Executive Office of Commerce

Expenditures By Program	FY2024 Actual	FY2025 Enacted	FY2025 Governor	Change from Enacted		FY2026 Governor	Change from Enacted	
Central Management	$2.1	$2.3	$2.3	*$0.1*	*2.2%*	$2.4	*$0.1*	*4.6%*
Commerce Programs	11.7	6.8	80.4	*73.7*	*1086.9%*	3.7	*(3.0)*	*-44.7%*
Economic Development Initiatives Fund	45.1	35.2	35.2	*0.0*	*0.0%*	31.7	*(3.5)*	*-9.9%*
Quasi-Public Appropriations	27.5	26.5	72.5	*46.0*	*173.6%*	18.3	*(8.2)*	*-30.9%*
Total	**$86.3**	**$70.8**	**$190.5**	**$119.7**	***169.1%***	**$56.2**	***($14.6)***	***-20.7%***
Expenditures By Source								
General Revenue	$66.2	$40.4	$40.4	*$0.1*	*0.1%*	$31.9	*($8.5)*	*-21.1%*
Federal Funds	19.5	22.0	141.3	*119.3*	*542.2%*	20.0	*(2.0)*	*-9.1%*
Other Funds	0.6	8.4	8.8	*0.4*	*4.3%*	4.3	*(4.1)*	*-48.8%*
Total	**$86.3**	**$70.8**	**$190.5**	***$119.7***	***169.1%***	**$56.2**	***($14.6)***	***-20.7%***
Authorized FTE Levels	20.0	5.0	5.0	-	-	5.0	-	-

$ in millions. Totals may vary due to rounding.

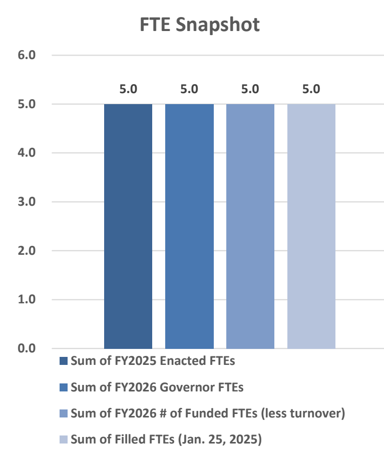
The Executive Office of Commerce (EOC) was established pursuant to RIGL 42-64.19 to be the principal agency of the executive branch of State government for managing the promotion of commerce and the economy in the State. The Secretary of Commerce oversees the Executive Office of Commerce. The agency is charged with coordinating a cohesive direction for the State's economic development activities and to be the lead agency for economic development throughout Rhode Island.

The Housing and Community Development program was transferred to the Executive Office of Commerce by the General Assembly in FY2016. In addition, the funding and administration for the Rhode Island Commerce Corporation (Commerce Corp) and the I-195 Redevelopment Commission, both previously funded in the Department of Administration, were transferred to the EOC. The Commerce Corp. is a quasi-public agency responsible for implementing statewide economic development programming including business relocation services, business financing, tourism support, and incentive programs.

In 2022, the General Assembly created the Department of Housing and transferred the Housing and Community Development program and its staff from EOC to the new agency.

MAJOR ISSUES AND TRENDS

The Governor recommends a total of $56.2 million in FY2026, to fund the economic development initiatives and operations of the Executive Office of Commerce and the Commerce Corporation. This is $14.6 million less than the FY2025 enacted level, a reduction that results primarily from one-time investments in municipal infrastructure and resiliency initiatives that do not reoccur in FY2026 and reduced funding for the Wavemaker program. General revenue, representing 56.7 percent of total funding, is down $8.5 million (21.1 percent) from the enacted level. This net decrease is attributable to reduced year-over-year funding for incentives, most notably in the Wavemaker and Main Street Streetscape programs.



For FY2025, the Governor recommends $190.5 million in total funding, a $119.7 million increase over the enacted level. This current year change reflects the mandatory reappropriation of unspent ARPA funds from previous fiscal years.

American Rescue Plan Act Federal Funding

Federal funding budgeted within the EOC comes entirely from allocations under the American Rescue Plan Act. EOC administers seven ARPA SFRF initiatives, one ARPA Capital Project, and the Small Business Credit Initiative that is directly allocated funds under the Act. The General Assembly was compelled to appropriate all of the State's ARPA allocations in FY2024 in order to meet U.S. Treasury obligation and spending deadlines. Because many of the initiatives will take several years to complete, the General Assembly required that any unspent ARPA funds at the end of any given fiscal year be reappropriated for the same purposes. It is for this reason that the Governor includes $141.3 million in additional federal funds in the FY2025 Supplemental recommendation. The following table summarizes the reappropriations.

