

1 **ARTICLE 12**

2 RELATING TO ECONOMIC DEVELOPMENT

3 SECTION 1. Section 42-64-36 of the General Laws in Chapter 42-64 entitled "Rhode
4 Island Commerce Corporation" is hereby amended to read as follows:

5 **42-64-36. Program accountability.**

6 (a) The board of the Rhode Island commerce corporation shall be responsible for
7 establishing accountability standards, reporting standards and outcome measurements for each of
8 its programs to include, but not be limited to, the use of tax credits, loans, loan guarantees and other
9 financial transactions managed or utilized by the corporation. Included in the standards shall be a
10 set of principles and guidelines to be followed by the board to include:

11 (1) A set of outcomes against which the board will measure each program's and offering's
12 effectiveness;

13 (2) A set of standards for risk analysis for all of the programs especially the loans and loan
14 guarantee programs; and

15 (3) A process for reporting out all loans, loan guarantees and any other financial
16 commitments made through the corporation that includes the purpose of the loan, financial data as
17 to payment history and other related information.

18 (b) The board shall annually prepare a report starting in January 2015 which shall be
19 submitted to the house and senate.

20 (c) The report shall summarize the above listed information on each of its programs and
21 offerings and contain recommendations for modification, elimination or continuation.

22 (d) The board shall coordinate its efforts with the office of revenue to not duplicate
23 information on the use of tax credits and other tax expenditures.

24 (e) In addition to its annual reporting process to the General Assembly and public, which
25 includes the corporation's annual performance report submitted pursuant to this section and § 42-
26 64-28, and reports submitted pursuant to §§ 42-64.20-9(b), 42-64.21-8(a) and (c), 42-64.22-14(a),
27 42-64.23-5(d), 42-64.24-5(d), 42-64.25-12, 42-64.26-6, 42-64.27-4, 42-64.28-9, 42-64.29-7(a), 42-
28 64.31-3, 44-48.3-13(b) and (c), the corporation will also specifically assess the performance,
29 effectiveness, and economic impact of the incentive programs associated with §§ 42-64.20, 42-
30 64.21, 42-64.22, 42-64.23, 42-64.24, 42-64.25, 42-64.26, 42-64.27, 42-64.28, 42-64.29, 42-64.31,

1 [and 44-48.3-13.](#)

2 [\(1\) The reports required by § 42-64-36\(e\) shall be provided to the chairpersons of the house](#)
3 [and senate finance committees, the director of the office of management and budget, and the board](#)
4 [of the commerce corporation by or before January 1 of each year. The reports shall be presented in](#)
5 [a public meeting to the board of the commerce corporation.](#)

6 SECTION 2. Section 42-64.20-10 of the General Laws in Chapter 42-64.20 entitled
7 “Rebuild Rhode Island Tax Credit” is hereby repealed.

8 ~~42-64.20-10, Sunset,~~
9 ~~No credits shall be authorized to be reserved pursuant to this chapter after December 31,~~
10 ~~2018.~~

11 SECTION 3. Section 42-64.21-9 of the General Laws in Chapter 42-64.21 entitled “Rhode
12 Island Tax Increment Financing” is hereby repealed.

13 ~~42-64.21-9, Sunset,~~
14 ~~The commerce corporation shall enter into no agreement under this chapter after December~~
15 ~~31, 2018.~~

16 SECTION 4. Section 42-64.22-15 of the General Laws in Chapter 42-64.22 entitled “Tax
17 Stabilization Incentive” is hereby repealed.

18 ~~42-64.22-15, Sunset,~~
19 ~~The commerce corporation shall enter into no agreement under this chapter after December~~
20 ~~31, 2018.~~

21 SECTION 5. Section 42-64.23-8 of the General Laws in Chapter 42-64.23 entitled “First
22 Wave Closing Fund” is hereby repealed.

23 ~~42-64.23-8, Sunset,~~
24 ~~No financing shall be authorized to be reserved pursuant to this chapter after December 31,~~
25 ~~2018.~~

26 SECTION 6. Section 42-64.24-8 of the General Laws in Chapter 42-64.24 entitled “I-195
27 Redevelopment Project Fund” is hereby repealed.

28 ~~42-64.24-8, Sunset,~~
29 ~~No funding, credits, or incentives shall be authorized or authorized to be reserved pursuant~~
30 ~~to this chapter after December 31, 2018.~~

31 SECTION 7. Section 42-64.25-14 of the General Laws in Chapter 42-64.25 entitled “Small
32 Business Assistance Program” is hereby repealed.

33 ~~42-64.25-14, Sunset,~~
34 ~~No grants, funding, or incentives shall be authorized pursuant to this chapter after~~

1 ~~December 31, 2018.~~

2 SECTION 8. Section 42-64.26-12 of the General Laws in Chapter 42-64.26 entitled “Stay
3 Invested in RI Wavemaker Fellowship” is hereby repealed.

