

Executive Office of Commerce

Staff Presentation
FY 2017 Revised and
FY 2018 Recommended Budgets
April 13, 2017

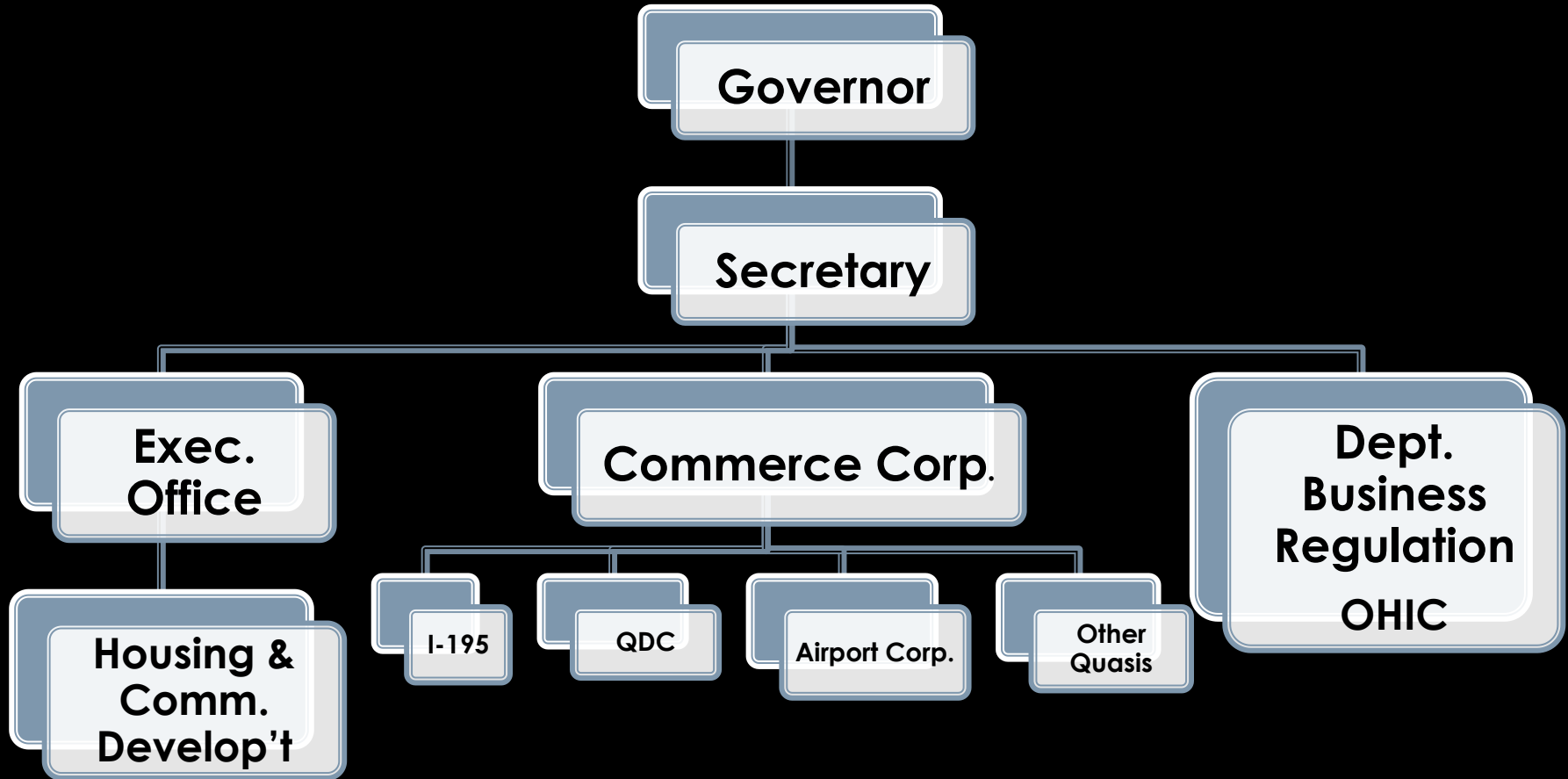
Introduction

- 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, including:
 - Executive Office
 - Housing and Community Development
 - Transferred from DOA, consistent with legislation
 - Commerce Corporation
 - Other Quasi-Public Agencies