ARPA SFRF Initiative	**FY2025 Governor's Supplemental**
Port of Davisville	$45.6
Bioscience Investments	43.0
Minority Business Accelerator	2.4
Small Business Financial and Technical Assistance: Direct Grants	2.5
Aid to Tourism, Hospitality, and Events Industries	2.0
	$95.5
ARPA Capital Projects Initiative	
Broadband	25.8
	$25.8
ARPA Direct Initiative	
State Small Business Credit Initiative	20.0
	$20.0
Total ARPA	**$141.3**

$ in millions. Totals may vary due to rounding.

Incentives

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives totaled $296.7 million prior to FY2025. The FY2025 Budget includes an additional $18.4 million and the FY2026 Budget includes $14.8 million. The following table shows the total appropriations and awards:

Incentive	Pre-FY2025	FY2025 Enacted	FY2025 Revised	FY2026 Governor	Appropriated To Date	Awarded to Date
Rebuild RI	$174.6	$10.1	$10.1	$10.1	$184.7	$205.0
I-195 Redevelopment Fund	30.0	-	-	-	30.0	25.7
First Wave Closing Fund	20.3	-	-	-	20.3	11.1
Wavemaker Fellowship	17.3	4.1	4.1	1.0	21.4	3.3
Small Business Assistance Fund	11.3	-	-	-	11.3	7.4
Innovation Initiative	15.6	1.0	1.0	-	15.6	10.4
Main Street RI Streetscape Improvement Fund	9.0	1.0	1.0	-	9.0	2.8
Air Service Development Fund	7.1	1.2	1.2	2.7	8.3	2.0
P-Tech	2.5	-	-	-	2.5	1.6
Innovate Small Business (STAC)	9.0	1.0	1.0	1.0	9.0	3.1
Qualified Jobs Tax Incentive	-	-	-	-	-	59.3
Tax Increment Financing	-	-	-	-	-	80.1
Tax Stablization Agreement Incentive	-	-	-	-	-	2.1
Total	**$296.7**	**$18.4**	**$18.4**	**$14.8**	**$312.1**	**$413.9**

$ in millions

The Governor's FY2026 Budget Initiatives relating to the incentives include:

- **Reauthorization of Incentives:** Article 6 of the Governor's recommended FY2026 Budget reauthorizes the EOC's incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2025, to December 31, 2026.
- **Permanent Authorization of the SBAP:** Article 6 also permanently authorizes the Small Business Assistance Program by eliminating the sunset date. According to the EOC, the program is successful producing 303 loans to small businesses (50.0 percent to minority- or woman-owned businesses) and supporting the creation of 370 jobs.
- **P-Tech Sunset:** The Governor's proposal does not extend the sunset for the P-Tech program. The EOC indicates that the latter program is duplicative of more effective work-based learning initiatives in the state.
- **Wavemaker:** The Governor recommends $1.0 million in funding for the Wavemaker Fellowship program in FY2026, which is significantly less than the enacted level. The EOC, however, indicates that the appropriation is sufficient to advance a new cohort of 85 fellows in the coming year.
- **Rebuild RI:** The Governor recommends $10.1 million in funding for Rebuild RI in FY2026. The program currently supports 51 projects, for a combined total of $216.1 million, or 96.0 percent of the current $225.0 million program cap.
- **RI Innovation Ecosystem:** The Governor recommends $250,000 in FY2026 for a new RI Innovation Ecosystem Initiative. According to the EOC, this initiative is intended to strengthen collaboration between Rhode Island's higher education institutions and private industry to drive workforce development and innovation.

CENTRAL MANAGEMENT

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions by providing leadership, management, and strategic planning activities.

Central Management	General Revenue
FY2025 Enacted	$2,264,703
Target and Other Adjustments	-
Personnel Adjustments (statewide adjustments)	88,677
Centralized Services (statewide adjustments)	11,320
ERP Maintenance (statewide adjustments)	5,282
FY2026 Governor	**$2,369,982**

COMMERCE PROGRAMS

The Budget includes $6.3 million from general revenues in FY2025 to support Commerce Programs, $973,600 less than the FY2024 Enacted level. The Budget reflects a $93.9 million reduction in federal funds related to the one-time appropriation in FY2024 of federal American Rescue Plan Act (ARPA) funds for small business assistance, economic development, and infrastructure initiatives.

Commerce Programs	**General Revenue**
FY2025 Enacted	$6,776,400
Target and Other Adjustments	-
Wavemaker Fellowship Program	(3,059,779)
Air Service Development Fund	1,528,800
Main Street RI Streetscape Improvement Program	(1,000,000)
Minority Business Accelerator	(500,000)
FY2026 Governor	**$3,745,421**

Wavemaker Fellowship Program *($3.1 million)*

The Budget includes $1.0 million in general revenue in FY2026 for the Stay Invested in RI Wavemaker Fellowship Fund, $3.1 million less than the FY2025 enacted level (an approximately 75.1 percent year-over-year reduction).