4 ~~42-64.26-12. Sunset.~~

5 ~~No incentives or credits shall be authorized pursuant to this chapter after December 31,~~
6 ~~2018.~~

7 SECTION 9. Section 42-64.27-6 of the General Laws in Chapter 42-64.27 entitled “Main
8 Street Rhode Island Streetscape Improvement Fund” is hereby repealed.

9 ~~42-64.27-6. Sunset.~~

10 ~~No incentives shall be authorized pursuant to this chapter after December 31, 2018.~~

11 SECTION 10. Section 42-64.28-10 of the General Laws in Chapter 42-64.28 entitled
12 “Innovation Initiative” is hereby repealed.

13 ~~42-64.28-10. Sunset.~~

14 ~~No vouchers, grants, or incentives shall be authorized pursuant to this chapter after~~
15 ~~December 31, 2018.~~

16 SECTION 11. Section 42-64.29-8 of the General Laws in Chapter 42-64.29 entitled
17 “Industry Cluster Grants” is hereby repealed.

18 ~~42-64.29-8. Sunset.~~

19 ~~No grants or incentives shall be authorized to be reserved pursuant to this chapter after~~
20 ~~December 31, 2018.~~

21 SECTION 12. Section 42-64.31-4 of the General Laws in Chapter 42-64.31 entitled “High
22 School, College, and Employer Partnerships” is hereby repealed.

23 ~~42-64.31-4. Sunset.~~

24 ~~No grants shall be authorized pursuant to this chapter after December 31, 2018.~~

25 SECTION 13. Section 44-48.3-14 of the General Laws in Chapter 44-48.3 entitled “Rhode
26 Island New Qualified Jobs Incentive Act 2015” is hereby repealed.

27 ~~44-48.3-14. Sunset.~~

28 ~~No credits shall be authorized to be reserved pursuant to this chapter after December 31,~~
29 ~~2018.~~

30 SECTION 14. Sections 42-64.20-3 and 42-64.20-5 of the General Laws in Chapter 42-
31 64.20 entitled "Rebuild Rhode Island Tax Credit" are hereby amended to read as follows:

32 ~~42-64.20-3. Definitions.~~

33 As used in this chapter:

34 (1) "Adaptive reuse" means the conversion of an existing structure from the use for which

1 it was constructed to a new use by maintaining elements of the structure and adapting such elements
2 to a new use.

3 (2) "Affiliate" means an entity that directly or indirectly controls, is under common control
4 with, or is controlled by the business. Control exists in all cases in which the entity is a member of
5 a controlled group of corporations as defined pursuant to § 1563 of the Internal Revenue Code of
6 1986 (26 U.S.C. § 1563) or the entity is an organization in a group of organizations under common
7 control as defined pursuant to subsection (b) or (c) of § 414 of the Internal Revenue Code of 1986
8 (26 U.S.C. § 414). A taxpayer may establish by clear and convincing evidence, as determined by
9 the tax administrator, that control exists in situations involving lesser percentages of ownership
10 than required by those statutes. An affiliate of a business may contribute to meeting either the
11 capital investment or full-time employee requirements of a business that applies for a credit under
12 this chapter.

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

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

20 (5) "Business" means a corporation as defined in general laws § 44-11-1(4), or a
21 partnership, an S corporation, a non-profit corporation, a sole proprietorship, or a limited liability
22 corporation. A business shall include an affiliate of the business if that business applies for a credit
23 based upon any capital investment made by an affiliate.

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

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

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

31 In addition to the foregoing, if a developer acquires or leases a qualified development
32 project, the capital investment made or acquired by the seller or owner, as the case may be, if
33 pertaining primarily to the premises of the qualified development project, shall be considered a
34 capital investment by the developer and, if pertaining generally to the qualified development project

1 being acquired or leased, shall be allocated to the premises of the qualified development project on
2 the basis of the gross leasable area of the premises in relation to the total gross leasable area in the
3 qualified development project. The capital investment described herein shall be defined through
4 rules and regulations promulgated by the commerce corporation.

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

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

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

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

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

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

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

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

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

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

34 (14) "Hope community" means a municipality for which the five (5) year average

1 percentage of families with income below the federal poverty level exceeds the state five (5) year
2 average percentage, both as most recently reported by the U.S. Department of Commerce, Bureau
3 of the Census.

4 (15) "Mixed use" means a development comprising both commercial and residential
5 components.

6 (16) "Manufacturer" shall mean any entity that:

7 (a) Uses any premises within the state primarily for the purpose of transforming raw
8 materials into a finished product for trade through any or all of the following operations: adapting,
9 altering, finishing, making, processing, refining, metalworking, and ornamenting, but shall not
10 include fabricating processes incidental to warehousing or distribution of raw materials, such as
11 alteration of stock for the convenience of a customer; or

12 (b) Is described in codes 31-33 of the North American Industry Classification System, as
13 revised from time to time.

