

Executive Office of Commerce

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

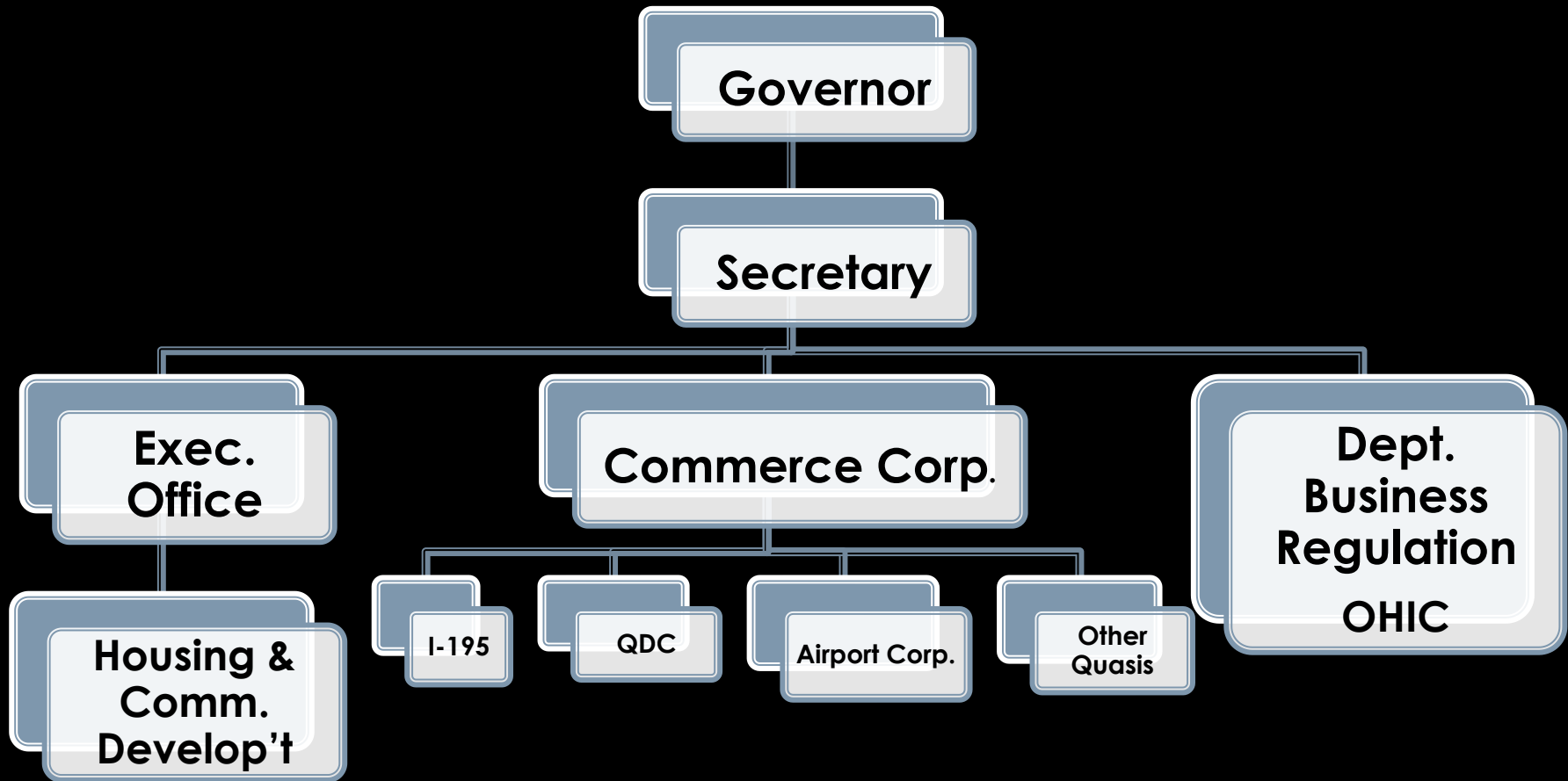
Background

- 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

Organizational Hierarchy



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

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Governor	Change to Enacted
General Revenue	\$33.1	\$29.8	\$37.3	\$4.3
Federal Funds	17.9	18.9	14.4	(3.4)
Restricted Receipts	4.7	6.2	4.8	0.0
Other Funds	2.9	3.1	6.3	3.4
Total – All Funds	\$58.6	\$58.0	\$62.8	\$4.2