Established in 2015, the Wavemaker program originally was a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. In 2022 the General Assembly expanded the eligible professions to include healthcare and mental health professionals. In 2023 the program teachers became eligible. In 2024 the General Assembly amended the authorizing statute by adding a definition for primary care healthcare professionals (presumably already included via the 2022 amendments) signaling this classification as a priority.

The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments. Each year a fellow remains eligible (that is employed in the state and in the field) is considered a service period, and the fellow receives a tax credit for each service period up to four. The amount of the service period tax credit depends upon the degree earned by the taxpayer, i.e. $1,000 for an associate's degree up to $6,000 for a graduate or post-graduate degree. To offset the general revenue loss resulting from the use of the credits, the General Assembly established a Stay Invested in RI Wavemaker Fellowship Fund and limited the issuance of credits to the amount in the fund. As credits are used, the equivalent amount is transferred out of the program fund to the general fund.

Since its inception the General Assembly has appropriated $21.4 million in general revenue to the fund and 1,432 fellowships awarded. The table to the right shows the fellowships by cohort.

Cohort	**# of Fellows**
FY2016	208
FY2017	219
FY2018	241
FY2019 July	153
FY2019 Dec.	73
FY2021 Jun.	160
FY2022 Sep.	116
FY2023 Aug.	262
Total	**1,432**

Analyst Note: The 75.1 percent reduction to Wavemaker in FY2026 was proposed as part of the EOC's constrained budget. According to the EOC, the reduction does not affect existing cohorts of fellows receiving the incentive and is sufficient to accommodate a new cohort of 85 fellows. EOC also indicates that the Office of the Postsecondary Commissioner is currently engaged in an evaluation of postsecondary assistance, including the Wavemaker program, for effectiveness and return on investment. The results are expected to inform the FY2027 Budget.

Air Service Development Fund ***$1.5 million***

The Budget includes $2.7 million in total general revenue to support the development of additional direct airline routes to major metropolitan areas, $1.5 million more than the FY2025 enacted level.

Program Background: The Air Service Development Fund (ASDF) was established by the General Assembly in 2016 for the purpose of providing airlines various incentives to establish new direct flights originating at Rhode Island T.F. Green International Airport. These include the reduction of an airline's risk when implementing a new route by providing revenue insurance that can be used to offset losses incurred if the new route is not profitable. If the routes prove to be profitable, then incentive funds can be recaptured. In addition to revenue supports, the ASDF can also be used for other direct financial incentives determined by the Rhode Island Commerce Corporation's Air Service Development Council to be impactful to incentivizing new air service. The ASDF program is currently set to sunset on December 31, 2025. Article 6 of the Budget would extend the incentive another year.

Current Service at Rhode Island T.F. Green International Airport

Airline	Non-Stop Service To
Allegiant Airlines	Punta Gorda
American Airlines	Charlotte, Chicago-O'Hare, Philadelphia, Washington-Reagan
BermudaAir	Bermuda
Breeze Airways	Akron/Canton. Charleston, Cincinnati, Columbus, Daytona Beach, Denver, Fort Myers, Jacksonville, Los Angeles, Memphis, Myrtle Beach, New Orleans, Norfolk, Orlando, Pensacola, Pittsburgh, Raleigh-Durham, Richmond, San Diego, Sarasota, Savannah, Tampa, Vero Beach, West Palm Beach, Wilmington
Delta	Atlanta, Detroit, Minneapolis St. Paul
Jet Blue	Fort Myers, For Lauderdale, New York - Kennedy, Orlando, San Juan, Tampa, West Palm Beach
Southwest Airlines	Baltimore, Chicago-Midway, Dallas, Denver, Fort Myers, Fort Lauderdale, Nashville, Orlando, Tampa, Washington-Reagan, West Palm Beach
Sun Country	Minneapolis St. Paul
United Airlines	Chicago-O'Hare, Newark, Washington-Dulles
9 Total Airlines	**39 Total Non-Stop Destinations**

Status: Rhode Island T.F. Green International Airport currently accommodates 39 non-stop destinations, serviced by 9 airlines.

Since FY2017 the ASDF has received $8.3 million in appropriations. In 2023, the ASDF funds were included used as part of a package of incentives used to secure commitments from Breeze Airlines to establish a hub and expand routes at the Airport. In an agreement that goes to 2033 and has significant ramp up thresholds by 2028, Breeze has committed to building out significant operations and warehouse space, basing up to 6 aircraft at the airport, achieving an average of 20 flights per week (to no less than five underserved routes) by 2028 and increasing to an average of 40 by 2033 (20 underserved routes). In turn, the State has committed to $2.0 million over 2 years for ground handling, and $6.0 million over five years for destination marketing.

According to the EOC, previously appropriated funds were sufficient to cover the ground handling and first two years of marketing expenses. The remaining commitment will require $1.4 million annually for the next two years.

