

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of August 26, 2008

RIEDC: Narragansett Room

315 Iron Horse Way, Suite 101

Providence, RI 02908

In attendance:

COUNCIL AFFILIATION

R. Caniglia Stand Corp.

D. Varin Vice Chairman

B. Parson RIEDC

M. Wood League of Cities and Towns

D. Langley Urban League of Rhode Island

OTHER AFFILIATION

V. Barros RIEDC

J. Garrahy Legal Counsel

M. Godin Needs, Inc.

A. Crisman Mt. Hope Enterprise Zone

K. Cosentino City of Providence

C. Spencer Town of Tiverton

M.Canole Division of Taxation

W. Clark Town of Portsmouth

Vice Chairman Varin called the meeting of the Enterprise Zone Council to order at approximately 10:05 AM and noted that there was a quorum present.

The first order of business before the Council was the Meeting Minutes from the May 27th meetings.

Mr. Varin asked for a motion to approve the meeting minutes from May 27th. Mr. Parsons made the motion; seconded by Mr. Wood. Mr. Varin asked if there were any additional comments or questions.

Mr. Varin pointed out that on page 3 of the minutes, Mr. Wood suggested that staff should obtain separate wage information for the employees and owners of companies seeking tax certification. Mr. Varin asked how this was progressing. Mr. Barros stated that a process was being designed to gather separate wage information. This process, if adopted by the Council, would be in place for 2008 year-end tax certification.

Mr. Varin added that Mr. Crisman, prior to the meeting, brought to his attention a provision in the legislation that gives the Council some discretion in adopting rules and regulations that further the purpose of the act.

Mr. Varin pointed out that on page 5 of the meetings legislative items that impacted the program and the Council were discussed, he stated that Mr. Barros would continue that discussion under old business later in the meeting.

There being no further discussion, the motion was unanimously approved.

The next order of business before the Council was 2008 Recommendations for Membership.

Mr. Barros stated that there were six (6) businesses being recommended for 2008 membership. He stated that staff recommended approval of all six (6) businesses as presented bring the year-to-date total to thirty- eight (38) new member businesses for 2008.

Mr. Varin if Advance Auto Part has more than no location. Mr. Barros stated that he thought each location was a separate franchise operation.

Mr. Varin asked for a motion to approve the recommendations for 2008 membership. Mr. Woods made the motion; seconded by Mr. Parsons. Mr. Varin asked for comments or questions.

There being no further discussion, the motion was unanimously

approved.

The next order of business before the Council was 2007 Recommendations for Certification.

Mr. Varin directed the Council's attention to a revised list of 2007 Recommendations for Certification that was distributed at the meeting.

Mr. Barros stated that there were ten (10) businesses being presented and that the revision included the addition of one (1) business: Providence Pictures Inc. from the Providence II enterprise zone. He stated that staff recommended approval of all ten (10) businesses bring the year-to-date total to one hundred and two (102) businesses approved for 2007 tax certification.

Mr. Barros directed the Council's attention to a company in the Providence II enterprise zone: Dassault Systemes Stimulia Corp. He asked to Council to look at the breakdown of the twenty-six (26) new full time jobs created by this company. All of which fit into the RIEDC's focus of building a high wage economy, and supports the idea that the EZ tax incentives can help support high wage sustainable job growth in distressed urban areas .

Mr. Varin asked for a motion to approve the recommendations for 2007 certification. Mr. Caniglia made the motion; seconded by Mr.

Wood. Mr. Varin asked for comments or questions.

Mr. Barros mentioned to the Council that the employment/job report, which provides details on each individual new enterprise zone job created in 2007, was attached to the 2007 recommendations for certification report.

There being no further discussion, the motion was unanimously approved.

The next order of business before the Council was 2007 Carry Forward Authorization.

Mr. Barros stated that there were two (2) business seeking 2007 carry forward authorization. Both met the requirements prescribed by law. They maintained their employment benchmark and obtaining letters of good standings from the Secretary of State's office, the RI Division of Taxation and their local municipality. As a result staff recommended approval of both businesses as presented, bring the year-to-date total to 15 business awarded EZ tax credit carry forward authorization.

Mr. Varin asked for a motion to approve the recommendations for 2007 Carry Forward Authorization. Mr. Woods made the motion; seconded by Mr. Langley. Mr. Varin asked for comments or questions.

There being no further discussion, the motion was unanimously approved.

The next order of business before the Council was old business to be discussed.

Mr. Barros explained to the Council that a notification was mailed to all of the communities affected by pending expiration of the Mt Hope and West Warwick Enterprise Zones: the towns of Bristol, Warren and West Warwick, inviting them to apply for zone re-designation by completing a zone re-designation request form, generating a town resolution in support of zone re-designation and conducting a public hearing on the topic.

He continued by stating that all of the towns have responded and wish to seek zone re-designation. The next step is for each zone to complete the 2008 zone re-designation questionnaire. A copy of which was provided in the agenda package for Council review. The questionnaire is due on Friday, October 10, 2008 and presentations by the towns will be heard by the Council during its regularly scheduled October meeting (10/28/08).

Mr. Barros warned the Council that because of administrative changes at the town of West Warwick, including a new town manager and a vacancy at the position of town planner, there may be some

difficulty for the town responding to the questionnaire in a timely fashion.

Mr. Wood asked if Mr. Barros had contacted the town about this and he stated that he had not but was planning to do so next week.

Mr. Wood and other Council members offered their support. They offered to helping EDC staff with any additional work that may arise from West Warwick's inability to pull together a timely zone re-designation package.

The next order of business before the Council was new business to be discussed.

Mr. Barros gave the Council an update on the Tax Incentive and Accountability Act, Senate bill – 2261. He stated that taxation had mailed out a form requesting information on EZ tax credit claimed by company in FY '08. That information was due back to the division by August 15, 2008. In turn, the RIEDC is required to obtain similar EZ tax credit related information from companies and report back those finding to the division by September 15, 2008.

Mr. Barros review the form that the EDC had designed to obtain the required EZ tax credit related information from EZ registered businesses. He reviewed the form in great detail and expressed his concerns about the short turn around time and format of some of the

questions.

A general discussion ensued about the reasons for gathering this information, the process for gathering this information and the form used to gather it. The Council suggested the addition of a cover letter, instruction sheet and identifying information like name and FEIN for each individual companies.

Mr. Clark expressed his thoughts about the so called 'wage test' which states that a company's wages must increase (by no specific dollar amount, just increase) over that of the prior year. He stated the Council had looked at the case of New England Boatworks, a company that added six new full-time employees in 2007 but their wages decreased by four tenths of one percent because their overtime was drastically reduce in 2007 – where they added employees and stabilized their workforce – in 2006 they had an inordinate amount of work from boat shows, requiring a lot of overtime paid which inflated their payroll figures. Because of this they were determined to be ineligible for tax credit related to hiring those six (6) new full-time employees and lost \$27,000 in tax credit. Mr. Clark strongly feels that the wage test either needs to be eliminated or we find a way for the Council to look at wages on a case by case basis, as needed, to see why wages are the way that there are in certain cases. The Council need to have a way to review these wage related cases that have special circumstances.

A general discussion ensued about the wage issue and the Council agreed that work needed to be done in this area.

There being no other business to come before the Council, Mr. Varin asked for a motion to adjourn. Mr. Wood moved to adjourn. Mr. Langley seconded the motion. The motion was approved unanimously and the meeting