(\$ 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

General Revenues	FY 2018	FY 2019
Information Technology	\$21,405	\$21,570
Facilities	261,626	271,192
Human Resources	23,670	23,985
Total	\$306,701	\$316,747

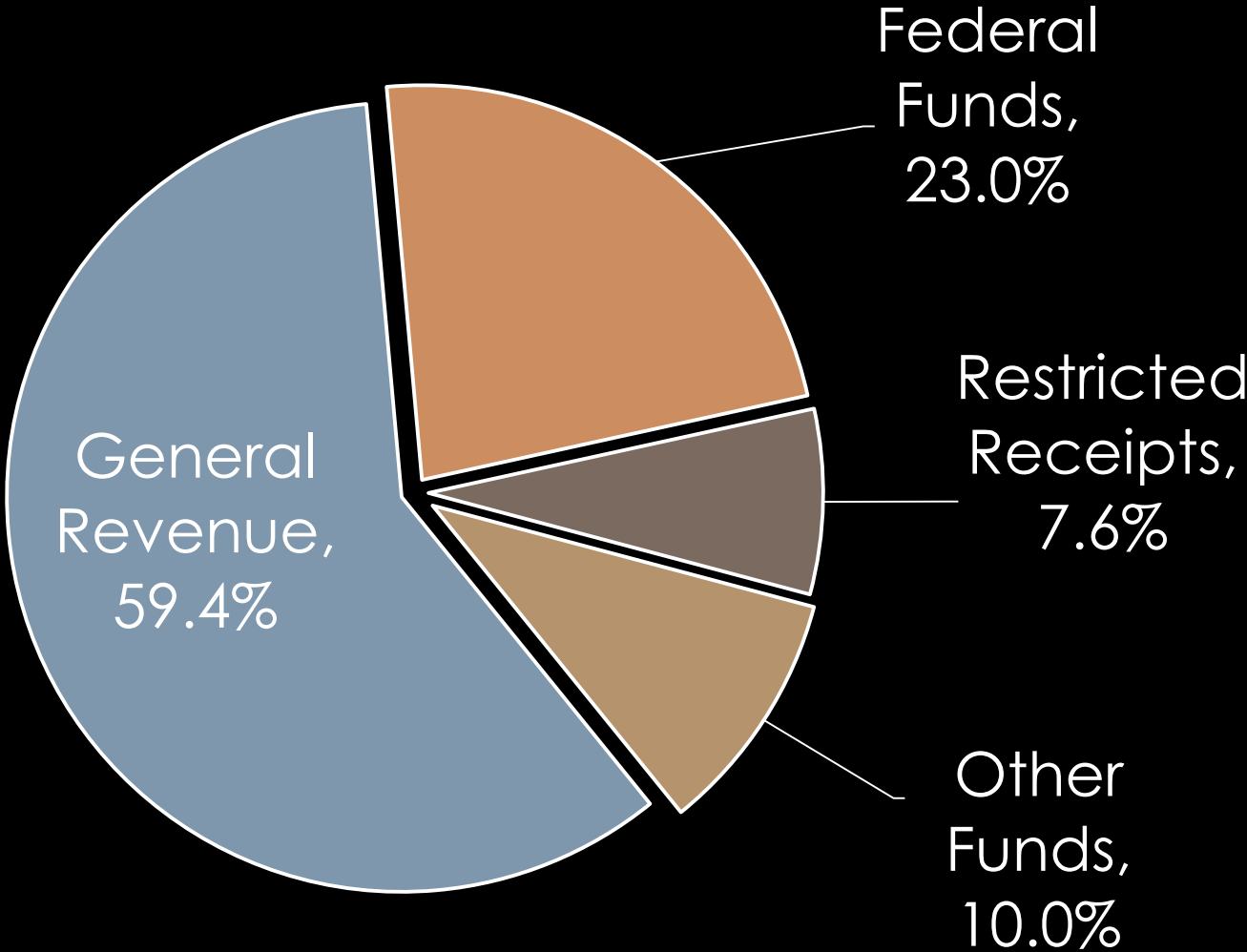
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(\$ In Millions)

Excludes Centralized Services

FY 2019 Recommendation



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

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
- Art. 12 proposes to repeal the sunsets & expand reporting requirements

Economic Development Incentives - Background

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

\$ In Millions

Economic Development Incentives - Background

<i>New Initiatives</i>	<i>FY 2019</i>
Supply RI	\$ 0.5
Refundable Investment Tax Credit	0.3
Municipal Technical Assistance	0.2
Manufacturing Site Readiness	0.2
Grand Total	\$ 1.2