Recipient	Date Approved	Incentive Parameters	Funds Disbursed to Date	Type	Use	No. of New Routes Incentivized	Airline Obligations
Frontier	8/9/2017	Up to $200,000 per route	$336,460	Grant	Reimbursable marketing expenses.	5	Marketing collateral toward which ASD funds contributed.
Norwegian	8/9/2017	Up to $750,000 per route	1,663,540	Grant	Reimbursable marketing expenses.	4	Marketing collateral toward which ASD funds contributed.
Breeze Airlines	1/9/2023	Not to exceed $2,038,400 and not more than $1,019,200 in a 12 month period	1,019,200	Grant	$700 per flight for ground handling operations	-	Establish base by 3/29/23, have 3 aircraft by 8/31/23, & average 20 flights/week/yearly from 1/1/24-3/29/28
Breeze Airlines	1/9/2023	$6,000,000 over five years	1,390,601	Grant	Marketing campaigns to promote unserved and underserved routes	-	Establish base by 3/29/23, have 3 aircraft by 8/31/23, & average 20 flights/week/yearly from 1/1/24-3/29/28
Total			**$4,409,801**			**9**	

Main Street RI Streetscape Improvement Program ***($1.0 million)***

The Governor recommends $1.0 million in FY2025 consistent with the enacted level, and does not recommend funding in FY2026 for the State's Main Street RI Streetscape Program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent match. Since its inception $9.0 million has been appropriated to the program of which $8.3 million has been awarded. The program has supported 50 projects across 23 municipalities.

Minority Business Accelerator ***($500,000)***

The Governor reappropriates $2.4 million in federal ARPA SFRF funds to the Minority Business Accelerator from FY2024 to FY2025. The FY2025 Budget as Enacted included $500,000 of general revenue for the initiative as well. This was a one-time investment that does not repeat in the Governor's recommendation.

The Minority Business Accelerator program supports and invests resources to enhance the growth of minority business enterprises as defined in RIGL 37-14.1. The initiative supports a range of assistance and programming, including financial and technical assistance, entrepreneurship training, space for programming and co-working, and assistance accessing low-interest loans. Commerce works with minority small business associations, including the Rhode Island Black Business Association (RIBBA), to advance this program.

ECONOMIC DEVELOPMENT INITIATIVES FUND

The Budget provides $15.5 million from general revenues in FY2025 to support various incentives, business assistance, and development programs designed to create and expand economic development in Rhode Island. The Budget also includes $22.0 million in federal American Rescue Plan Act funds to support small businesses and the tourism and hospitality industry.

Economic Development Initiatives Fund	**General Revenue**
FY2025 Enacted	$13,235,000
Target and Other Adjustments	-
Innovation Innitiative	(1,000,000)
Small Business Promotion	(750,000)
RI Innovation Ecosystem	250,000
Rebuild RI	Informational
Destination Marketing	Informational
FY2026 Governor	**$11,735,000**

Innovation Initiative ***($1.0 million)***

The Governor recommends $1.0 million in FY2025 for the EOC's Innovation Initiative and does not include an appropriation for it in FY2026. There has been $15.5 million appropriated since 2016 for this program.

The Innovation Initiative is a multi-pronged economic development incentive program administered by the RI Commerce Corporation. The program seeks to both build capacity among innovation business support organizations in the State and provide direct assistance to businesses, enabling them to better conduct research and development or procure technical assistance. A total of 160 companies have received approval from the Commerce Corporation for Innovation Vouchers or Network Matching grants totaling $10.4 million.

Article 7 of the Budget expands the types of organizations eligible for the Innovation Network program to include businesses that are "evaluating a transition to become employee-owned businesses." The article also establishes a new invention incentive program that provides grants up to $5,000 to small businesses and individuals to reduce barriers to filing a patent application.

Small Business Promotion ***($750,000)***

The Governor retains the $750,000 that was included in the FY2025 Budget as Enacted for the Commerce Corporation's program that promotes Rhode Island-based suppliers and facilitates their connection to companies in the State that have significant procurement needs. The Governor does not recommend additional funding in FY2026.

Known as SupplyRI, the program was established in 2018 after the EOC analyzed the operating expenditures of large employers in Rhode Island and discovered that a disproportionate number of operating budgets are spent on out-of-State suppliers. Supply RI is intended to facilitate interaction and contracting between large "Anchor" purchasing businesses and organizations and the several tier levels of Rhode Island suppliers. It does this through conducting trainings and events connecting anchors and suppliers and through a clearinghouse website. According to the EOC, the program has connected 2,200 suppliers with 16 anchors.

RI Innovation Ecosystem ***$250,000***

The Governor recommends $250,000 in FY2026 for a new RI Innovation Ecosystem Initiative. According to the EOC, this initiative is intended to strengthen collaboration between Rhode Island's higher education institutions and private industry to drive workforce development and innovation. Program elements include creating talent pipelines, fostering research partnerships, supporting internships and training programs, conducting workforce assessments, enhancing business recruitment, offering relocation incentives, and attracting skilled professionals to Rhode Island.