Introduction

- 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

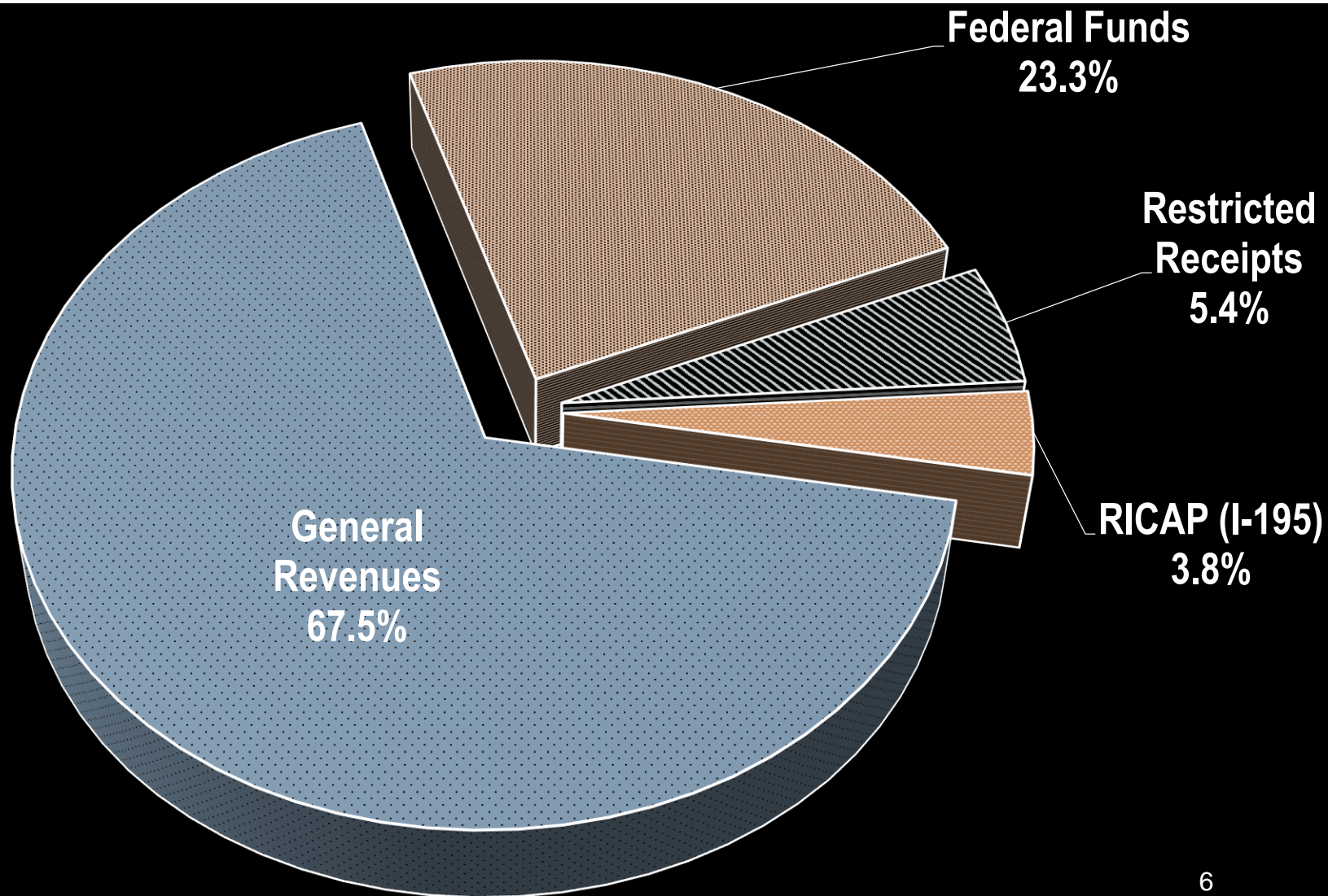
FY 2018 Governor



Target Issues

- Budget Office provided a general revenue target of \$35.8 million
 - Current service adjustments of \$18.4 million
 - 8.0% reduction of \$1.4 million
- Budget submitted is \$10,248 above the target
 - Reduced or eliminated additional funding requested new and existing programs
- Governor recommends \$16.0 million more than target

FY 2018 Recommendation



FY 2018 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

Economic Development Incentives – Background

- 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

Economic Development Incentives - Background

- 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

Economic Development Incentives - Background

	<i>FY 2016</i>	<i>FY 2017E</i>	<i>FY 2017 R</i>	<i>FY 2018</i>
First Wave Closing Fund	\$ 5.0	\$ 7.0	\$ 8.5	\$ -
I-195 Redev. Fund	25.0	-	-	10.1
Wavemaker Fellowships	1.8	3.5	2.0	1.6
Streetscape Impvmt.	1.0	1.0	1.0	1.0
Industry Cluster Grants	0.8	0.5	0.5	-
Innovation Initiative	1.0	1.5	1.5	2.5
P-Tech	0.9	1.2	1.2	1.2
Rebuild RI	1.0	25.0	25.0	20.0
Air Service Develpmt.	-	1.5	1.5	0.5
Anchor Institution	0.8	0.7	0.7	-
New Qualified Jobs*	1.0	-	-	-
Total	\$ 38.3	\$ 41.9	\$ 41.9	\$ 36.9