14 ~~(16)~~(17) "Partnership" means an entity classified as a partnership for federal income tax
15 purposes.

16 ~~(17)~~(18) "Placed in service" means the earlier of i) substantial construction or rehabilitation
17 work has been completed which would allow for occupancy of an entire structure or some
18 identifiable portion of a structure, as established in the application approved by the commerce
19 corporation board or ii) receipt by the developer of a certificate, permit or other authorization
20 allowing for occupancy of the project or some identifiable portion of the project by the municipal
21 authority having jurisdiction.

22 ~~(18)~~(19) "Project" means qualified development project as defined under subsection (22).

23 ~~(19)~~(20) "Project area" means land or lands under common ownership or control in which
24 a qualified development project is located.

25 ~~(20)~~(21) "Project cost" means the costs incurred in connection with the qualified
26 development project or qualified residential or mixed use project by the applicant until the issuance
27 of a permanent certificate of occupancy, or until such other time specified by the commerce
28 corporation, for a specific investment or improvement, as defined through rules and regulations
29 promulgated by the commerce corporation.

30 ~~(21)~~(22) "Project financing gap" means

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

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

3 ~~(22)~~(23) "Qualified development project" means a specific construction project or
4 improvement, including lands, buildings, improvements, real and personal property or any interest
5 therein, including lands under water, riparian rights, space rights and air rights, acquired, owned,
6 leased, developed or redeveloped, constructed, reconstructed, rehabilitated or improved,
7 undertaken by a developer, owner or tenant, or both, within a specific geographic area, meeting the
8 requirements of this chapter, as set forth in an application made to the commerce corporation.

9 (24) "Qualified small business project" means a commercial project that is located
10 within one block of a project awarded funding under the Main Street Rhode Island
11 Streetscape Improvement Fund Act, chapter 64.27 of title 42, or as determined by the commerce
12 corporation to be located in a local business district consistent with the purposes of chapter 64.27
13 of title 42.

14 ~~(23)~~(25) "Recognized historical structure" means a property which is located in the state
15 of Rhode Island and is commonly considered to be of historic or cultural significance as determined
16 by the commerce corporation in consultation with the state historic preservation officer.

17 ~~(24)~~(26) "Residential" means a development of residential dwelling units.

18 ~~(25)~~(27) "Targeted industry" means any advanced, promising or otherwise prioritized
19 industry identified in the economic development vision and policy promulgated pursuant General
20 Laws § 42-64.17-1 or, until such time as any such economic development vision and policy is
21 promulgated, as identified by the commerce corporation.

22 ~~(26)~~(28) "Transit oriented development area" means an area in proximity to transit
23 infrastructure that will be further defined by regulation of the commerce corporation in consultation
24 with the Rhode Island department of transportation.

25 ~~(27)~~(29) "Workforce housing" means housing for sale or rent with combined rental costs
26 or combined mortgage loan debt service, property taxes, and required insurance that do not exceed
27 thirty percent (30%) of the gross annual income of a household earning between eighty percent
28 (80%) and one hundred and forty percent (140%) of the area median income, as defined annually
29 by the United States Department of Housing and Urban Development.

30 **42-64.20-5. Tax Credits.**

31 (a) An applicant meeting the requirements of this chapter may be allowed a credit as set
32 forth hereinafter against taxes imposed upon such person under applicable provisions of title 44 of
33 the general laws for a qualified development project.

34 (b) To be eligible as a qualified development project entitled to tax credits, an applicant's

1 chief executive officer or equivalent officer shall demonstrate to the commerce corporation, at the
2 time of application, that:

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

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

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

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

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

21 (iii) Involves a total project cost of not less than \$5,000,000, except for a qualified
22 development project located in a hope community or redevelopment area designated under § 45-
23 32-4 or in which event the commerce corporation shall have the discretion to modify the minimum
24 project cost requirement.

25 (c) Applicants qualifying for a tax credit pursuant to chapter 33.6 of title 44 shall be exempt
26 from the requirements of subparagraphs (b)(3)(ii) and (b)(3)(iii). The following procedure shall
27 apply to such applicants:

28 (1) The division of taxation shall remain responsible for determining the eligibility of an
29 applicant for tax credits awarded under chapter 33.6 of title 44;

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

32 (3) The commerce corporation shall not award in excess of fifteen percent (15%) of the
33 annual amount appropriated in any fiscal year to applicants seeking tax credits pursuant to
34 subsection (c).

1 (d) Applicants whose project is occupied by at least one manufacturer or is a qualified
2 small business project shall be exempt from the requirements of subparagraphs (b)(3)(ii) and
3 (b)(3)(iii), and the commerce corporation may establish minimum project cost amounts required
4 for eligibility under this paragraph. In the case of qualified small business projects, the commerce
5 corporation may require a plan for the area and/or demonstration of support from a municipality,
6 local business association, or chamber of commerce.