Rebuild RI ***Informational***

The Budget includes $10.1 million in both FY2025 and FY2026 for the Rebuild RI Tax Credit Program (Rebuild RI). Rebuild uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Total credits and exemptions are limited to $225.0 million and the per-project cap is set at $15.0 million. Article 6 of the FY2026 Budget extends the Rebuild sunset from December 31, 2025, to December 31, 2026.

Status: Commerce has awarded $170.0 million in Rebuild RI tax credits and $46.1 million in sales tax exemptions across 51 projects, for a combined total of $216.1 million, or 96.0 percent of the current $225.0 million program cap.

Tax Credit Details: Under Rebuild RI the Secretary of Commerce may issue a tax credit up to $15.0 million, based on the lesser of 30.0 percent of the project cost or the amount needed to close demonstrated financing gaps. Tax credits are issued once a certificate of occupancy has been obtained. If the amount of the credit exceeds a taxpayer's liability in each year, the credit may be carried forward up to four years or until the full credit is used, whichever occurs first. Credits may be used against the following taxes: business corporations, financial institutions, insurance companies, public service corporations, and personal income taxes. Any use against sales and use taxes may be permitted at the discretion of the Secretary of Commerce. Prior to assignment of the credit, the State has the right to redeem (purchase) the credits at 90.0 percent of the credit value.

Sales Tax Exemption Details: Commerce also has the authority to provide qualifying projects with sales tax exemptions on certain qualified purchases that are related to the project's development. These purchases can include construction materials and services as well as furnishings and other interior improvements. To receive these exemptions, the developer must make application to Commerce and if approved, will received a rebate those expenditures certified by Commerce. Most of the current Rebuild projects have a sales tax rebate incentive in addition to the Rebuild tax credits.

Rebuild RI Fund: When Rebuild credits and exemptions are exercised by a developer, they negatively impact State revenue. To mitigate this impact, State law requires the state General Fund be reimbursed for the amount of the credits and exemptions from the Rebuild RI Fund. On an annual basis, Commerce works with the EOC, the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits and sales tax rebates. This fund is capitalized by annual appropriations by the General Assembly. Since 2016, the Rebuild RI Fund has received $184.7 million in appropriations through FY2025, or 85.5 percent of the $216.1 million in current Rebuild obligations. The following table provides the estimated obligations, annual drawdowns, and required appropriations by fiscal year.

Estimated Cash Flow Summary for Rebuild RI

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Balance	$94.0	$86.8	$97.4	$87.1	$73.1	$63.6	$53.9	$39.5	$35.6	$41.9
Combined Draw Downs*	(20.7)	(15.8)	(20.4)	(24.1)	(19.6)	(19.8)	(24.5)	(14.0)	(3.8)	(2.0)
Estimated Appropriation^	**13.5**	**26.4**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**
Ending Balance	$86.8	$97.4	$87.1	$73.1	$63.6	$53.9	$39.5	$35.6	$41.9	$50.0

**Includes tax credits and sales tax exemptions as of February 2025. Amounts take into consideration all projects as of February 2025, excluding Fane Tower.*

^ Appropriation levels for FY2027 through FY2032 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations at the FY2025 enacted level while leaving a reasonable ending balance (Senate Fiscal Staff estimates).

Destination Marketing ***Informational***

The Budget includes $1.4 million in general revenue in FY2025 and FY2026 to market Rhode Island as a destination in out-of-state markets and airports. The ability of the Rhode Island Airport Corporation to directly do this work is limited by federal regulations. In both FY2023 and FY2024, the General Assembly appropriated $1.5 million in federal SFRF funds for this purpose (The Pandemic Recovery Office has since issued its closeout report on the Destination Marketing Initiative). It also required the Commerce Corporation to provide an equivalent amount out of its portion of the state hotel tax for the same purposes, for a total of $6.0 million over the two fiscal years. No hotel tax revenue is required in FY2025 or FY2026.

According to the EOC, destination marketing funds are being used to maintain existing air service programs and launch advertising in new markets, invest in New England sports media buys, create experiential events and installations, support Hotel Month, and underwrite agency fees for the creation and execution of the campaign and marketing assets. The marketing is targeted at driving leisure travel during the shoulder and off-season from gateway cities such as Los Angeles, Chicago, Washington DC, and Detroit.