**first year revenue impact; supported by new employee withholdings*

FY 2018 Recommended Initiatives

<i>New Article 2 Initiatives</i>	2018 Rec
Refundable Investment Tax Credit*	\$ 3.25
Refundable Job Training Tax Credit*	2.0
Tech Assist Municipal Zoning & Permitting Fund	0.25
Total	\$ 5.5

*Budget treats as revenue loss; intent is appropriation to funds established - Article 2 heard (3/16)

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 \$12.0 million
 - FY 2016 \$5.0 million; FY 2017 \$7.0 million
 - \$1.9 million committed over 5 projects
- Governor recommends \$1.5 million more for FY 2017; no new funds for FY 2018

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
- Funded at \$25.0 million for FY 2016
 - \$19.5 million committed to Wexford related projects
- Governor recommends new \$10.1 million for FY 2018

Wavemaker Fellowships

- Tax credits - up to 4 years of college loan assistance
 - Amt. credits/candidate/year based on degree & actual loans
 - Max credits per year:
 - \$1,000/year for associate's,
 - \$4,000/year for bachelor's, and
 - \$6,000 for graduate/post grad.
 - Funds/Credits withheld if recipient becomes noncompliant
 - Annual recertification required

Wavemaker Fellowships

- Eligible applicants must work full-time for OR have accepted offer from company focused 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 applicants who went to RI college)

Wavemaker Fellowships

- Governor recommends \$1.6 million for FY 2018
- Enacted budget includes \$3.5 million
 - FY 2017 revised \$0.2 million - \$1.5 million less based on expected need
- FY 2016 enacted budget included \$1.8 million
 - \$0.8 million awarded each year over two years once recertified
 - 215 fellows awarded; 208 accepted

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 \$1.0 million for FY 2018
 - FY 2016 \$0.9 million awarded to seven communities
 - FY 2017 applications in-process

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
- FY 2017 enacted includes \$0.5 million
 - \$0.1 million awarded
 - No funding recommended FY 2018
 - Awarded all \$0.8 million from enacted FY 2016 budget

Innovation Initiative

- Innovation Vouchers –
 - Small businesses w/less than 500 employees
 - Purchase wide range of support from institutions of higher ed. and other providers
 - Voucher awards \$5k – \$50K
- Governor includes \$2.5 million for FY 2018
 - \$1.0 million more than FY 2017 enacted
 - Article 2 proposes to reserve \$1.0 million for small business manufacturers
 - Expands use to allow internal research and development funding by these businesses without higher ed. or other partner

P-Tech Initiative

- Supports partnerships among high schools, CCRI, other institutions of higher education and employers
- Offer courses towards diplomas, internships and associate degrees
- Being implemented in 5 districts –
 - FY 2016: Westerly, Newport & Providence
 - FY 2017: North Providence & Woonsocket
- Governor includes \$1.2 million for FY 2018
 - Same as prior year funding

Rebuild RI Tax Credit

- 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

- 2016 Assembly revised earlier legislation to address issues raised
 - Capped credits allowed under program at \$150.0 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 2018 budget adds \$20.0 million for future payments
 - FY 2016 & FY 2017 authorized \$26.0 million of total funding acted budgets
- Approved credits total \$57.9 million

Estimated Rebuild RI Cash Flow – by Fiscal Year

<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>Total</i>
\$0.4	\$12.3	\$12.0	\$10.5	\$10.7	\$10.4	\$1.1	\$0.4	\$0.3	\$57.9

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 2017 enacted \$1.5 million
 - Additional \$0.5 million FY 2018
 - No funds committed, 1 application in process

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 & FY 2017 total funding of \$1.5 million; no FY 2018 funding
 - No funds 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 level of jobs created for agreement period
- 16 Agreements through March 2017
 - 10 relocated from out of state
 - Totaling 1,338 jobs
 - Typically 10-year agreements
 - Median wages range from \$33,500 - \$137,000
 - Median wage of \$51,500 across all agreements

New Qualified Jobs Tax Credit – Requested Amendment Art 2

- Reduce minimum job creation requirements for manufacturers
 - 200 employees or less
 - Add at least 5 new full-time jobs
 - Over 200 employees
 - Add at least 5% of base jobs or 50 new jobs
 - Manufacturers with 50 employees or less may join together for common purpose or collective expenditure
 - Create 5 new full-time jobs, and 1 at each partner

New Qualified Jobs Tax Credit: Governor's FY 2018 Proposal

	Current Law		Governor's Requested Amendment to Art 2	
	Employees	New Jobs	Employees	New Jobs
Targeted Industry	≤100	10	No Change	
	>100	≥10% of empl. base or ≥100		
Non-targeted Industry	≤200	20		
	>200	≥10% of empl. base or ≥100		
Manufacturers	No current distinction		≤200	5
			>200	≥5% of empl. base or ≥50
2+ Manufacturers			≤50 each	≥5 w/ at least 1 each business

