Background

- 2013 Assembly created Executive Office of Commerce
  - Oversee and serve as the lead Executive Branch agency to manage & promote commerce and the state’s economy
- Established for FY 2016
  - Executive Office
  - Housing and Community Development
    - Transferred from DOA, consistent with legislation
  - Commerce Corporation
  - Other Quasi-Public Agencies
Background

- 2013 Legislation included power to operate Department of Business Regulation functions
  - Governor’s subsequent recommendations maintained as stand-alone agency
  - Assembly concurred
  - Department falls under Secretary and Executive Office
Target Issues

- Budget Office provided a general revenue target of $36.4 million
  - Current service adjustments of $5.2 million and a 10.0% reduction of $1.8 million
- Budget submitted is $18,708 below the target
  - Reduced or eliminated additional funding requested for new and existing programs
- Governor recommends $26.1 million more than target
### Summary by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2018 Enacted</th>
<th>FY 2018 Revised</th>
<th>FY 2019 Governor</th>
<th>Change to Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue</td>
<td>$33.1</td>
<td>$29.8</td>
<td>$37.3</td>
<td>$4.3</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>17.9</td>
<td>18.9</td>
<td>14.4</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Restricted Receipts</td>
<td>4.7</td>
<td>6.2</td>
<td>4.8</td>
<td>0.0</td>
</tr>
<tr>
<td>Other Funds</td>
<td>2.9</td>
<td>3.1</td>
<td>6.3</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Total – All Funds</strong></td>
<td><strong>$58.6</strong></td>
<td><strong>$58.0</strong></td>
<td><strong>$62.8</strong></td>
<td><strong>$4.2</strong></td>
</tr>
</tbody>
</table>

($ In Millions)
Centralized Services

- 2017 Assembly authorized establishment of internal service funds for centralized services
  - Information technology, capital asset management & maintenance, & HR
- Costs previously budgeted in DOA
  - Methodology on distribution needs review
  - Long term impacts and transparency concerns
Centralized Services

- Governor’s budget allocates costs to user agencies

<table>
<thead>
<tr>
<th>General Revenues</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology</td>
<td>$21,405</td>
<td>$21,570</td>
</tr>
<tr>
<td>Facilities</td>
<td>261,626</td>
<td>271,192</td>
</tr>
<tr>
<td>Human Resources</td>
<td>23,670</td>
<td>23,985</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$306,701</strong></td>
<td><strong>$316,747</strong></td>
</tr>
</tbody>
</table>
## Summary by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2018 Enacted</th>
<th>FY 2018 Revised</th>
<th>FY 2019 Governor</th>
<th>Change to Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue</td>
<td>$33.1</td>
<td>$29.5</td>
<td>$37.0</td>
<td>$3.9</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>17.9</td>
<td>18.9</td>
<td>14.4</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Restricted Receipts</td>
<td>4.7</td>
<td>6.2</td>
<td>4.8</td>
<td>0.0</td>
</tr>
<tr>
<td>Other Funds</td>
<td>2.9</td>
<td>3.1</td>
<td>6.3</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Total – All Funds</strong></td>
<td><strong>$58.6</strong></td>
<td><strong>$57.7</strong></td>
<td><strong>$62.5</strong></td>
<td><strong>$3.9</strong></td>
</tr>
</tbody>
</table>

($ In Millions) Excludes Centralized Services
General Revenue, 59.4%

Federal Funds, 23.0%

Restricted Receipts, 7.6%

Other Funds, 10.0%
FY 2019 Recommendation

- Economic Development Incentives
  - Current program updates
  - New program proposals
- Executive Office Budget
  - Housing and Community Development
- Quasi-Public Entities
  - Commerce Corp
  - Quonset
  - I-195 Commission
- Capital
2015 Assembly enacted 15 programs as part of the FY 2016 budget in support of the Governor’s economic strategy:

- 5 tax incentive programs
- 10 other programs, investments & initiatives

Amended in 2016 and 2017 to modify some programs and add the Air Service Development Fund.
Most supported by savings from debt restructuring spread over 2 years
Some supported by general revenues through regular Commerce Corporation funding
All programs given Dec 31, 2018 sunset
All have annual reporting requirements
- Tax Credit programs reporting more extensive
Art. 12 proposes to repeal the sunsets & expand reporting requirements
## Economic Development Incentives - Background