QUASI-PUBLIC APPROPRIATIONS

The Governor recommends $14.0 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2025 Enacted	$18,104,880
Target and Other Adjustments	-
Municipal Infrastructure Grant Program	(3,000,000)
Infrastructure Bank Statewide Coastal Resilience	(750,000)
Industrial Recreational Building Authority Obligations	(347,459)
Rhode Island Commerce Corporation Base Appropriation	Informational
FY2026 Governor	**$14,007,421**

Municipal Infrastructure Grant Program ***($3.0 million)***

The FY2025 Budget as Enacted provides $3.0 million in funding for the state's Municipal Infrastructure Grant (MIG) program. This appropriation does not reoccur in the Governor's FY2026 recommendation. The MIG program provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. It also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects. The program is administered by the Rhode Island Infrastructure Bank (RIIB), a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

According to RIIB, the $3.0 million in FY2025 funding was fully awarded in December 2024. In addition to the general revenue appropriation, RIIB contributed an additional $340,000 to support additional submitted project proposals under the popular program. Absent an appropriation in FY2026, the MIG program will not be able finance any more projects. A list of the projects funded with the $3.3 million can be found here: MIG Awards.

Rhode Island Infrastructure Bank – Coastal Resilience Plan ***($750,000)***

The FY2025 Budget as Enacted provides $750,000 in one-time funding for the development of a statewide coastal resilience plan. This appropriation does not reoccur in the Governor's FY2026 recommendation. The FY2025 funds were appropriated to the Executive Office of Commerce and were forwarded to the Rhode Island Infrastructure Bank to implement. The plan is to be produced in collaboration with the Department of Environmental Management, the Coastal Resources Management Council, and municipalities. According to the stakeholders, a completed plan will be useful when applying for federal resiliency funding.

Industrial Recreational Building Authority Obligations ***($347,459)***

Consistent with the FY2025 Budget as Enacted, the Governor's FY2025 Supplemental Budget recommendation includes $452,553 in general revenue in to meet a statutorily mandated moral obligation related to the Rhode Island Industrial Recreational Building Authority (RIIRBA). The Governor also recommends $105,094 in FY2026 for the same purpose, resulting in a negative $347,459 year-over-year change for this obligation.

Background: RIIRBA is a quasi-public entity established to promote the expansion of commercial, industrial, and recreational (travel/tourism) facilities in the state. It does this through the provision of mortgage insurance that lowers risk to private lending institutions when making loans to businesses looking to expand their facilities.

The insurance can backstop tax-free bonds, taxable bonds, and conventional mortgages. Businesses pay premiums to maintain the insurance through RIIRBA. This revenue comprises the reserve out of which RIIRBA makes any required payments to lenders on bad debt. RIIRBA is limited to $60.0 million in the total amount that it may insure and $5.0 million per project. It can cover up to 90.0 percent on real estate, 80.0 percent on machinery and equipment, and 75.0 percent on tourist/travel recreation projects.

Payments: In 2010, the Providence-based company Capco Steel, L.L.C. was looking to expand its facilities and purchase additional capital equipment. The company received a $5.0 million loan from Webster Bank that was secured through a tax-free bond issued by the Rhode Island Industrial Facilities Corporation and insured by RIIRBA. In 2012, Capco defaulted on its payments to the bank, triggering RIIRBA to step in and begin making the scheduled payments out of its cash asset balance. RIIRBA continues to make these payments.

The remaining balance owed on the bonds as of June 30, 2023, is $648,322. At present, RIIRBA has insufficient funds in its portfolio to make the next payment, which totals $452,553. Under Rhode Island law, RIIRBA insurance is back by the full faith and credit of the State (RIGL 42-34-15) and therefore requires the General Assembly to appropriate the necessary funds.

Rhode Island Commerce Corporation Base Appropriation **Informational**

The Rhode Island Commerce Corporation (Commerce) is a quasi-public entity charged with implementing the delivery, performance, and accountability of the State's economic development activities.

The State provides general revenue appropriations to Commerce; however, the General Assembly does not directly approve its budget. Commerce's board has the sole responsibility to authorize the Corporation's annual budget.

The Governor recommends $8.5 million from general revenues to Commerce as its base allocation in FY2026, even with the enacted level. Commerce's total budget in FY2025 is $24.2 million. The base allocation represents 48.3 percent of the quasi-public agency's annual revenue. The balance is comprised of hotel tax revenue (36.0 percent), federal grants (1.8 percent), financial programs (2.8 percent), and other miscellaneous revenue (11.1 percent).

The following table shows the revenues and expenditures that compose the annual Commerce RI budget:

Estimated Cash Flow Summary for Rebuild RI

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Balance	$94.0	$86.8	$97.4	$86.9	$72.9	$64.0	$56.9	$45.1	$43.8	$52.7
Combined Draw Downs*	(20.7)	(15.8)	(20.6)	(24.1)	(19.0)	(17.2)	(21.9)	(11.4)	(1.2)	(0.7)
Estimated Appropriation^	**13.5**	**26.4**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**
Ending Balance	$86.8	$97.4	$86.9	$72.9	$64.0	$56.9	$45.1	$43.8	$52.7	$62.1

**Includes tax credits and sales tax exemptions as of the November 2024 Revenue Estimating Conference. Amounts take into*

^ Appropriation levels for FY2027 through FY2032 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations at the FY2025 enacted level while leaving a reasonable ending balance (Senate Fiscal Staff estimates).