7 ~~(d)~~(e) *Maximum project credit.*

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

12 (ii) The credit allowed pursuant to this chapter shall not exceed fifteen million dollars
13 (\$15,000,000) for any qualified development project under this chapter. No building or qualified
14 development project to be completed in phases or in multiple projects shall exceed the maximum
15 project credit of fifteen million dollars (\$15,000,000) for all phases or projects involved in the
16 rehabilitation of such building. Provided, however, that for purposes of this subsection and no more
17 than once in a given fiscal year, the commerce corporation may consider the development of land
18 and buildings by a developer on the "I-195 land" (as defined in section 42-64.24-3(6) of the general
19 laws) as a separate, qualified development project from a qualified development project by a tenant
20 or owner of a commercial condominium or similar legal interest including leasehold improvement,
21 fit out, and capital investment. Such qualified development project by a tenant or owner of a
22 commercial condominium or similar legal interest on the I-195 land may be exempted from
23 subparagraph (d)(i)(1).

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

- 29 (1) The project includes adaptive reuse or development of a recognized historical structure;
30 (2) The project is undertaken by or for a targeted industry;
31 (3) The project is located in a transit-oriented development area;
32 (4) The project includes residential development of which at least twenty percent (20%) of
33 the residential units are designated as affordable housing or workforce housing;
34 (5) The project includes the adaptive reuse of property subject to the requirements of the

1 industrial property remediation and reuse act, sections 23-19.14-1 et seq.; or

2 (6) The project includes commercial facilities constructed in accordance with the minimum
3 environmental and sustainability standards, as certified by the commerce corporation pursuant to
4 Leadership in Energy and Environmental Design or other equivalent standards.

5 ~~(g)~~ (g) *Maximum aggregate credits.* The aggregate sum authorized pursuant to this chapter
6 shall not exceed one hundred and fifty million dollars (\$150,000,000).

7 ~~(h)~~ (h) Tax credits shall not be allowed under this chapter prior to the taxable year in which
8 the project is placed in service.

9 ~~(i)~~ (i) The amount of a tax credit allowed under this chapter shall be allowable to the
10 taxpayer in up to five, annual increments; no more than thirty percent (30%) and no less than fifteen
11 percent (15%) of the total credits allowed to a taxpayer under this chapter may be allowable for any
12 taxable year, except for projects with a project financing gap of less than \$500,000.

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

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

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

32 ~~(m)~~ (m) The tax credit allowed under this chapter may be used as a credit against corporate
33 income taxes imposed under chapters 11, 13, 14, or 17, of title 44, or may be used as a credit against
34 personal income taxes imposed under chapter 30 of title 44 for owners of pass-through entities such

1 as a partnership, a limited liability company taxed as a partnership, or multiple owners of property.

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

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

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

15 ~~(p)~~(q) The commerce corporation shall promulgate rules and regulations for the
16 administration and certification of additional tax credit under subsection (e), including criteria for
17 the eligibility, evaluation, prioritization, and approval of projects that qualify for such additional
18 tax credit.

19 ~~(q)~~(r) The commerce corporation shall not have any obligation to make any award or grant
20 any benefits under this chapter.

21 SECTION 15. Section 42-64.25-6 of the General Laws in Chapter 42-64.25 entitled "Small
22 Business Assistance Program" is hereby amended to read as follows:

23 **42-64.25-6. Micro-loan allocation.**

24 Notwithstanding anything to the contrary in this chapter, not less than ten percent (10%)
25 and not more than twenty-five percent (25%) of program funds will be allocated to "micro loans"
26 with a principal amount between two thousand dollars (\$2,000) and twenty-five thousand dollars
27 (\$25,000). Micro loans will be administered by lending organizations, which will be selected by
28 the commerce corporation on a competitive basis and shall have experience in providing technical
29 and financial assistance to microenterprises.

30 SECTION 16. Title 42 of the General Laws entitled "State Affairs and Government" is
31 hereby amended by adding thereto the following chapter:

32 CHAPTER 64.33

33 REFUNDABLE INVESTMENT TAX CREDIT ACT

34 **42-64.33-1. Short title. This chapter shall be known and may be cited as the "Refundable**

1 Investment Tax Credit Act.”

2 **42-64.33-2. Legislative findings.** Although chapter 31 of title 44 of the Rhode Island
3 general laws (the “Investment Tax Credit statute”) establishes tax credits for eligible taxpayers for
4 certain investments for the construction of facilities, the acquisition of tangible personal property,
5 and the training of employees, the Investment Tax Credit statute does not allow for the taking of
6 such tax credits by certain business entities and further does not provide for refunds to the extent
7 that the tax credits exceed the eligible taxpayers’ tax liability. Through the establishment of a
8 refundable investment tax credit program for manufacturers, Rhode Island can foster further
9 investment by manufacturing businesses and thereby encourage businesses to contribute in a
10 meaningful way to the economic development of this state. In so doing, this program will further
11 advance the competitiveness of Rhode Island and its companies in the national and global
12 economies and result in the creation and/or retention of jobs and tax revenues for the state.