\$ In Millions

Rebuild RI Tax Credit: Current Law

- 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

Art. 12 - Rebuild RI Tax Credit

- 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

Rebuild RI Project Thresholds			
Dev. Type	Cost	Min ft ²	Other min
Commercial	\$5.0 million	25,000	1+ Businesses and 25 FT Employee
Multi-Family Residential*	Discretionary	20,000	20 Residential Units
Mixed Use	\$5.0 million	25,000	1 Business

**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

Prior Funding	FY 2018	FY 2019 Gov.
\$25.0	\$2.0	\$1.0

\$ 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

Art. 12 Small Business Fund

Small Business Assistance Uses to Date

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

\$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

Max credits per year		
Associate's	Bachelor's	Graduate/Post Grad
\$1,000	\$4,000	\$6,000

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;

Appropriations	
FY 2016	FY 2017
\$1.8	\$2.0
<i>\$ In Millions</i>	
Wavemaker Cohorts	
2017	2018
208	219

- 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

2016	2017	2018	2019
\$0.8	\$0.5	\$ -	\$0.1
<i>\$ In Millions</i>			

- 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 \$750,00
 - 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

Art. 12 - New Qualified Jobs Tax Credit

- Reduce threshold for manufacturers of 10% of its current workforce or 100 jobs
 - Manufacturer with 10 jobs eligible for 1 job

	Current Law		Art 12	
	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		Any	10%

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
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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

Item	FY 2018	FY 2019
<i>EPSCoR / STAC</i>	<i>\$250,000</i>	<i>\$250,000</i>
<i>Commerce RI</i>	<i>250,000</i>	<i>-</i>
Operating Transfers - Total	\$500,000	\$250,000

Staffing

Full-Time Equivalent Positions

Full-Time Positions	FTEs	Chg. To Enacted
Enacted Authorized	17.0	-
FY 2018 Gov. Rev.	17.0	-
FY 2019 Request	17.0	-
FY 2019 Governor	17.0	-
FY 2019 Funded FTE	15.0	(2.0)
Filled as of March 31	14.0	(3.0)
FY 2017 Average Filled	15.0	(2.0)

Staffing

FY 2019 Governor Recommendation		
	EOC	Statewide
Gross Salaries (in millions)	\$1.9	\$1,117.1
Turnover (in millions)	(0.2)	(42.9)
Turnover %	11.7%	3.8%
Turnover FTE	2.0	592.2
FY 2019 FTE recommended	17.0	15,426.5
Funded FTE	15.0	14,834.3
Filled as of March 31	14.0	13,849.4
Funded but not filled	1.0	984.9

Executive Office of Commerce

- 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

Housing & Community Dev.

- Administers & oversees housing programs
 - Community Development Block Grant funds
 - Rental housing subsidies
 - Lead Hazard Reduction Program
 - Shelter operations

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 \$7.0 million from this federal grant
 - \$0.5 million more than enacted, 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
 - \$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