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018 E</th>
<th>FY 2018 R</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rebuild RI</td>
<td>$ 1.0</td>
<td>$ 25.0</td>
<td>$ 12.5</td>
<td>$ 9.5</td>
<td>$ 15.5</td>
</tr>
<tr>
<td>Closing Fund</td>
<td>5.0</td>
<td>8.5</td>
<td>1.8</td>
<td>1.8</td>
<td>1.0</td>
</tr>
<tr>
<td>I-195 Fund</td>
<td>25.0</td>
<td>-</td>
<td>2.0</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Small Business Asst.</td>
<td>5.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
</tr>
<tr>
<td>Wavemaker</td>
<td>1.8</td>
<td>2.0</td>
<td>0.8</td>
<td>0.8</td>
<td>1.6</td>
</tr>
<tr>
<td>Streetscape</td>
<td>1.0</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Innovation Initiative</td>
<td>1.0</td>
<td>1.5</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Cluster Grants</td>
<td>0.8</td>
<td>0.5</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>P-Tech</td>
<td>0.9</td>
<td>1.2</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
</tr>
<tr>
<td>Air Service</td>
<td>-</td>
<td>1.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Anchor Institution</td>
<td>0.8</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$ 42.8</strong></td>
<td><strong>$ 41.2</strong></td>
<td><strong>$ 19.1</strong></td>
<td><strong>$ 16.1</strong></td>
<td><strong>$ 21.9</strong></td>
</tr>
</tbody>
</table>

$ In Millions
## Economic Development Incentives - Background

<table>
<thead>
<tr>
<th>New Initiatives</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply RI</td>
<td>$ 0.5</td>
</tr>
<tr>
<td>Refundable Investment Tax Credit</td>
<td>0.3</td>
</tr>
<tr>
<td>Municipal Technical Assistance</td>
<td>0.2</td>
</tr>
<tr>
<td>Manufacturing Site Readiness</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$ 1.2</strong></td>
</tr>
</tbody>
</table>

$ In Millions
Credits for real estate development equal to lesser of 20% project costs or funding gap

- Up to 30%, if they met designated criteria for rehabilitation, reuse, sustainability, affordability or targeted industry:
  - Project max of $15.0 million
  - Redeemed over 5 years
  - Credits transferable
- Refundable at 90% of value
Rebuild RI Tax Credit: Current Law

- 2016 Assembly revised earlier legislation to address issues raised
  - Capped credits allowed under program at $150 million
  - Allow use of funds for Tax Stabilization Incentive reimbursements
    - Rebuild credit seekers can be required to obtain a stabilization agreement for project
  - Modified language to deal with issues raised by developers and financing entities
Rebuild RI Tax Credit

- Rebuild RI credits are paid out over a period of up to 5 years
- FY 2019 budget adds $15.5 million for future payments
  - Includes $3.0 million shifted from the enacted; $9.5 million remaining for FY 2018
  - FY 2016 & FY 2017 authorized $26.0 million of total funding acted budgets

- Approved credits total $90.0 million
Expands eligibility for:

- Projects occupied by at least 1 manufacturer
- Qualified Small Business Projects (QSBP)
  - Small business project: commercial project within 1 block* of an Main Street Streetscape award or a business district defined by the Corporation

Current law, limits annual credit claimed to 15%-30%
  - Eliminates this provision for projects with a financing gap of less than $0.5 million

*Updated 4/10 to correct distance; block undefined
Art. 12 - Rebuild RI Tax Credit

- Eliminates project cost and minimum square footage thresholds for Manufacturers & QSBP
  - Minimum cost set by Corporation

<table>
<thead>
<tr>
<th>Dev. Type</th>
<th>Cost</th>
<th>Min ft²</th>
<th>Other min</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>$5.0 million</td>
<td>25,000</td>
<td>1+ Businesses and 25 FT Employee</td>
</tr>
<tr>
<td>Multi-Family Residential*</td>
<td>Discretionary</td>
<td>20,000</td>
<td>20 Residential Units</td>
</tr>
<tr>
<td>Mixed Use</td>
<td>$5.0 million</td>
<td>25,000</td>
<td>1 Business</td>
</tr>
</tbody>
</table>

*Hope Community
First Wave Closing Fund

- Intended to provide flexibility when working with businesses interested in locating to or expanding in Rhode Island
- Critical investments, resolve complex negotiating issues and obtain technical and legal support when closing transactions
- Funds can be used for working capital, equipment, fixtures, constructing or rehabilitation
First Wave Closing Fund

- Cover financing gaps compared to need or to have an advantage over alternative out of state option
  - Commerce Board to approve projects
  - No per project total or % limits

- Total funding appropriated $15.3 million
  - FY 2016 & FY 2017 totals $13.5 million; FY 2018 $1.8 million
  - $2.4 million committed over 6 projects

- FY 2019 budget includes new $1.0 million
**I-195 Redevelopment Fund**

- Additional tool to attract new institutions and employers to this land
- Close financing gaps
- Bring “catalytic” projects
  - Adjacent land acquisition
- Funding for infrastructure improvements & enhance development of:
  - Transportation, parks, greenways, performance venues, community facilities
I - 195 Redevelopment Fund

- No project caps or overall limits beyond total allocation
  - Administered by Commission
  - Authority to collect application or other fees