13 **42-64.33-3. Definitions.**

14 As used in this chapter:

15 (1) “Business” means a manufacturer that is a C corporation, S corporation, partnership,
16 limited partnership, limited liability partnership, limited liability company, or sole proprietorship;

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

19 (3) “Eligible taxpayer” means a taxpayer eligible for an investment tax credit pursuant to
20 general law 44-31-1;

21 (4) “Manufacturing” and “Manufacturer” shall have the same meanings as provided in 44-
22 31-1(b)(1) and (2) and shall further include any entity described in major groups 20 through
23 39 in the Standard Industrial Classification Manual prepared by the technical committee on
24 industrial classification, office of statistical standards, executive office of the president, United
25 States Bureau of Budget, as revised from time to time.

26 (5) “Refund or redemption” for purposes of this chapter means the taking of a tax credit
27 against a tax liability or obtaining a refund for a tax credit or a portion thereof.

28 (6) “Targeted industries” shall have the same meaning as provide din general law 42-64.20-
29 3 (Rebuild Rhode Island Tax Credit Program) and the regulations promulgated thereunder.

30 (7) “Tax liability” for purposes of this chapter means (i) the amount of tax owed to the state
31 of Rhode Island calculated as the Rhode Island adjusted taxable income minus any Rhode Island
32 tax credit on Schedule B-CR other than credits allowed under this chapter; or (ii) the minimum tax
33 for filers of Form RI 11120S; or (iii) the Rhode Island annual fee for file.

34 **42-64.33-4. Establishment of program.**

1 A refundable investment tax credit program is hereby established as a program under the
2 jurisdiction of and administered by the commerce corporation.

3 **42-64.33-5. Refundable Tax credits.**

4 (a) To be eligible to take and or redeem tax credits under this chapter, a business must
5 submit a completed application to the commerce corporation for approval prior to making the
6 investment that will give rise to the requested tax credit. Such application shall be developed by
7 the commerce corporation.

8 (b) The commerce corporation may take into account the following factors in determining
9 whether to approve an application for a refundable investment tax credit pursuant to this chapter:
10 the nature and amount of the business's investment; the necessity of the investment and/or credit;
11 whether the business is engaged in a targeted industry; the number of jobs created by the business's
12 investment; whether the investment took place in a Hope community as defined in general law 42-
13 64.20-3 and the regulations promulgated thereunder; and such other factors as the commerce
14 corporation deems relevant.

15 (c) The refundable tax credit shall be available only to the extent that the business's
16 investment credit exceeds that business's tax liability for the tax year in which the credit is
17 available.

18 (d) The amount of the refundable tax credit available to any business in any given tax year
19 shall not exceed the sum of one-hundred thousand dollars (\$100,000).

20 (e) Prior to approving an application for refundable credits, the commerce corporation shall
21 require the business to enter into an incentive agreement setting forth the business's eligibility to
22 use or redeem the tax credits and the terms and conditions governing the approval and receipt of
23 the refundable tax credits.

24 (f) To take or redeem refundable tax credit authorized by the corporation, an eligible
25 business shall apply annually to the commerce corporation for a certification that the business has
26 met all the requirements of this chapter and the incentive agreement. The commerce corporation
27 shall either issue a certification to the business or provide a written response detailing any
28 deficiencies precluding certification. The commerce corporation may deny an applicant for
29 certification, or declare the incentive agreement null and void if the business does not meet all
30 requirements of this chapter and/or any additional terms and conditions of the incentive agreement.

31 (g) Upon issuance of a certification by the commerce corporation under subsection (f)
32 above, and at the request of the business, the division of taxation shall, on behalf of the State of
33 Rhode Island issue redemption tax certificate(s) as specified in the certification issued by the
34 commerce corporation pursuant to section (f) above.

1 (h) A taxpayer shall be entitled to take investment tax credits, up to the limit authorized in
2 this chapter, against taxes imposed pursuant to chapters 11 and 30 of title 44.

3 (i) Subject to annual appropriation in the state budget and upon written request of a
4 taxpayer, the state shall refund the amount of tax credit provided under this chapter in whole or in
5 part up to one hundred percent (100%) of the value of the redemption certificates issued under
6 subsection (g) reduced by the amount of the tax credit taken, if any; provided however, that taxpayer
7 may only claim a refund of a credit amount, in whole or part, for the year for which the tax credit
8 was issued. Credits carried over pursuant to subsection (j) shall not be refundable.