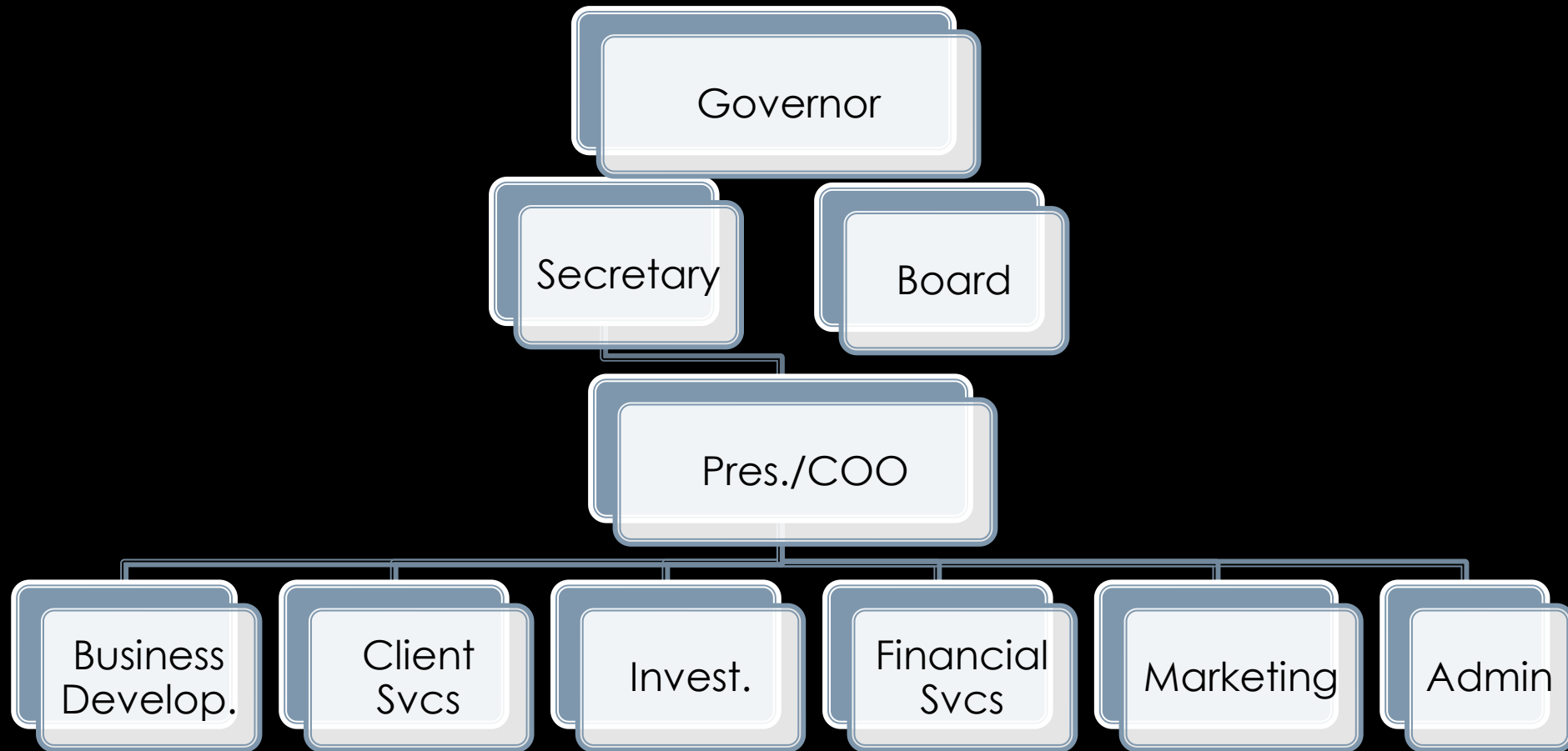
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Commerce Corporation

- 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

- 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

	FY 2018 Enacted	FY 2018 Rev	FY 2019 Rec	Change to Enacted
EPSCoR	\$1.2	\$0.9	\$0.9	\$(0.3)
Airport Impact Aid	1.0	1.0	1.0	-
Small Bus. Innovation Research	1.0	1.0	1.0	-
Chafee Center at Bryant	0.4	0.4	0.4	-
Building & Fire Code Inspections	0.3	0.3	-	-
Urban Ventures	0.1	0.1	0.1	-
Polaris Manufacturing Ext.	0.3	0.3	0.4	0.1
Total	\$3.9	\$3.7	\$3.8	\$(0.2)