<table>
<thead>
<tr>
<th>Prior Funding</th>
<th>FY 2018</th>
<th>FY 2019 Gov.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25.0</td>
<td>$2.0</td>
<td>$1.0</td>
</tr>
</tbody>
</table>

$ In Millions

- $24.0 million committed to various projects, primarily Wexford

- Governor recommends new $1.0 million for FY 2019
Small Business Assistance: Current Law

- Capital access for business with < 200 employees having difficulties obtaining financing from traditional lenders
  - For start up, improvement or expansion
    - Focus includes minority & women-owned
  - Loan amounts from up to $750,000
    - Sets aside 10% of funding for microloans of $2,000-$25,000
- Commerce can provide direct assistance or partner with lenders
  - Not required to be limited to loans
Art. 12 Small Business Fund

- Expands microloan set aside to 10%-25%
  - Budget includes $0.5 million new funds
- Commerce allocated all of its capacity among the lenders
  - Microloan capacity nearly all committed
    - $445,000 allocated
    - Less than $85,000 left
  - Other loans have roughly half committed
    - $4.9 million allocated
    - $2.3 million left
## Small Business Assistance Uses to Date

<table>
<thead>
<tr>
<th>Lender</th>
<th>Alloc.</th>
<th>Tech Assist</th>
<th>Balance</th>
<th>SBAP Funds</th>
<th>Total Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Dev. Corp RI</td>
<td>$1.00</td>
<td>$0.10</td>
<td>$0.31</td>
<td>$0.60</td>
<td>$1.52</td>
</tr>
<tr>
<td>SE Econ. Dev Corp</td>
<td>1.00</td>
<td>0.10</td>
<td>0.16</td>
<td>0.74</td>
<td>2.04</td>
</tr>
<tr>
<td>Business Dev. Cap’l Corp- MA</td>
<td>1.90</td>
<td>0.82</td>
<td>1.00</td>
<td>0.04</td>
<td>0.85</td>
</tr>
<tr>
<td>Community Investment Co</td>
<td>1.00</td>
<td>0.10</td>
<td>0.77</td>
<td>0.13</td>
<td>0.74</td>
</tr>
<tr>
<td>Social Enterprise Greenhouse</td>
<td>0.13</td>
<td>0.03</td>
<td>0.08</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Center Women &amp; Enterprise</td>
<td>0.15</td>
<td>0.04</td>
<td>(-)</td>
<td>0.12</td>
<td>0.12</td>
</tr>
<tr>
<td>Community Investment Co</td>
<td>0.17</td>
<td>0.04</td>
<td>0.01</td>
<td>0.12</td>
<td>0.22</td>
</tr>
<tr>
<td>RI Black Business Association*</td>
<td>0.10</td>
<td>0.03</td>
<td>0.08</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$5.45</strong></td>
<td><strong>$1.26</strong></td>
<td><strong>$2.4</strong></td>
<td><strong>$1.77</strong></td>
<td><strong>$5.50</strong></td>
</tr>
</tbody>
</table>

*In Millions; Italics = Microloans

*Table Updated 4.10
Wavemaker Fellowships

- Tax credits - up to 4 years of college loan assistance
  - Amt. credits/candidate/year based on degree & actual loans
    - Implemented as 2-year awards
  - Funds/Credits withheld if recipient becomes noncompliant
    - Annual recertification required

<table>
<thead>
<tr>
<th></th>
<th>Max credits per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate’s</td>
<td>Bachelor’s</td>
</tr>
<tr>
<td>$1,000</td>
<td>$4,000</td>
</tr>
</tbody>
</table>
Wavemaker Fellowships

- Eligible applicants must work full-time for OR have accepted offer from company in specific fields
  - Selection is employer-blind & applicant-blind
  - Employer must be RI-based

- 70% of credits must be reserved for permanent RI residents or attended an RI college
Wavemaker Fellowships

- Existing funding funds 2 cohorts for 4 years;

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ In Millions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wavemaker Cohorts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>208</td>
<td>219</td>
</tr>
</tbody>
</table>

- Enacted budget includes $0.8 million
- Governor recommends $1.6 million for FY 2019 - Funds ½ a third & fourth cohort
Streetscape Improvement

- Provides loans, matching grants and other form of financing
  - Create attractive environment for businesses
  - Enhance sidewalks, building facades, signage and lighting
- Governor recommends enacted level of $0.5 million both years
  - FY 2016: seven awards in five communities
  - FY 2017: awarded to nine communities
Innovation Initiative

- Innovation Vouchers –
  - Small businesses w/less than 500 employees
    - Purchase wide range of support from institutions of higher ed. and other providers
    - 2017 Assembly expanded the use to allow internal research & development for small business manufacturers without higher ed. or other partner
    - Voucher awards $5k – $50K
  - Governor includes $1.0 million both years
Industry Cluster Grants