9 (j) If the tax credit allowed under this chapter exceeds the taxpayer's total tax liability for
10 the year in which the credit is allowed, the amount that exceeds the taxpayer's tax liability after
11 taking account any credit taken under this chapter may either be refunded pursuant to subsection
12 (i) or carried forward for credit against the tax liability for the succeeding years, or until the tax
13 credit is used in full, whichever occurs first.

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

17 (l) Credits allowed to a partnership, a limited liability company taxed as a partnership, or
18 multiple owners of property shall be passed through to the persons designated as partners, members
19 or owners respectively pro rata or pursuant to an executed agreement among such persons
20 designated as partners, members or owners documenting an alternate distribution method without
21 regard to their sharing of other tax or economic attributes of such entity.

22 (m) Any expenses used for calculating the tax credit under this chapter cannot be used in
23 calculating a tax credit under any other tax credit program in Rhode Island law.

24 (n) In the event any taxpayer seeking a refund under this chapter has outstanding Rhode
25 Island tax obligations, the division of taxation shall be permitted to apply said refund to the
26 outstanding tax obligations.

27 **42-64.33-6. Refundable investment tax credit fund.**

28 There is hereby established at the commerce corporation a restricted account known as the
29 refundable investment tax credit fund (the "fund") into which all amounts appropriated in the state
30 budget for the redemption of tax credits under this chapter shall be deposited. The fund shall be
31 used to pay for the redemption of investment tax credits pursuant to the provisions of this chapter
32 and for which a taxpayer is eligible under general laws 44-31-1. The fund shall be exempt from
33 attachment, levy or any other process at law or in equity. The director of the department of revenue
34 shall make a requisition to the commerce corporation for funding during any fiscal year as may be

1 necessary to pay for the redemption pursuant to this chapter. The commerce corporation shall pay
2 from the fund such amounts as requested by the director of the department of revenue necessary to
3 redeem tax credits pursuant to this chapter.

4 **42-64.33-7. Program integrity.**

5 (a) Program integrity being of paramount importance, the commerce corporation shall
6 establish procedures to ensure ongoing compliance with the terms and conditions of the program
7 established herein, including procedures to safeguard approval of redemption of the credits and to
8 ensure that authorized redemptions further the objectives of the program.

9 (b) The commerce corporation and division of taxation may promulgate such rules and
10 regulations pursuant to chapter 35 of title 42 of the general laws as deemed necessary to carry out
11 the intent, purpose and implementation of the program established under this chapter.

12 **42-64.33-8. Reporting requirements.**

13 (a) By September 1, 2018 and each year thereafter, the commerce corporation shall report
14 the name and address of each business entering into an incentive agreement during the previous
15 state fiscal year to the division of taxation. The commerce corporation shall also make this
16 information publicly available on its website. In addition, the commerce corporation shall provide
17 the division of taxation a copy of each incentive agreement as they are executed.

18 (b) By December 1, 2018 and each year thereafter, the office of management and budget
19 shall provide the governor with the sum, if any, to be appropriated to fund the refundable investment
20 tax credit program.

21 SECTION 17. Title 42 of the General Laws entitled "State Affairs and Government" is
22 hereby amended by adding thereto the following chapter:

23 CHAPTER 64.34

24 MANUFACTURING SITE READINESS ACT

25 **42-64.34-1. Short title.**

26 This chapter shall be known as the "Manufacturing Site Readiness Act."

27 **42-64.34-2. Statement of intent.**

28 The purpose of this act is to develop an inventory of vetted, pad-ready sites in the state
29 capable of supporting large scale economic development.

30 **42-64.34-3. Definitions.**

31 As used in this chapter:

32 (1) "Commerce corporation" means the Rhode Island commerce corporation established
33 pursuant to General Laws section 42-64-1 et. seq.

34 (2) "Program" means the manufacturing site readiness program established by this act.

1 (3) “Qualifying property” means a property capable of supporting large-scale economic
2 development and including, but not limited to, manufacturing, industrial, and distribution uses.

3 **42-64.34-4. Establishment of program.**

4 There is hereby established the manufacturing site readiness program to be administered
5 by the commerce corporation as set forth in this chapter.

6 **42-64.34-4. Establishment of manufacturing site readiness fund.**

7 (a) The manufacturing site readiness fund is hereby created within the commerce
8 corporation. The commerce corporation is authorized, within available appropriations, to award
9 grants as more particularly set forth in this chapter. The fund shall consist of:

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

11 (2) Money made available to the program through federal or private sources; and

12 (3) Any other money made available to the program.

13 (b) Funding for the program shall only be used for program purposes.

14 **42-64.34-5. Powers of commerce corporation.**

15 (a) The commerce corporation shall issue one or more requests for expressions of interest
16 to solicit participants in the program.