Article 2 - Refundable Investment Tax Credit

- Expands existing Investment Tax Credit beyond C corporations
 - Allowed for others prior to PIT reform
- Establishes a refundable credit
 - Refundable for award year; carryover thereafter
- Manufacturing associated activities
 - Equipment with 4+ years of useable life
 - Property/Structural with 4+ years of useable life
 - Technology

Article 2 - Refundable Investment Tax Credit

- Credit up to \$0.2 million, subject to appropriation
- Governor requested amendment to clarify that all credits will be refunds
 - Limits C Corps to investments in excess of tax liability
 - Other business types up to credit amount
 - Non-transferrable/assignable

Article 2 - Refundable Jobs Training Tax Credit

- Expands existing Jobs Training Tax Credit to manufacturers or targeted industries beyond C corporations
- Establishes a refundable credit
- Similar uses and eligibility of existing tax credit
 - Greater eligibility restrictions
 - Not on per employee basis
 - Not a percent of spend

Article 2 - Refundable Jobs Training Tax Credit

- Eligibility
 - Businesses report to the Governor's Workforce Board, not professional services
 - Employees: 150% minimum wage, 30 hours
 - In-state training unless not available or less expensive
 - Manufacturers or targeted industries
 - Governor requested amendment to cap non-manufacturers claims at 20% of total appropriation

Article 2, Refundable Jobs Training Tax Credit

- Credit up to \$0.2 million, subject to appropriation
- Governor requested amendment to clarify that all credits will be refunds
 - Limits C Corps to expenses in excess of tax liability
 - Other business types up to credit amount
 - Non-transferrable/assignable

Article 2 - Refundable Jobs Training Tax Credit

- Governor requested amendment to unify job training tax credit programs under the Commerce Corporation
 - Currently administered through DLT
 - Governor's Workforce Board/Human Resources Investment Council
 - Currently programs must be preapproved by the Governor's Workforce Board

Article 2-Technical Assistance for Municipal Zoning & Permitting

- 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
- Sunsets December 31, 2019
- Governor recommends \$250,000

FY 2018 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

Personnel

Full-Time Positions	FTEs	Change to Enacted
Enacted Authorized	16.0	-
FY 2017 Revised	16.0	-
FY 2018 Request	18.0	2.0
FY 2018 Governor	17.0	1.0
FY 2016 Average Filled	11.3	(4.7)
Filled as of April 1, 2017	14.0	(2.0)

Executive Office of Commerce

- FY 2018 Staffing and Operations Recommendation
 - \$1.4 million from general revenues
 - All but \$0.1 million is for salaries and benefits
- Staffing of 5.3 full-time equivalents
 - Adds Financial Administrator
 - Shared with Housing & Comm. Dev. 30/70
 - Includes a \$98,617 cost allocation for a Governor's Office employee charged to the Executive Office

Staffing – Cost Allocation

Position	Agency	% Time	Cost
Special Counsel	Executive Office	50%	\$0.1
Total <i>(in millions)</i>			\$0.1

Statewide Savings

- Assessment to salaries that funds workers' comp., unemployment & unused leave
 - Lowered from enacted based on experience
 - Savings of \$1.2 million in FY 2017
 - Savings of \$1.5 million in FY 2018
- Medical benefit cost growth
 - Lower than initial estimates
 - Savings of \$2.6 million in FY 2018
- Total impact to Executive Office
 - \$2,968 in FY 2017; \$9,259 in FY 2018

Housing & Community Dev.

- Administers & oversees housing programs
 - Community Development Block Grant funds
 - Rental housing subsidies
 - Lead Hazard Reduction Program
 - Governor proposes Article 22 (heard 3/2) transferring function to DOH
 - Shelter operations

Housing & Community Dev.

	FY 2017 Enacted	FY 2017 Rev.	FY 2018 Rec.	Chg. to Enacted
Gen. Rev.	\$0.6	\$0.6	\$0.6	\$0.0
Fed. Funds	17.8	18.3	17.9	0.1
Rest. Receipts	4.8	4.8	4.2	(0.6)
Total	\$23.2	\$23.6	\$22.7	(\$0.5)

- Governor recommends staffing of 11.7 full-time positions
 - 1.0 new federally funded Principal Planner
 - shifts 0.3 Financial Admin cost to Office

Housing & Community Dev.

- 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 \$6.8 million from this federal grant
 - Includes annual allocation and unspent carry forward from prior years

Housing & Community Dev.