- Support activities within an industry cluster and to close industry cluster gaps
  - Startup & technical assistance grants ranging $75K to $250K
  - Competitive grants from $100K to $500K
  - $1.1 million awarded to 9 awardees

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.8</td>
<td>$0.5</td>
<td>$ -</td>
<td>$0.1</td>
</tr>
</tbody>
</table>

$ In Millions

- FY 2019 budget includes $0.1 million
**P-Tech Initiative**

- Supports partnerships among high schools, CCRI, other institutions of higher education and employers
  - Offer courses towards diplomas, internships and associate degrees
- Implemented in 6 areas
  - Westerly, Newport, Providence, N. Providence, Woonsocket, Davies
  - Also an administrative allocation to CCRI
- Governor includes $0.2 million for FY 2019
  - Equivalent to 1 new program
Air Service Development

- Initiative to facilitate more direct air routes into & out of T.F. Green
  - Routes to major metro areas not currently served by direct flights
  - More direct flights to locations already served
- Commerce Corporation empowered to work with airlines and FAA
- FY 2019 includes the enacted $0.5 million
- FY 2017 included $1.5 million
Air Service Development

- Air Service Development Council & RI Airport Corporation entered an agreement to administer the fund
  - RI Airport Corporation provided an additional $1.4 million
- Fund provides marketing reimbursements
  - Reimbursements are conditional; must generate economic impact equal to award
    - $0.2 million for domestic routes; $0.8 million for International
    - 4 carriers providing 16 new routes
Tax Stabilization Incentive

- Enacted by the 2015 Assembly to create incentives for municipalities to enter development agreements
  - Corporation permitted to reimburse up to 10.0% of property taxes lost to tax stabilization
- 2016 Assembly permitted use of Rebuild RI funding for this purpose
- FY 2019 Budget includes $20,000
Anchor Tax Credit

- Credit against corporate income tax
- For existing RI businesses that attract other businesses to state, either:
  - Physical relocation
  - At least 10 full-time jobs
  - Credit amount determined by Commerce Corporation
    - FY 2016 budget included $750,000
    - No further funding committed
Supply RI

- New initiative to connect the state’s largest purchasers with small, in-state suppliers
- Commerce RI study of 6 large in-state employers concluded a 2.0% shift in expenditures to in-state businesses would equate to $28.0 million
- Budget includes $475,000
  - Maintain a supplier database & provide support services
    - Information sessions and Networking events
  - Existing resources already committed
New Qualified Jobs Tax Credit: Current Law

- Credit of between $2,500 and $7,500 for new full-time job creation
  - Credit cannot be more than employee’s income tax withholdings
- Allowed against all tax types
- Replaced Job Development Act by closing it to new recipients
  - Companies already certified can continue to get JDA credits
New Qualified Jobs Tax Credit: Current Law

- Company must attest that jobs would not be created in RI “but for” credit
  - Must maintain agreed job level for agreement period, typically 10 years
- 22 agreements through February 2018, 6 more than March 2017
  - Approx. 13 relocated from out of state
  - Totaling 2,151 required jobs, up to 2,756
    - 813 more than March 2017, incl. a 500 emp. award
  - Total of $43.4 million of committed awards
Reduce threshold for manufacturers of 10% of its current workforce or 100 jobs

- Manufacturer with 10 jobs eligible for 1 job

<table>
<thead>
<tr>
<th></th>
<th>Current Law</th>
<th>Art 12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employees</td>
<td>New Jobs</td>
</tr>
<tr>
<td><strong>Targeted Industry</strong></td>
<td>≤100</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>&gt;100</td>
<td>≥10% of empl. base or ≥100</td>
</tr>
<tr>
<td><strong>Non-targeted Industry</strong></td>
<td>≤200</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>&gt;200</td>
<td>≥10% of empl. base or ≥100</td>
</tr>
<tr>
<td><strong>Manufacturers</strong></td>
<td>No current distinction</td>
<td>Any</td>
</tr>
</tbody>
</table>
Art. 12 - Refundable Investment Tax Credit

- Expands existing Investment Tax Credit beyond C corporations
  - Allowed for others prior to PIT reform
- Manufacturing associated activities
  - Equipment with 4+ years of useable life
  - Property/Structural with 4+ years of useable life
  - Technology
Art. 12 - Refundable Investment Tax Credit

- Establishes a refundable credit
  - Refundable for award year only
    - Carryover against future liabilities after that
- Credit up to $0.1 million, subject to appropriation
  - Non-transferrable/assignable
- Budget includes $0.3 million
Art. 12 - Municipal Technical Assistance

- Establishes fund for the Commerce Corp. to assist municipalities in streamlining zoning, planning, & permitting processes
  - By application
    - Grants, loans and “other forms of financing”
- Annual reporting on commitments, disbursements, usage, economic impact
- Budget includes $0.2 million
Art. 12 - Manufacturing Site Readiness