17 (b) Subject to available funding and at its discretion, the commerce corporation may
18 undertake a review of a qualifying property to determine its suitability for funding under the
19 program and may consider, among other attributes, the following in making a grant award:

20 (1) The location, size and suitability of the qualified property for development;

21 (2) Liens and encumbrances on the qualified property;

22 (3) Zoning of the qualified property for industrial use and/ or host community support for
23 rezoning;

24 (4) Site conditions of the qualified property;

25 (5) Existing due diligence on the qualified property;

26 (6) The cost to develop a pad-ready site on the qualified property; and

27 (7) The willingness of the property owner to commit to development of a pad-ready
28 industrial site. The commerce corporation may provide a grant to undertake due diligence for a
29 qualifying property, which may include, but not be limited to, site surveys, topographic surveys,
30 wetland determinations, phase 1 environmental site assessments, applicable zoning reviews, utility
31 availability studies, and preliminary site engineering to determine building potential and site
32 improvement costs.

33 (c) The commerce corporation shall qualify consultants, engineers and/or professionals
34 eligible to complete the due diligence in connection with an award under this chapter.

1 (d) Grant funding under this chapter shall be paid by the commerce corporation to such
2 qualified consultant, engineer and/or professional performing the services of a qualifying property.

3 (e) The commerce corporation shall have no obligation to make any award under this
4 chapter.

5 **42-64.34-6. Implementation guidelines, directives, criteria, rules, regulations.**

6 The commerce corporation may adopt implementation guidelines, directives, criteria, rules
7 and regulations pursuant to section 42-35-3 of the General Laws as are necessary for the
8 implementation and administration of the program.

9 **42-64.34-7. Program integrity.**

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

14 **42-64.34-8. Reporting requirements.**

15 The commerce corporation shall publish a report on the program at the end of each fiscal
16 year. The report shall contain information on the commitment, disbursement, and use of funds
17 allocated under the program. The report is due no later than sixty (60) days after the end of the
18 fiscal year, and shall be provided to the speaker of the house of representatives and the president
19 of the senate.

20 SECTION 18. Title 42 of the General Laws entitled "State Affairs and Government" is
21 hereby amended by adding thereto the following chapter:

22 CHAPTER 64.35

23 TECHNICAL ASSISTANCE FOR MUNICIPAL ZONING AND PERMITTING FUND

24 **42-64.35-1. Short title.**- This chapter shall be known and may be cited as the "Technical
25 Assistance for Municipal Zoning and Permitting Fund."

26 **42-64.35-2. Statement of intent.** - Outdated and overly burdensome zoning, planning, and
27 permitting codes and processes can inhibit the establishment of sustained economic development
28 at the local level. It is the intention of the general assembly to assist municipalities in addressing
29 and streamlining their respective zoning, planning, and permitting codes and processes by creating
30 a funding program to provide access to technical assistance for the evaluation and betterment of
31 such codes and processes.

32 **42-64.35-3. Fund established.** - The technical assistance for municipal zoning and
33 permitting fund is hereby created within the Rhode Island commerce corporation (the "fund"). The
34 commerce corporation is authorized, within available appropriations, to award loans, grants, and

1 other forms of financing to provide access by municipalities to technical assistance to evaluate and
2 streamline their respective zoning, planning, and permitting codes and processes to foster economic
3 development and business attraction within their respective municipalities. Applications and
4 awards of grants, loans, and other forms of financing shall be on a rolling basis. The corporation
5 may, however, periodically set deadlines and make awards. There is established an account in the
6 name of the "technical assistance for municipal zoning and permitting fund" under the control of
7 the commerce corporation, and the commerce corporation shall pay into such account any eligible
8 funds available to the commerce corporation from any source, including funds appropriated by the
9 state and any grants made available by the United States or any agency of the United States.

10 **42-64.35-4. Rules and regulations.** - The commerce corporation is hereby authorized to
11 promulgate such rules and regulations as are necessary to fulfill the purposes of this chapter,
12 including the criteria by which grant, loan, or other form of financing applications will be judged
13 and awarded.

14 **42-64.35-5. Reporting requirements.** - The commerce corporation shall publish a report
15 on the fund at the end of each fiscal year, which shall contain information on the commitment,
16 disbursement, and use of funds allocated under the fund. The report shall also, to the extent
17 practicable, track the economic impact of projects that have been completed using the fund. The
18 report is due no later than sixty (60) days after the end of the fiscal year, and shall be provided to
19 the speaker of the house of representatives and the president of the senate.

20 **42-64.35-6. Program integrity.** - Program integrity being of paramount importance, the
21 commerce corporation shall establish procedures to ensure ongoing compliance with the terms and
22 conditions of the program established herein, including procedures to safeguard the expenditure of
23 public funds and to ensure that the funds further the objectives of the program.