- Community Development Block Grants
 - State also currently spending funds from an allocation for disaster recovery expenses including hurricane Sandy
 - \$8.9 million for this purpose for FY 2018
- Other federal funds
 - Shelter Grants \$2.6 million
 - 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
- Governor includes \$4.1 million
 - Recommends Art 22 to transfer \$0.6 million of estimated resources for consolidated lead program at DOH

Article 22 – Summary

- Centralizes RI's lead prevention programs within the Department of Health
 - Identifies funding for DOH through existing resources currently dedicated to both housing and lead programs
 - Proposes changes to:
 - Which pre-1978 properties are subject to lead mitigation laws
 - Requirements of affected property owners

Article 22 – Background

- Lead Prevention Programs:
 - Housing Resources Commission
 - Department of Health
 - Interagency Coordinating Council
 - DOH
 - DEM
 - DHS
 - Housing Resources Commission
 - Attorney General
 - League of Cities and Towns appointee

Article 22 – Background

Lead Hazard Mitigation Act

- Housing Resources Commission
 - Designated as lead state agency for
 - Lead hazard mitigation planning
 - Education
 - Technical assistance and coordination of state projects
 - State financial assistance to property owners for lead hazard mitigation

Article 22 – Lead Prevention

- Article 22:
 - Centralizes lead poisoning prevention under Department of Health
 - Department to oversee interagency coordination activities
 - Adopt rules and regulations
 - Certify lead safe compliance for all residential units
 - Permitting lead inspectors

Article 22 – Lead Prevention

- 2014 Assembly increased Real Estate Conveyance Tax by \$0.30 to \$2.30
 - To HRC to fund lead & housing initiatives instead of general revenues
- Article 22 – as originally submitted
 - Splits existing \$0.30
 - \$0.05 to Department of Health
 - Fund program costs, including 3.0 new positions; 2.0 lead inspectors and one data manager
 - \$0.25 remains with HRC

Article 22 – Lead Prevention

- Governor requested amendment
 - Requires annual transfer of “not less than” \$590k from HRC to DOH
 - In lieu of split of \$0.30 dedicated tax
 - Transfer amount would be more stable
 - Proposed language does not appear to create mechanism for a transfer of more than \$590k
 - Other technical changes
 - Corrections to citations other clarifications
 - Still technical revisions needed to match intent

Article 22 – Lead Prevention

	HRC – Current Law \$0.30	Article 22- \$0.05	Article 22 – New Version	Difference
FY 2018*	\$4,166,667	\$694,445	\$590,000	\$(104,445)
FY 2017*	\$3,866,667	\$644,445	\$590,000	\$(54,445)
FY 2016	\$3,476,888	\$579,481	\$590,000	\$ 10,519
FY 2015	\$3,164,488	\$527,415	\$590,000	\$ 62,585

*November REC subject to change in May

FY 2018 Recommendation

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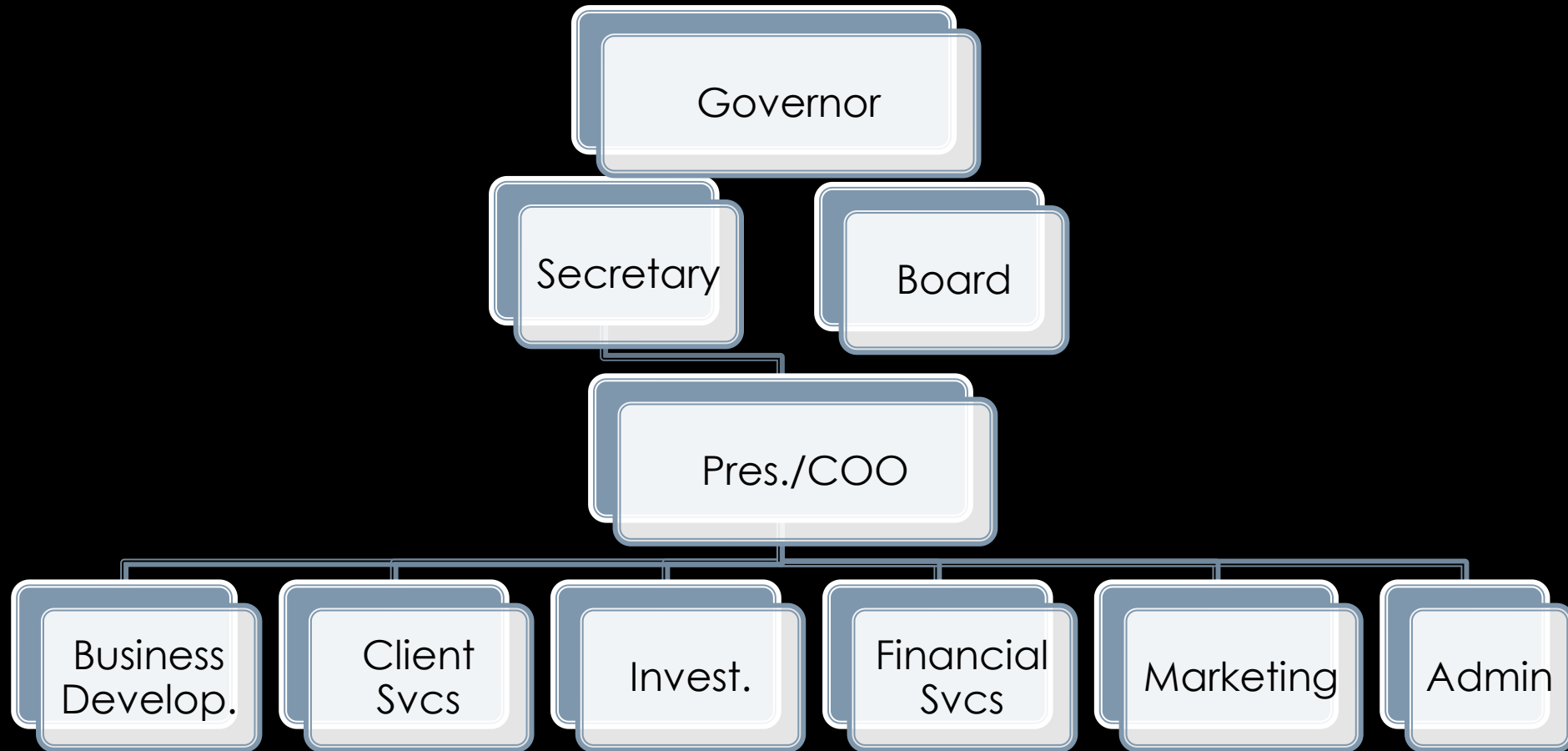
Commerce Corporation