CAPITAL PROJECTS

The Budget includes $95.0 million in capital project spending for FY2025-FY2030, with $34.3 million in FY2025 and $33.2 million in FY2026.

	FY2025			FY2026			FY2027-FY2030			
EOC Capital Projects	**RICAP**	**Bonds**	**Agency Funds**	**RICAP**	**Bonds**	**Agency Funds**	**RICAP**	**Bonds**	**Agency Funds**	**Total**
Port of Davisville	-	$3.2		-	$10.0	-	-	$10.0	-	$23.2
I-195 Commission	1.0	-	-	0.7	-	-	1.4	-	-	3.1
I-195 Park Improvments	3.0	-	-	-	-	-	-	-	-	3.0
Innovations Centers	-	7.3	-	-	5.8	-	-	0.8	-	13.8
ProvPort	-	5.0	-	-	4.2	-	-	-	-	9.2
Quonset Infrastructure and Carrier Pier	4.8	-	-	2.5		-	2.5	-	-	9.8
Industrial Site Development	-	10.0	-	-	10.0	-	-	12.9	-	32.9
Total	**$8.8**	**$25.5**	**-**	**$3.2**	**$30.0**	**-**	**$3.9**	**$23.7**	**-**	**$95.0**

- **Port of Davisville:** The Governor reappropriates $45.6 million in ARPA State Fiscal Recovery Funds in FY2025 to advance of the Quonset Development Corporation's (QDC) infrastructure master plan. The recommendation also includes $10.0 million of bond proceeds in both FY2026 and FY2027 for the same purpose.
- **I-195 Commission:** The Budget includes $1.0 million from the RI Capital Plan Fund in FY2025 and $700,000 in FY2026 for the continued development of the land made available by the relocation of I-

195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.

- **I-195 Park Improvements:** The Budget includes $3.0 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2025. In March 2021, voters approved a $4.0 million bond referendum for this purpose. Funding is being used to construct park infrastructure enhancements, including a pavilion for food and beverage service, enhanced infrastructure, office space, and a small storage facility.
- **Innovation Centers:** The Budget includes $7.3 million in FY2025 and $5.8 million in FY2026 from bond proceeds to support additional business collaborations with higher education institutions, where cutting-edge research will be developed into new products, services, and businesses. Project funding was authorized by voters in 2016. Projects include the RI Innovation Hub and Accelerator, the University of Rhode Island & Arizona State University Innovation Hub, and the RI Agricultural Technology Park.
- **ProvPort:** The Budget includes $5.0 million in FY2025 and $4.2 million in FY2026 from the 2016 General Obligation bond authorization to increase terminal capacity at the Port of Providence, specifically by financing the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River. Once acquired and improved, the State of Rhode Island anticipates leasing the land to ProvPort, the City of Providence's current port operator. ProvPort, in turn, will enter into subleases with one or more private terminal operators. Those entities will make private investments in their terminal operations as well as pay fees to ProvPort for the land they lease. The State will share in the gross revenues, including sublease payments, generated from the expanded port area. The State will also realize additional income taxes from expanded employment.
- **Quonset Infrastructure and Carrier Pier:** The Budget includes $4.8 million in Rhode Island Capital Plan funds in FY2025 and $2.5 million in FY2026 for capital improvements to the infrastructure and piers at Quonset. The Port has two piers (Pier One and Pier Two) that are long past their expected useful lifespan. As part of the Quonset Development Corporation's $205.0 million Port of Davisville master plan, Pier 2 will be rehabilitated by building an east extension and installing a sheet pile bulkhead. The Budget also include $1.0 million in FY2026 to mitigate per- and polyfluoroalkyl substances (PFAS) contamination at the park.
- **Industrial Site Development:** The Budget includes $10.0 million in bond proceed funding in FY2025 and FY2026 for industrial site development. In March 2021, voters approved a $40.0 million bond referendum for this purpose. According to the EOC, the funds are being allocated competitively for the purpose of preparing sites for the development of facilities related to manufacturing, assembly, distribution, and other job-producing commercial activities.

SUPPLEMENTAL FY2025

ARPA SFRF Initiatives (federal funds) — *$93.5 million*

The Budget includes the reappropriation of $93.5 million in unspent ARPA State Fiscal Recovery Funds for various initiatives within the EOC's Commerce Programs in FY2025.