- Establishes fund for the Commerce Corp.
  - To complete ‘due diligence’ activities for inventory of ‘vetted pad-ready sites’
    - ‘Due diligence’ broadly defined
    - ‘Vetted pad-ready’ not defined
- Corporation to qualify consultants, engineers or other professionals for those activities
- Budget includes $0.2 million
  - Assumes 2 $75k site awards
FY 2019 Recommendation

- Economic Development Incentives
  - Current program updates
  - New program proposals
- Executive Office Budget
  - Housing and Community Development
- Quasi-Public Entities
  - Commerce Corp
  - Quonset
  - I-195 Commission
- Capital
Undistributed Savings

- FY 2018 enacted budget includes $25.0 million of statewide savings
  - Undistributed in DOA’s budget
- Governor’s revised budget has proposals that total $25.0 million
  - Not all repeat in FY 2019
- Commerce
  - FY 2018 revised - $0.5 million
  - FY 2019 - $0.3 million
## Undistributed Savings

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPSCoR / STAC</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Commerce RI</td>
<td>250,000</td>
<td>-</td>
</tr>
<tr>
<td>Operating Transfers - Total</td>
<td>$500,000</td>
<td>$250,000</td>
</tr>
</tbody>
</table>
## Staffing

### Full-Time Equivalent Positions

<table>
<thead>
<tr>
<th>Full-Time Positions</th>
<th>FTEs</th>
<th>Chg. To Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enacted Authorized</td>
<td>17.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2018 Gov. Rev.</td>
<td>17.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2019 Request</td>
<td>17.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2019 Governor</td>
<td>17.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2019 Funded FTE</td>
<td>15.0</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Filled as of March 31</td>
<td>14.0</td>
<td>(3.0)</td>
</tr>
<tr>
<td>FY 2017 Average Filled</td>
<td>15.0</td>
<td>(2.0)</td>
</tr>
</tbody>
</table>
## Staffing

### FY 2019 Governor Recommendation

<table>
<thead>
<tr>
<th></th>
<th>EOC</th>
<th>Statewide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Salaries (in millions)</td>
<td>$1.9</td>
<td>$1,117.1</td>
</tr>
<tr>
<td>Turnover (in millions)</td>
<td>(0.2)</td>
<td>(42.9)</td>
</tr>
<tr>
<td>Turnover %</td>
<td>11.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Turnover FTE</td>
<td>2.0</td>
<td>592.2</td>
</tr>
<tr>
<td>FY 2019 FTE recommended</td>
<td>17.0</td>
<td>15,426.5</td>
</tr>
<tr>
<td>Funded FTE</td>
<td>15.0</td>
<td>14,834.3</td>
</tr>
<tr>
<td>Filled as of March 31</td>
<td>14.0</td>
<td>13,849.4</td>
</tr>
<tr>
<td>Funded but not filled</td>
<td>1.0</td>
<td>984.9</td>
</tr>
</tbody>
</table>
FY 2019 Staffing and Operations

- $1.1 million from general revenues for staff
  - Authorized staffing of 5.3 full-time equivalents
    - Restores turnover equivalent to the Deputy Secretary
    - Excludes cost allocation to the Governor’s Office but the Governor’s Office budget does assume it
    - Includes 2 Unclassified Deputy Chiefs of Staff in both years - not authorized in statute as submitted

- $0.1 million for operations
  - $20,000 more than FY 2017 actual after accounting for full year rent
Housing & Community Dev.

- **FY 2019 Staffing and Operations**
  - $1.1 million for staffing
    - General revenues about half
    - Authorized staffing of 11.8 full-time equivalents
  - $18.6 million for operations; $3.2 million less than enacted
    - Reflects changes to the Community Development Block Grant program, including 2 new awards
Administers & oversees housing programs

- Community Development Block Grant funds
- Rental housing subsidies
- Lead Hazard Reduction Program
- Shelter operations
Community Development Block Grant

- State manages program for 33 cities and towns that do not receive allocation directly from federal government -HUD
  - Cranston, East Providence, Pawtucket, Providence, Warwick & Woonsocket are "Entitlements" and operate their own program
- Governor’s budget includes $7.0 million from this federal grant
  - $0.5 million more than enacted, includes annual allocation and unspent carry forward from prior years
Community Development Block Grants
- State also currently spending funds from an allocation for disaster recovery expenses including hurricane Sandy
  - $4.8 million for this purpose for FY 2019
    - $3.8 million less than enacted as funds exhaust
- Shelter Grants $2.1 million as enacted
  - Title XX
  - Emergency Shelter
Housing & Community Dev.