- 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

- Commerce Corporation Board
 - Corporation's board of directors consists of 13 members,
 - Governor serves as Chair
 - Governor appoints all 12 members
 - Board oversees implementation of all state-level economic development programs

Commerce Corporation



Commerce Corporation

- Client Services – *liaison between businesses and government*
- Business Development – *attracting companies*
- Investments – *administer incentive prog.*
- Financial Services – *SBLF, REF & others*
- Branding/Marketing– *develop and maintain unified tourism and business*

Commerce Corporation

- Governor recommends \$7.5 million from general revenues
 - \$80,000 more than enacted
 - Funding from all sources totals \$9.6
- 59.5 total positions - \$6.1 million from all funds for staffing
 - \$4.9 million from general revenues support 44.0 positions
- \$3.5 million all funds for operating costs
 - Spending detail not included for quasi-state agencies like direct state agencies

Tourism & Marketing

- 2015 Assembly provided \$5.0 million from general revenues for state tourism and marketing campaign
 - \$4.0 million for tourism marketing
 - \$1.0 million for marketing to businesses
 - Decreased shares for 7 regional districts
 - Difference shifted to Commerce Corporation
 - General Fund share to Commerce Corp.
- Districts must incorporate state campaign to receive share

Tourism & Marketing – FY 2016 Changes

- Hotel tax base now includes unlicensed lodging rentals
 - Rentals through sites like Airbnb.com, Flipkey.com, Roomorama.com, Vacationrentals.com
- Room Resale subject to hotel and sales taxes

Expansion of Hotel Taxes: Recap

Rental – All Booking Methods	7.0% Sales Tax	5.0% State Hotel Tax	1.0% Local Hotel Tax
Hotel/Motel	X	X	X
B&B (3+ rooms)	X	X	X
B&B (≤ 3 rooms)	X	X	X
Hotel/Motel/B&B + other amenities	X	X	X
Tour Operator Services			
House/Condo/Apt. space (≤ 30 days)	X	X	X
House/Condo/Apt. space (31+ days)			
Entire House/Condo/Apt. (≤ 30 days)	X		X
Entire House/Condo/Apt. (31+ days)			

FY 2017 Budget

- Concerns over statewide campaign rollout and impact to regionals led to temporary reversal of regional share reductions
- FY 2017 Budget
 - For only FY 2017, distribution of 5.0% hotel tax returned to CY 2015 shares
 - Regional districts' increase taken from Commerce Corporation's shares
 - Estimated \$1.1 million for FY 2017

Hotel Tax Allocation

- Distribution July 1, 2016 – June 30, 2017

Region	Districts	Providence/ Warwick CVB	Cities & Towns	Commerce
Warwick	31.0%	23.0%	25.0%	21.0%
Providence	31.0%	23.0%	25.0%	21.0%
Omni	31.0%	12.0%	-	57.0%
Statewide	[47.0%]	7.0%	25.0%	68.0%
All Other Regionals	47.0%	7.0%	25.0%	21.0%

Hotel Tax Allocation

- Distribution – after June 30, 2017

Region	Districts	Providence/ Warwick CVB	Cities & Towns	Commerce Corp.*
Warwick	28.0%	23.0%	25.0%	24.0%
Providence	28.0%	23.0%	25.0%	24.0%
Omni	28.0%	12.0%	-	60.0%
Statewide	-	5.0%	25.0%	70.0%
All Other Regionals	42.0%	5.0%	25.0%	28.0%

Tourism & Marketing

- August 2016 Corporation retained 2 of 3 content development & marketing services vendors & announced new strategic media approach
- December 2016 meeting chose new tourism site vendor
 - Same vendor as Providence and Newport