Project	FY2022	FY2023	FY2024	FY2025 Enacted	FY2025 Supplemental
Bioscience Investments	-	45,000,000	-	-	42,999,400
Port of Davisville	-	6,000,000	59,000,000	-	45,635,990
Small Business Assistance	18,414,433	10,997,715	1,887,852	-	2,457,517
Minority Business Accelerator	-	1,000,061	4,999,940	-	2,406,662
Total	**$18,414,433**	**$62,997,776**	**$65,887,792**	**$0**	**$93,499,569**

- **Bioscience Investments:** According to the RILSH, its board has been fully in place and meeting monthly, with special meetings as needed since January 2024. An Interim President and Vice President were hired in July 2024.On January 21, 2025, the RI Senate confirmed Marc Turco to be the RILSH's first chief executive officer. The hiring of Grant Manager, Office Manager, and Business Development positions are in progress. The RILSH conducted an Inaugural Summit in May 2024 with 400+ attendees, including state leadership, invited officials, university faculty and scientists, and regional life science partners in attendance. Working groups for attendees included sessions on workforce development, life science infrastructure, access to capital, and tech transfer. Vendors have been engaged for various required services including public relations/communications, legal, auditing, human resources, incubator project management and developer, IT, and insurance. RILSH also successfully completed and submitted its FY2024 Annual Report and Annual Audit to the General Assembly. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Bioscience Investments	EOC	RR	N/A	$45.0	$2.0	$1.0	$43.0	$1.0

$ in millions. Totals may vary due to rounding.

- **Port of Davisville:** The SFRF-funded Port of Davisville initiative supports the improvement and expansion of port infrastructure and services at the Port of Davisville in Quonset in accordance with the Quonset Development Corporation's (QDC) master plan. There is a total of $65.0 million in SFRF funds appropriated to the Port.

  Infrastructure improvement at the Port is governed by a Port Master Plan. The plan calls for multiple projects required to modernize the existing infrastructure, expand new piers and terminals, and customize the infrastructure to meet the demands of the off-shore wind energy industry. The total cost of the plan is $234.5 million, of which $120.2 million is funded. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Port of Davisville	QDC	RR	N/A	$65.0	$32.4	$20.3	$32.6	$12.0

$ in millions. Totals may vary due to rounding.

Small Business Assistance: The Small Business Technical Assistance program is authorized to provide resources to businesses for purposes of building their long-term capacity in the wake of the pandemic. Technical assistance services may include accounting and bookkeeping, legal services, and marketing, communications, and public relations. Grants are capped at $10,000 per business. The program originally received a total of $10.5 million in SFRF appropriations, which has subsequently been revised to $8.7 million. The program originally was appropriated $10.5 million in FY2023; however, the EOC modified its expenditures based on revised demand data from businesses. The General Assembly reduced the appropriation to $8.7 million and reallocated the balance to other programs, including a new aid initiative aimed at businesses impacted by the Washington Bridge closure. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Small Business Technical Assistance	EOC	NEI	N/A	8.7	8.7	8.6	-	0.1

$ in millions. Totals may vary due to rounding.

- **Minority Business Accelerator:** The Governor reappropriates $2.4 million in federal ARPA SFRF funds to the Minority Business Accelerator from FY2024 to FY2025. The FY2025 Budget as Enacted included $500,000 of general revenue for the initiative as well. This was a one-time investment that does not repeat in the Governor's recommendation.

  The Minority Business Accelerator program supports and invests resources to enhance the growth of minority business enterprises as defined in RIGL 37-14.1. The initiative supports a range of assistance and programming, including financial and technical assistance, entrepreneurship training, space for programming and co-working, and assistance accessing low-interest loans. Commerce works with minority small business associations, including the Rhode Island Black Business Association (RIBBA), to advance this program. The following table shows the spending status related to the initiative as of the end of the first quarter of FY2025 (as reported by the state's Pandemic Recovery Office):

Project/Program	Agency	Treasury Category	Risk Level	Total Approps.	Total Transfers	Total Expenses	Remaining Approps.	Unexpended Transfers
Minority Business Accelerator	EOC	NEI	N/A	$5.2	$2.8	$2.1	$2.4	$0.7

$ in millions. Totals may vary due to rounding.

ARPA CPF - Broadband (federal funds) ***$25.8 million***

The Budget includes the reappropriation of $25.8 million of unspent ARPA Capital Projects Funds for Broadband initiatives within the EOC's Commerce Programs in FY2025. This drop reflects one-time SFRF appropriations in FY2024 that does not reoccur in FY2025.

ConnectRI is the State's primary broadband development program. Administered by the Commerce Corporation in concert with the State's Broadband Advisory Council, it coordinates the planning, and implementation of expanded internet capacity in the State. It has created a statewide strategic plan and is in the process of engaging federal agencies to access funding; create grant and other programs; and coordinate stakeholder and governmental organizations. ConnectRI finished taking public comment on its draft proposals for the federal Broadband Equity, Access, and Deployment (BEAD) Program and its Digital Equity Plan in December and February, respectively. Final proposals informed by the public comment period are currently being completed. The proposals are the first steps required to securing nearly $110.0 million in federal Infrastructure and Jobs Act and Digital Equity Act funding.