24 SECTION 19. "Rhode Island New Qualified Jobs Incentive Act 2015" are hereby amended
25 to read as follows:

26 **44-48.3-3. Definitions.**

27 As used in this chapter, unless the context clearly indicates otherwise, the following words
28 and phrases shall have the following meanings:

29 (1) "Affiliate" or "affiliated entity" means an entity that directly or indirectly controls, is
30 under common control with, or is controlled by the business. Control exists in all cases in which
31 the entity is a member of an affiliated group of corporations as defined pursuant to § 1504 of the
32 Internal Revenue Code of 1986 (26 U.S.C. § 1504) or the entity is an organization in a group of
33 organizations under common control as defined pursuant to subsection (b) or (c) of § 414 of the
34 Internal Revenue Code of 1986 (26 U.S.C. § 414). A taxpayer may establish by clear and

1 convincing evidence, as determined by the commerce corporation, that control exists in situations
2 involving lesser percentages of ownership than required by those statutes. An affiliate of a business
3 may contribute to meeting full-time employee requirements of a business that applies for a credit
4 under this chapter.

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

10 (3) "Commerce corporation" means the Rhode Island commerce corporation established
11 pursuant to chapter 64 of title 42.

12 (4) "Commitment period" means the period of time that at a minimum is twenty percent
13 (20%) greater than the eligibility period.

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

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

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

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

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

1 (10) "Incentive effective date" means the date the commerce corporation issues a
2 certification for issuance of tax credit based on documentation submitted by a business pursuant to
3 § 44-48.3-7.

4 (11) "Manufacturer" shall mean any entity that:

5 (a) Uses any premises within the state primarily for the purpose of transforming raw
6 materials into a finished product for trade through any or all of the following operations: adapting,
7 altering, finishing, making, processing, refining, metalworking, and ornamenting, but shall not
8 include fabricating processes incidental to warehousing or distribution of raw materials, such as
9 alteration of stock for the convenience of a customer; or

10 (b) Is described in codes 31-33 of the North American Industry Classification System, as
11 revised from time to time.

12 ~~(11)~~(12) "New full-time job" means an eligible position created by the business that did
13 not previously exist in this state and which is created after approval of an application to the
14 commerce corporation under the program. Such job position cannot be the result of an acquisition
15 of an existing company located in Rhode Island by purchase, merger, or otherwise. For the purposes
16 of determining the number of new full-time jobs, the eligible positions of an affiliate shall be
17 considered eligible positions of the business so long as such eligible position(s) otherwise meets
18 the requirements of this section.

19 ~~(12)~~(13) "Partnership" means an entity classified as a partnership for federal income tax
20 purposes.

21 ~~(13)~~(14) "Program" means the incentive program established pursuant to this chapter.

22 ~~(14)~~(15) "Targeted industry" means any industry identified in the economic development
23 vision and policy promulgated under § 42-64.17-1 or, until such time as any economic development
24 vision and policy is promulgated, as identified by the commerce corporation.

25 ~~(15)~~(16) "Taxpayer" means a business granted a tax credit under this chapter or such person
26 entitled to the tax credit because the business is a pass through entity such as a partnership, S
27 corporation, sole proprietorship or limited liability company taxed as a partnership.

28 ~~(16)~~(17) "Transit oriented development area" means an area in proximity to mass-transit
29 infrastructure including, but not limited to, an airport, rail or intermodal facility that will be further
30 defined by regulation of the commerce corporation in consultation with the Rhode Island
31 department of transportation.

32 **44-48.3-4. Rhode Island qualified jobs incentive program.** – (a) The Rhode Island
33 qualified jobs incentive program is hereby established as a program under the jurisdiction of and
34 shall be administered by the commerce corporation. The program may provide tax credits to eligible

1 businesses for an eligibility period not to exceed ten (10) years.

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

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

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

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

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

17 (4) For a business in a non-targeted industry that employs more than two hundred (200)
18 full-time employees on the date of application to the commerce corporation, either the creation of
19 new full-time jobs in this state in an amount not less than ten percent (10%) of the business's
20 existing number of full-time employees or the creation of at least one hundred (100) new full-time
21 jobs in this state.

22 (5) Notwithstanding subsections (c)(1) through (4):

23 (i) For a manufacturer the creation of new full-time jobs in this state in an amount not less
24 than ten percent (10%) of the manufacturer's existing number of full-time employees or the creation
25 of at least one hundred (100) new full-time jobs in this state.

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

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

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

33 (3) That the business's chief executive officer, or equivalent officer, has reviewed the
34 information submitted to the commerce corporation and that the representations contained therein

1 are accurate and complete.

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

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

16 (g) The definition of manufacturer in this chapter is limited to the eligibility for the program
17 in this chapter only and shall not modify or define the legal standing of a manufacturer for any
18 other purpose in Title 44 of the Rhode Island general laws.

19 SECTION 20. This Article shall take effect upon passage.