Other Program Funding

	<i>FY 2016</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Rev</i>	<i>FY 2018 Rec</i>
EPSCoR	\$1.2	\$1.2	\$1.2	\$1.2
Airport Impact Aid	1.0	1.0	1.0	1.0
Small Bus. Innovation Research	1.0	1.0	1.0	1.0
Chafee Center at Bryant	0.4	0.4	0.4	0.4
Building & Fire Code Inspections	0.3	0.3	0.3	0.3
Univ. Research Collaborative	-	0.2	0.2	0.2
Polaris Manufacturing Ext.	0.4	0.3	0.3	0.6
National Security Infrastructure	-	-	-	0.2
Total	\$4.3	\$4.2	\$4.2	\$4.7

EPSCoR

EPSCoR - \$1.2 million

- Support for state's participation in Nat. Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR)
 - FY 2018 is level funded with FY 2017
 - 13th installment bringing total to \$15.4 million
 - Initially a three-year commitment

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

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

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
- Governor recommends the 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
- FY 2018 assumes continuing the \$250,000

University Research Collaborative

- Leverages expertise at RI's 11 colleges and universities to conduct ongoing analysis to operationalize research
 - Includes fellow from each partner university and state policy leaders to
 - To provide research to support decision making
 - Governor recommends the enacted amount of \$150,000 for FY 2018

Polaris Manufacturing Ext.

- Supports manufacturers engagement, education, execution for revenue & job growth
 - 3:2 federal match
- Governor's FY 2018 budget transfers Polaris from URI Research Foundation to the Commerce Corporation
 - FY 2018 recommendation \$550,000
 - \$300,000 more than FY 2017 enacted level

National Security Infrastructure

- Originally authorized by 2005 Assembly to provide funding to national security infrastructure and repurpose defense facilities
- FY 2018 Governor recommends \$0.2 million
- Work previously funded through grant to Newport Chamber of Commerce

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 Development Corporation

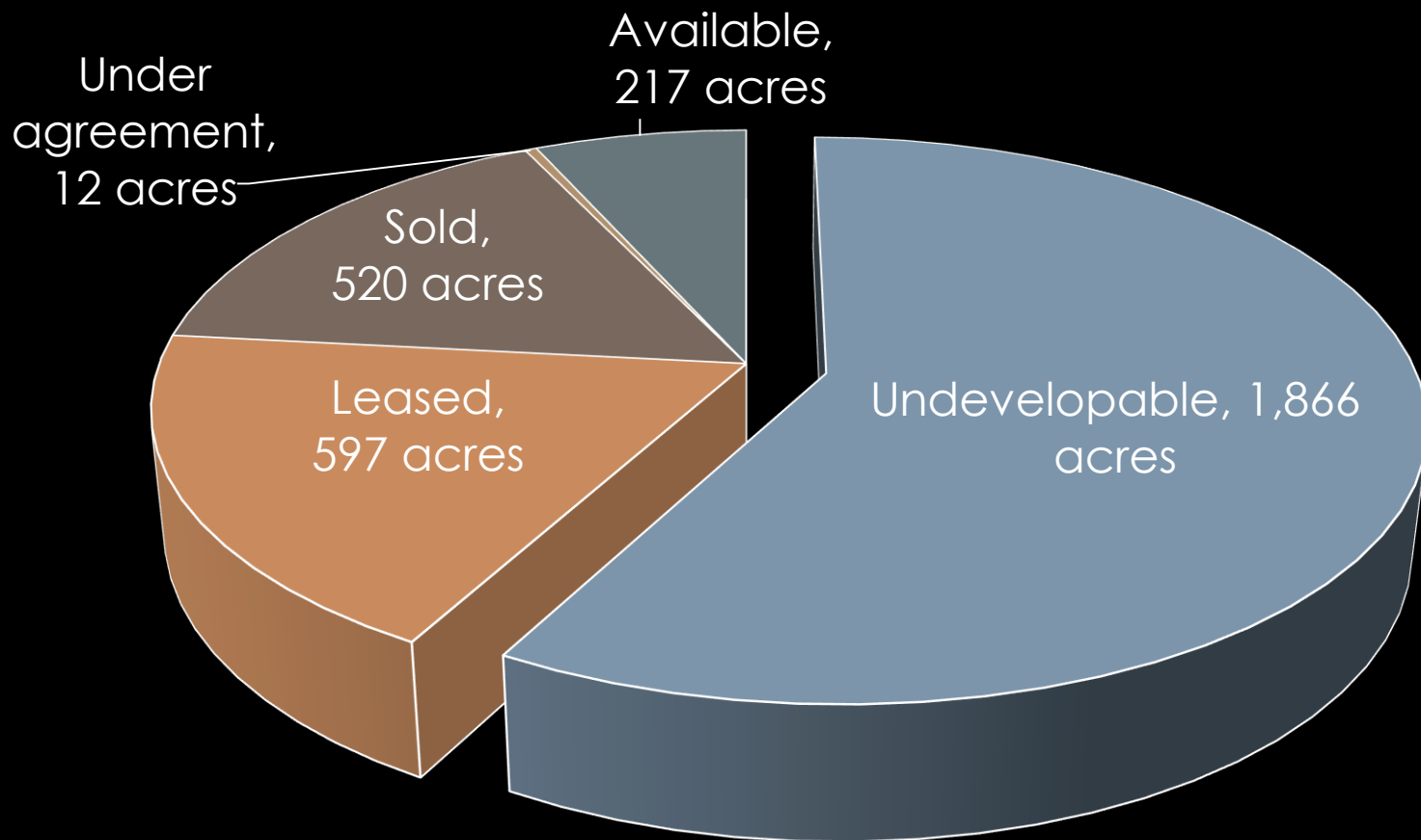
- Quonset Business Park land originally 2 naval bases established prior to 1942
 - Base selected for closure in 1991
 - Land transferred to the state from 1978-2000
 - Administered by different state agencies
- Corporation established by 2004 Assembly to develop and manage Quonset Business Park