- **Lead Abatement & Housing Subsidies**
  - Converted from general revenue support by 2014 Assembly
    - $0.30 from real estate conveyance tax
    - Provide a permanent stream of funding for rental subsidy, shelter operations and lead hazard reduction abatement

- **Budget includes $4.8 million for FY 2019**
  - Consistent with November Revenue Estimating Conference
  - FY 2018 provides $1.5 million for U.S. Housing and Urban Development settlement
FY 2019 Recommendation

- Economic Development Incentives
  - Current program updates
  - New program proposals
- Executive Office Budget
  - Housing and Community Development
- Quasi-Public Entities
  - Commerce Corp
  - Quonset
  - I-195 Commission
- Capital
Corporation is a quasi-public entity
- Consolidates state economic development activities into one entity
- Formed from merger of Department of Economic Development (state agency) and the Rhode Island Port Authority (quasi-public agency) in 1995
- As part of 2013 legislation, Assembly renamed the EDC the Rhode Island Commerce Corporation
Commerce Corporation

Governor

Secretary

Board

Pres./COO

Business Develop.
Client Svcs
Invest.
Financial Svcs
Marketing
Admin
FY 2019 includes enacted $7.4 million from general revenues
- FY 2018 reduced by $250,000 as part of the undistributed savings

Funding from all sources totals $20.5 million
- General revenues support 46.1 of 63.0 positions
- $3.6 million general revenues for operating
  - Excludes economic incentives & pass-through

Spending detail not included for quasi-state agencies like direct state agencies
## Other Program Funding

<table>
<thead>
<tr>
<th></th>
<th>FY 2018 Enacted</th>
<th>FY 2018 Rev</th>
<th>FY 2019 Rec</th>
<th>Change to Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPSCoR</td>
<td>$1.2</td>
<td>$0.9</td>
<td>$0.9</td>
<td>$(0.3)</td>
</tr>
<tr>
<td>Airport Impact Aid</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>-</td>
</tr>
<tr>
<td>Small Bus. Innovation Research</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>-</td>
</tr>
<tr>
<td>Chafee Center at Bryant</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>-</td>
</tr>
<tr>
<td>Building &amp; Fire Code Inspections</td>
<td>0.3</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Urban Ventures</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td>Polaris Manufacturing Ext.</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3.9</strong></td>
<td><strong>$3.7</strong></td>
<td><strong>$3.8</strong></td>
<td><strong>$(0.2)</strong></td>
</tr>
</tbody>
</table>

*In Millions*
EPSCoR - $0.9 million

- Federal match for National Science Foundation’s Experimental Program to Stimulate Competitive Research (EPSCoR)
  - $250,000 less than enacted in both years
    - Reflects actual match of federal funds
    - Administered by the Science and Technology Council (STAC)
  - Part of $25.0 million undistributed savings
Airport Impact Aid

Airport Impact Aid – $1.0 million

- Consistent with enacted
- Provides aid payments to seven communities that host six state airports
- Payments are made proportionately based on the number of total landings and takeoffs
  - Minimum payment if $25,000
Small Business Innovation Research

- Rhode Island employers with less than 50 employees or employers with 51.0% of employees in Rhode Island
- Support Innovate RI Small Business Fund
  - Support internship programs
  - Certify 51.0% of research conducted in RI
  - 30.0% match of federal awards, not to exceed $45,000
- FY 2019 includes the enacted level
Chafee Center

- Chafee Center at Bryant
  - Designated the State International Trade Office; State Trade Expansion Program
  - Helps local companies initiate and/or develop international trade opportunities

- FY 2019 includes enacted $376,200
Building and Fire Code Inspections

- Initially allocated for FY 2016 as part of Governor’s plan to expedite building permit and fire inspection processes
  - Projects supported by Commerce Corporation & inspected by the state subject only to state building and fire codes

- Budget assumes continuing the $250,000
Urban Ventures

- 1998 Assembly established an urban business incubator
  - Urban Ventures was founded in January of 1999 and operates the funded incubator
    - R.I.G.L 42-64-13.1 requires an incubator be funded
  - Designed to assist & support
    - Activities by minority and lower income persons
    - Assist urban areas with insufficient economic investment
- FY 2019 includes enacted $140,000
Polaris Manufacturing Ext.

- Supports manufacturers engagement, education, execution for revenue & job growth
  - 3:2 federal match

- FY 2018 budget transferred Polaris from URI Research Foundation to the Commerce Corporation
  - FY 2019 recommendation $350,000
    - $100,000 more than FY 2018 enacted level
Commerce Corporation – Subsidiary Agencies

- Five subsidiaries:
  - Quonset Development Corporation
  - I-195 Redevelopment District
  - Small Business Loan Fund Corporation
  - Airport Corporation
  - East Providence Waterfront Commission
  - Other entities
    - RIIFC
    - RIIRBA
Quonset Business Park land originally 2 naval bases established prior to 1942
- Base selected for closure in 1991
- Land transferred to the state from 1978-2000
  - Administered by different state agencies

Corporation established by 2004 Assembly to develop and manage Quonset Business Park
Quonset Development Corporation

- Corporation receives no direct general revenues
  - Is self-sustaining
  - Debt service for 2 general obligation bonds paid from general revenues

- Subsidiary of Commerce Corporation, but receives no funds
  - Any non-G.O. bonds must be issued by Commerce Corp.