\$ In Millions

EPSCoR

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 Development Corporation

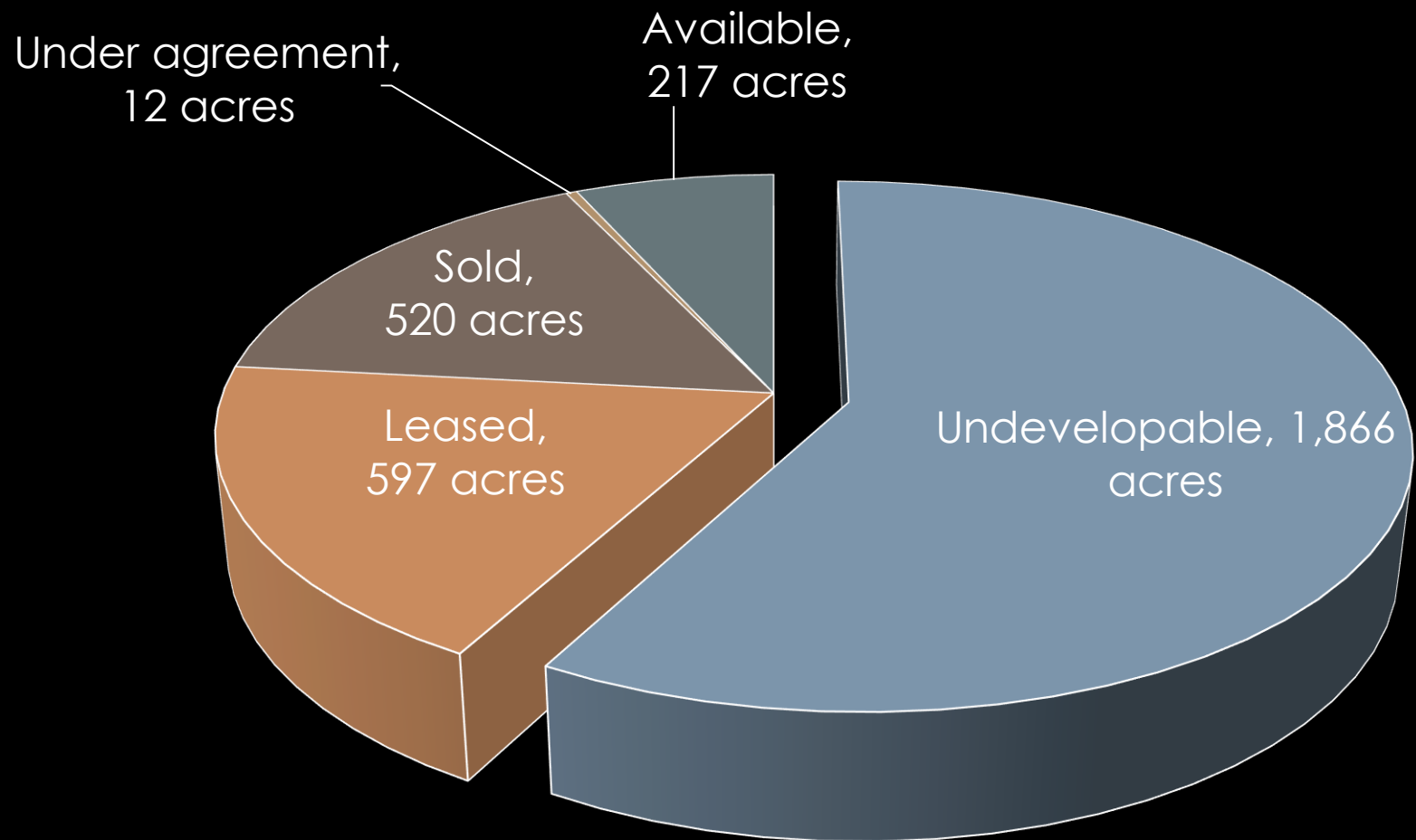
- Quonset Business Park land originally 2 naval bases established prior to 1942
 - Base selected for closure in 1991
 - Land transferred to the state from 1978-2000
 - Administered by different state agencies
- Corporation established by 2004 Assembly to develop and manage Quonset Business Park

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

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 issued the bonds
- Corporation provides the Commission office space

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 – 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

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

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

Project	Status	Cost	Financing	End Date
Quonset Infrastructure	New	\$14.0	RICAP	FY 2021
Affordable Housing	Revised	\$0.3	G.O.	FY 2019
Urban Blight	Revised	\$10.0	G.O.	FY 2019
Innovation Campus	Revised	\$20.0	G.O.	FY 2021

\$ In Millions

FY 2019 – FY 2023 Capital Plan

Project	Status	Cost	Financing	End Date
Quonset Piers	Revised	\$90.0	G.O., RICAP QDC Funds	FY 2022
Port of Providence	Revised	\$20.0	G.O.	FY 2019
I-195 Redev. District	Revised	\$0.3	RICAP	FY 2019

\$ In Millions

New-Quonset Industrial Park

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

1996	2004	2016
\$72.0	\$48.0	\$50.0

\$ 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

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

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
 - \$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

- 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

- 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

Quonset Piers

	Prior	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
G.O.	\$ 9.5	\$ 11.5	\$ 7.5	\$ 21.5	\$ -	\$ -	\$50.0
Revenue Bond	-	-	-	-	21.0	-	\$21.0
RICAP	3.0	2.0	5.0	5.0	-	-	\$15.0
Other	-	1.0	1.0	1.0	1.0	-	\$ 4.0
Total	\$12.5	\$14.5	\$13.5	\$27.5	\$22.0	\$ -	\$90.0

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