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.

Quonset

- Park is 3,212 total 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 to issue the bonds
- Corporation provides office space and technical support to Commission

I-195 Redevelopment District

- Debt Service Structure
 - 2011 authorized issuance of up to \$42.0 million for purchase of land from DOT
 - Actual cost lower
 - 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

I-195 Redevelopment District

Fiscal Year	Principal	Interest	Total Debt Service	Estimated Offsets (land sales)	Total Projected Net Debt Service
2017	-	2,978,400	2,978,400	(2,378,400)	600,000
2018	-	2,978,400	2,978,400	(2,378,400)	650,000
2019	1,420,000	2,950,600	4,370,600	(4,370,600)	-
2020	1,540,000	2,836,694	4,376,694	(4,376,694)	-
2021	1,660,000	2,715,019	4,375,019	(4,375,019)	-
2022	1,790,000	2,583,850	4,373,850	(4,373,850)	-
2023	31,990,000	2,442,413	34,432,413	(34,432,413)	-
Total	\$38,400,000	\$19,485,376	\$57,885,376	\$(56,635,376)	\$1,250,000

Source: Governor's Recommended Capital Budget, FY 2018 – FY 2022

I-195 Redevelopment District

- Total 21 parcels - 819,526 acres
 - 4 parcels unavailable
 - Parcels 8 and 30 with Royal Oaks Realty and Waldorf Capital management respectively
 - Parcels 22 and 25 with Wexford Science and Technology and CV Properties
 - 17 parcels available
- 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 & assistant project director
- Governor recommends enacted level of \$1.2 million for FY 2018
 - \$0.8 million from general revenues
 - \$0.3 million from Rhode Island Capital Plan funds

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 (\$14.5 million used – June 30, 2014)

Bond Referenda – November 2016

Project	Amount	Annual Debt Service	Total Cost
Affordable Housing	\$40.0	\$3.2	\$62.1
Urban Blight & Revitalization	10.0	0.8	10.8
Innovation Campus	20.0	1.6	29.4
Quonset Piers	50.0	4.0	80.2
Port of Providence	20.0	1.6	29.4
Total	\$140.0	\$11.2	\$211.9

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

Bond Referenda – Affordable Housing

- 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
 - \$10.0 million each in FY 2017 and FY 2018
 - \$20.0 million in FY 2019

Bond Referenda – Urban Blight and Revitalization

- 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

Bond Referenda – Innovation Campus

- Innovation campuses
 - University of Rhode Island/Business physical space collaboration to commercialize academic research
 - Applicants must provide 1:1 match to state resources
- Governor's capital plan programs \$5.0 million each year from FY 2018 to FY 2021

Bond Referenda – Quonset Piers

- Quonset Piers
 - Total funding of \$90.0 million
 - \$50.0 from G.O. Bonds
 - \$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 \$0.6 million of RICAP funding from FY 2017 to FY 2018 based on new timeline

Bond Referenda – Quonset Piers

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
G.O.	-	\$ 1.5	\$ 11.0	\$ 24.5	\$ 13.0	-	\$ 50.0
RICAP	\$ 0.4	\$ 2.6	\$ 2.0	\$ 5.0	\$ 5.0	-	\$ 15.0
Revenue Bond	-	-	-	\$ 2.2	\$ 20.8	\$ 2.0	\$ 25.0
Total	\$ 0.4	\$4.1	\$ 13.0	\$ 31.7	\$ 38.8	\$ 2.0	\$ 90.0

Bond Referenda – 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 \$10.0 million each in FY 2018 & 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
 - One-Time Findings and Recommendation of the Housing Act of 2013 Implementation – March 1, 2017

Executive Office of Commerce

Staff Presentation
FY 2017 Revised and
FY 2018 Recommended Budgets
April 13, 2017