- FY 2018 enacted budget includes $1.0 million transfer to the state
Quonset

- Park is 3,212 total acres

- Under agreement, 12 acres
- Available, 217 acres
- Sold, 520 acres
- Leased, 597 acres
- Undevelopable, 1,866 acres
I-195 Redevelopment District Commission

- I-195 Development District was established by the 2011 Assembly
  - Authorized District to purchase surplus I-195 land from Dept. of Transportation
  - Corporation issued the bonds
- Corporation provides the Commission office space
Debt Service Structure

- 2011 authorized issuance of up to $42.0 million for purchase of land from DOT
  - Actual cost lower – fewer parcels
  - First 5 years (FY 2014 – FY 2018) interest payments
  - $0.5 million in DOA
- Principal amortized over 20 years – beginning in 2019
- Balloon payment in year 10 (FY 2023)
  - Can be prepaid
- Land sales revenue to support repayment
## I-195 Redevelopment District

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Total Debt Service</th>
<th>Estimated Offsets (land sales)</th>
<th>Total Projected Net Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>-</td>
<td>$2,978,400</td>
<td>$2,978,400</td>
<td>($2,128,400)</td>
<td>$850,000</td>
</tr>
<tr>
<td>2019</td>
<td>1,420,000</td>
<td>2,950,600</td>
<td>4,370,600</td>
<td>(1,850,600)</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>1,540,000</td>
<td>2,836,694</td>
<td>4,376,694</td>
<td>(1,636,694)</td>
<td>-</td>
</tr>
<tr>
<td>2021</td>
<td>1,660,000</td>
<td>2,715,019</td>
<td>4,375,019</td>
<td>(1,415,019)</td>
<td>-</td>
</tr>
<tr>
<td>2022</td>
<td>1,790,000</td>
<td>2,583,850</td>
<td>4,373,850</td>
<td>(1,183,850)</td>
<td>-</td>
</tr>
<tr>
<td>2023</td>
<td>31,990,000</td>
<td>2,442,413</td>
<td>34,432,413</td>
<td>(34,432,413)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$38,400,000</strong></td>
<td><strong>$16,506,976</strong></td>
<td><strong>$54,906,976</strong></td>
<td><strong>($42,646,976)</strong></td>
<td><strong>$12,260,000</strong></td>
</tr>
</tbody>
</table>

Source: Governor’s Recommended Capital Budget, FY 2019 – FY 2023
I-195 Redevelopment District

- Total 21 parcels – 25.9 acres
  - 3 parcels under contract
    - Parcels 30, 22 and 25
  - 2 Parcels in-process
    - 1A: level 1 submission approval
    - 42: non-binding agreement
  - 7.0 acres designated as parks
- Commission allowed to establish charges and fees for self-support
  - To date, no plan in place for Commission to become self-supporting
I-195 Redevelopment District

- Responsible for sale, marketing & oversight of land
- Staffing support of 3.0 positions
  - Exec. Director, senior project manager & operations manager
- FY 2019 includes enacted level of $1.1 million
  - $0.8 million from general revenues
  - $0.3 million from RICAP
    - FY 2018 includes $146,053 more from RICAP
Industrial Facilities Corp & Industrial
-Recreational Building Authority

- **Industrial Facilities Corp**
  - Issues tax exempt and taxable revenue bonds on behalf of RI companies seeking financing
  - Conduit financing – no financial exposure

- **Industrial-Recreational Building Authority**
  - Insures mortgage payments on industrial and recreation projects approved by the authority
    - Up to $5.0 million
  - Backed by $60.0 million general obligation bonds ($12.2 million used – June 30, 2016)
FY 2019 Recommendation

- Economic Development Incentives
  - Current program updates
  - New program proposals
- Executive Office Budget
  - Housing and Community Development
- Quasi-Public Entities
  - Commerce Corp
  - Quonset
  - I-195 Commission
- Capital
## FY 2019 – FY 2023 Capital Plan

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quonset Infrastructure</td>
<td>New</td>
<td>$14.0</td>
<td>RICAP</td>
<td>FY 2021</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>Revised</td>
<td>$0.3</td>
<td>G.O.</td>
<td>FY 2019</td>
</tr>
<tr>
<td>Urban Blight</td>
<td>Revised</td>
<td>$10.0</td>
<td>G.O.</td>
<td>FY 2019</td>
</tr>
<tr>
<td>Innovation Campus</td>
<td>Revised</td>
<td>$20.0</td>
<td>G.O.</td>
<td>FY 2021</td>
</tr>
</tbody>
</table>

