ability to raise future funds to sustain the activity when the grant has been expended.

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

26 **42-64.29-5. Rules and regulations.** -- The commerce corporation is hereby authorized to
27 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
28 including the criteria by which grant applications will be judged and awarded.

29 **42-64.29-6. Program integrity.** -- Program integrity being of paramount importance, the
30 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
31 and conditions of the program established herein, including procedures to safeguard the
32 expenditure of public funds and to ensure that the funds further the objectives of the program.

33 **42-64.29-7. Annual report.** -- (a) The commerce corporation shall submit a report
34 annually on December thirty-first detailing: (1) the total amount of grants awarded; (2) the

1 number of grants awarded; (3) the amount of each grant and the private funds matching such
2 grants; (4) the recipients of the grants; (5) the specific activities undertaken by recipients of
3 grants; and (6) such other information as the commerce corporation deems necessary.

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

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

9 CHAPTER 64.30

10 ANCHOR INSTITUTION TAX CREDIT

11 **42-64.30-1. Short title.** -- This chapter shall be known and may be cited as the “anchor
12 institution tax credit act.”

13 **42-64.30-2. Statement of intent.** -- It is to the advantage of the state of Rhode Island and
14 its people to attract businesses to locate in Rhode Island thereby increasing the vitality of the
15 Rhode Island economy. It is the intention of the general assembly to give existing Rhode Island
16 businesses an incentive to encourage businesses in their supply chain, service providers or
17 customers to relocate to Rhode Island by giving existing Rhode Island businesses a tax credit
18 when they are able to bring about a business relocation to this state.

19 **42-64.30-3. Definitions.** -- As used in this act:

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

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

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

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

33 (5) “Qualified business” means an entity that supplies goods or services to a Rhode Island
34 business or is a material service provider or a material customer of a Rhode Island business, or is

1 an affiliate of such supplier, service provider or customer.

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

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

6 **42-64.30-4. Establishment of anchor institution tax credit.** -- The tax credit program is
7 hereby established as a program under the jurisdiction of the commerce corporation and shall be
8 administered by the commerce corporation. The purposes of the program are to encourage
9 economic development and job creation in connection with the relocation of qualified businesses
10 to the state of Rhode Island by providing an incentive to existing Rhode Island businesses to
11 encourage a qualified business to relocate Rhode Island. To implement these purposes, the
12 program may provide tax credits to eligible businesses for a period of five (5) years.

13 **42-64.30-5. Allowance of tax credits.** -- (a) A Rhode Island business, upon application
14 to and approval from the commerce corporation, shall be allowed a credit as set forth hereinafter
15 against taxes imposed under applicable provisions of title 44 of the general laws for having
16 played a substantial role in the decision of a qualified business to relocate a minimum number of
17 jobs as provided below:

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

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

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

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

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

34 (e) Tax credits allowed pursuant to this chapter shall be allowed for the taxable year in

1 which the existing Rhode Island business demonstrates, to the satisfaction of the commerce
2 corporation, both (1) that a certificate of occupancy issues for the project or as of a lease
3 commencement date or other such related commitment; and (2) that the qualified business has
4 created the number of net new jobs required by section 42-64.30-5(a)(1) and (2).

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

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

10 (h) If the existing Rhode Island business has not claimed the tax credit allowed under
11 this chapter in whole or part, the existing Rhode Island business eligible for the tax credit shall,
12 prior to assignment or transfer to a third party, file a request with the division of taxation to
13 redeem the tax credit in whole or in part to the state. Within ninety (90) days from the
14 submission of a request to the division of taxation to redeem the tax credits, the division shall be
15 entitled to redeem the tax credits in exchange for payment by the state to the existing Rhode
16 Island business of (1) one hundred percent (100%) of the value of the portion of the tax credit
17 redeemed, or (2) for tax credits redeemed in whole, one hundred percent (100%) of the total
18 remaining value of the tax credit; provided, however, that the redemption shall be prorated
19 equally over each year of the remaining term of the eligible period of the tax credit.

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

22 **42-64.30-6. Administration.** -- (a) To be eligible to receive a tax credit authorized by
23 this chapter, an existing Rhode Island business shall apply to the commerce corporation prior to
24 the qualified business commencing a relocation search within the state for a certification that the
25 existing Rhode Island business qualifies for tax credits under this chapter.

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

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

31 (d) If information comes to the attention of the commerce corporation or the division of
32 taxation at any time up to and including the last day of the eligibility period that is materially
33 inconsistent with representations made in an application, the commerce corporation or the
34 division of taxation may deny the requested certification, or revoke a certification previously

1 given, with any processing fees paid to be forfeited.

2 **42-64.30-7. Rules and regulations.** -- The commerce corporation is hereby authorized to
3 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
4 including the criteria by which applications for tax credit will be evaluated and approved and to
5 provide for repayment of credits received if the qualified business leaves Rhode Island within a
6 period of time to be established by the commerce corporation. The division of taxation is hereby
7 authorized to promulgate such rules and regulations as are necessary to fulfill the purposes of this
8 chapter.

9 **42-64.30-8. Program integrity.** -- Program integrity being of paramount importance, the
10 commerce corporation shall establish procedures to ensure ongoing compliance with the terms
11 and conditions of the program established herein, including procedures to safeguard the
12 expenditure of public funds and to ensure that the funds further the objectives of the program.

13 **42-64.30-9. Reports.** -- On an annual basis, the commerce corporation shall provide a
14 report to the speaker of the house of representatives and the president of the senate identifying
15 which Rhode Island businesses received tax credits under this act, the amount of those tax credits,
16 and the resulting economic impact on the state of Rhode Island.

17 SECTION 14. This article shall take effect upon passage.