$ In Millions
# FY 2019 – FY 2023 Capital Plan

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost</th>
<th>Financing</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quonset Piers</td>
<td>Revised</td>
<td>$90.0</td>
<td>G.O., RICAP QDC Funds</td>
<td>FY 2022</td>
</tr>
<tr>
<td>Port of Providence</td>
<td>Revised</td>
<td>$20.0</td>
<td>G.O.</td>
<td>FY 2019</td>
</tr>
<tr>
<td>I-195 Redev. District</td>
<td>Revised</td>
<td>$0.3</td>
<td>RICAP</td>
<td>FY 2019</td>
</tr>
</tbody>
</table>

$ In Millions
New-Quonset Industrial Park

- Voters have thrice approved G.O. Bonds for infrastructure at Quonset

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$72.0</td>
<td>$48.0</td>
<td>$50.0</td>
</tr>
</tbody>
</table>

$ In Millions

- New $14.0 million RICAP-funded project
  - $4.0 million for FY 2019 and FY 2020
  - $6.0 million for FY 2021
- To increase roadway crossing capacity & utility relocation
<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
<th>Annual Debt Service</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>$40.0</td>
<td>$3.2</td>
<td>$62.1</td>
</tr>
<tr>
<td>Urban Blight &amp; Revitalization</td>
<td>10.0</td>
<td>0.8</td>
<td>10.8</td>
</tr>
<tr>
<td>Innovation Campus</td>
<td>20.0</td>
<td>1.6</td>
<td>29.4</td>
</tr>
<tr>
<td>Quonset Piers</td>
<td>50.0</td>
<td>4.0</td>
<td>80.2</td>
</tr>
<tr>
<td>Port of Providence</td>
<td>20.0</td>
<td>1.6</td>
<td>29.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$140.0</strong></td>
<td><strong>$11.2</strong></td>
<td><strong>$211.9</strong></td>
</tr>
</tbody>
</table>

Data in millions; assumes 5% rate and 20 year bonds
Affordable Housing

- New building construction
- Rehabilitation & preservation of buildings for new & existing units
- 2006 and 2012 Voters approved Affordable Housing G.O. bonds totaling $75.0 million

Governor’s capital plan
- $13.1 million in FY 2018
  - Includes funds issued prior to FY 2016 bond
- $10.0 million each year FY 2019 – FY 2023
Urban Blight and Revitalization

- Improve residential and commercial spaces
- Razing or redevelopment of structures, lots, or other spaces

Governor’s capital plan programs $5.0 million each in FY 2018 & FY 2019
Innovation Campus

- Innovation Campus
  - University of Rhode Island/Business physical space collaboration to commercialize academic research
  - Applicants must provide 1:1 match to state resources
  - 16 proposals received

- Governor’s capital plan programs
  - $2.5 million in FY 2018 & $7.5 million for FY 2019
  - $5.0 million each year to FY 2021
Quonset Piers

- Approved plan totaled $90.0 million
  - $50.0 from G.O. Bonds approved in 2016
  - $25.0 million from QDC Revenue Bonds
  - $15.0 million from Rhode Island Capital Plan Funds
- Refurbish and extend Pier 2 at Davisville
- Governor’s capital plan includes the approved funding
  - Shifts $4.0 million of QDC revenue bonds to QDC pay-go resources
<table>
<thead>
<tr>
<th></th>
<th>Prior</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>G.O.</td>
<td>$9.5</td>
<td>$11.5</td>
<td>$7.5</td>
<td>$21.5</td>
<td>$</td>
<td>$</td>
<td>$50.0</td>
</tr>
<tr>
<td>Revenue Bond</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21.0</td>
<td>-</td>
<td>$21.0</td>
</tr>
<tr>
<td>RICAP</td>
<td>3.0</td>
<td>2.0</td>
<td>5.0</td>
<td>5.0</td>
<td>-</td>
<td>-</td>
<td>$15.0</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>-</td>
<td>$4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$12.5</td>
<td>$14.5</td>
<td>$13.5</td>
<td>$27.5</td>
<td>$22.0</td>
<td>$</td>
<td>$90.0</td>
</tr>
</tbody>
</table>
Port of Providence

- Port of Providence
  - Land acquisition and improvement up to 25.0 acres
  - Increase Port capacity
  - Anticipated to be operational in 2 years
    - Bond language allows up to 7 years to utilize funding

- Governor’s capital plan programs $17.5 million in FY 2018 & $2.5 million in FY 2019
Reporting Requirements

- Executive Office of Commerce
  - Annual Economic report
  - 10 economic development initiatives have annual reporting – all current

- Office of Housing and Community Development
  - Annual Housing Issues
  - Annual Lead Hazard Mitigation report
  - Annual Comprehensive Lead Program report
Executive Office of Commerce

Staff Presentation
FY 2018 Revised
FY 2019 Recommended
FY 2019-2023 Capital Budgets
April 10, 2018