

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of January 27, 2009

RIEDC: Narragansett Room

315 Iron Horse Way, Suite 101

Providence, RI 02908

In attendance:

COUNCIL AFFILIATION

R. Caniglia Stand Corp.

D. Varin Vice Chairman

M. Wood League of Cities and Towns

D. Langley Urban League of RI

OTHER AFFILIATION

V. Barros RIEDC

M. Godin Needs, Inc.

A. Crisman Mt. Hope Enterprise Zone

K. Cosentino City of Providence

W. Clark Town of Portsmouth

Michael Canole Division of Taxation

Linda Riendeau Division of Taxation

Bob Griffith Division of Planning

Carrie Abatiello Moses & Afonso, LTD

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 were the meeting minutes from the October 28th and November 25th meetings.

Mr. Varin asked for a motion to approve the October 28th meeting minutes. Mr. Caniglia made the motion; seconded by Mr. Wood. Mr. Varin asked for comments or questions. There being none, the motion was unanimously approved.

Mr. Varin asked for a motion to approve the November 25th meeting minutes. Mr. Wood made the motion; seconded by Mr. Caniglia Mr. Varin asked for comments or questions. There being none, the motion was unanimously approved.

The next order of business before the Council was 2009 Recommendations for Membership.

Mr. Barros stated that there were six (6) businesses being recommended for 2009 membership. He stated that staff recommended approval of all six (6) businesses as presented bring the year-to-date total to six (6) new member businesses for 2009.

Mr. Varin asked for a motion to approve the recommendations for

2009 membership. Mr. Wood made the motion; seconded by Mr. Caniglia. Mr. Varin asked for comments or questions.

Mr. Caniglia asked if Schulz Boats was a new company. Mr. Crisman explained that it was a new incarnation of Shannon Yachts. Shannon went into receivership and came out as a new company, Schulz Boats, with many of the same employees.

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 was one (1) businesses being presented for 2007 carry forward authorization and that staff recommended approval of the business bring the year-to-date total to sixteen (16) and businesses approved for 2007 carry forward authorization.

Mr. Varin asked for a motion to approve the recommendation for 2007 certification. Mr. Wood made the motion; seconded by Mr. Langley. Mr. Varin asked for comments or questions.

Mr. Caniglia asked what RCJ, Inc did? What type of business was it.

Mr. Barros reply was that he did not know off-hand but would find out

and report back to the Council. In addition, he would add a company description, similar to that on the certification report, to future carry forward authorization reports.

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

The next order of business before the Council was the a Review of the 2008 Tax Credit Certification Process.

Mr. Barros reviewed the documents that comprised the 2008 enterprise zone year-end certification packages, noting the changes to the certification form itself. The substantive change being that the annual company wages requested was separated into two categories: W3 total company wages paid and W2 total owners wages paid.

A general discussion ensued about the certification process and the merits of looking at a breakdown of wages.

Mr. Crisman asked if the definition of owners should be added to the key definition section of the package. Mr. Barros agreed and told the Council that he would do so.

Mr. Varin and Mr. Caniglia pointed out that the local point of contact for West Warwick needed to be update. Mr. Barros stated that he would update the list with the appropriate contact person before the

mailing.

A general discussion ensued about the impact of overtime on a company's certification eligibility.

Mr. Clark asked if we could request that companies send a copy of their continuation forms to the local point of contact. Mr. Barros agreed that it was doable but needed to work out a procedure that would not be cumbersome to the businesses.

Mr. Wood asked that once the changes to the forms could updated copies of the certification package be sent to the Council.

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

Mr. Varin asked for an update on the West Warwick Re-designation. Mr. Barros stated that the town had hired a consultant, Richard Greene, who was working on the re-designation proposal.

Mr. Barros informed the Council that the Governor's Strategic Tax Policy Workgroup's recommendations included the eliminate many of the state's business tax credits including the enterprise zone tax credit.

A general discussion ensued about the rationale behind the

workgroup's recommendations and its potential impact.

Mr. Canole added that these decisions are policy decisions and therefore not something that the division would get directly involved in.

A general discussion ensued about the state's unemployment picture, the effectiveness of EZ business tax credit on unemployment and the Council's options for response to the workgroup's preliminary recommendations including designing and distributing an informational letter to member businesses.

Mr. Clark added that the Council should be aware that EZ businesses rely on the Council and the RIEDC for information, so that concept supports the idea of preparing a letter to inform them of things at hand.

Mr. Langley stated that we need to send a letter to the companies telling them to contact their legislators and the governor's office regarding this issue.

Mr. Wood suggested that we get some supporting numbers for the program and then sit down with the RIEDC's interim director to discuss the program. Urging him to carry our message to the governor's office.

Mr. Caniglia suggested that letters from local EZ companies may have more compassion, more emotion, more teeth than a general letter from the Council.

Mr. Crisman added that in addition to letters generated by local points of contact, a letter from the Council would be beneficial because it would reach every company.

Mr. Langley cautioned the Council to be proactive on this issue.

Mr. Varin suggested that a Special Meeting of the EZ Council be scheduled in order to discuss this matter further and decide on an appropriate course of action/response to the workgroup's recommendation.

Mr. Caniglia took a minute to acknowledged that this was Mr. Canole's last EZ Council Meeting as the division of taxation's liaison to the Council. Mr. Caniglia thanked him, on the behalf of the Council, for all his good work and wised him well in his future endeavors.

There being no further business to come before the Council, Mr. Varin asked for a motion adjourn. Mr. Caniglia made the motion; seconded by Mr. Wood. The motion was unanimously approved.

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of February 24, 2009

RIEDC: Narragansett Room

315 Iron Horse Way, Suite 101

Providence, RI 02908

In attendance:

COUNCIL AFFILIATION

R. Caniglia Stand Corp.

D. Varin Vice Chairman

M. Wood League of Cities and Towns

D. Langley Urban League of RI

B. Parsons RIEDC

OTHER AFFILIATION

V. Barros RIEDC

M. Godin Needs, Inc.

A. Crisman Mt. Hope Enterprise Zone

K. Cosentino City of Providence

W. Clark Town of Portsmouth

L. Riendeau Division of Taxation

J. Garrahy Moses & Afonso, LTD

J. Polucha City of Woonsocket

L. DiBoni City of Cranston

Vice Chairman Varin called the meeting of the Enterprise Zone

Council to order at approximately 10:08 AM and noted that there was a quorum present.

The first order of business before the Council was the Minutes from the February 10, 2009 Meeting

Mr. Varin asked if there were any questions or comments about the minutes. Mr. Parsons made a motion to approve the minutes, Mr. Caniglia seconded the motion. Mr. Varin asked the word impactful which appears at the bottom of page 1 be changed to helpful. Mr. Garrahy pointed out the although he was in attendance, his name is absent from the list of attendees.

The changes were noted by Mr. Barros. Mr. Varin asked for a vote. All voted in favor except Mr. Wood, who abstained because he was not in attendance on February 10, 2009, the motion was approved.

The first order of business before the Council was 2009 Recommendations for Membership.

Mr. Barros stated that there were five (5) businesses being recommended for 2009 membership. He stated that staff recommended approval of all five (5) businesses as presented bring the year-to-date total to eleven (11) new member businesses for 2009.

Mr. Garrahy asked if Pawtucket Asphalt's benchmark was accurate

because it seemed rather low. Ms. Godin explained that they have another legal business entity at that same location with more employees.

Mr. Varin had a similar question about Bristol Toyota. Mr. Crisman explained that they have two locations, one is within the zone, one is outside the zone. This location is new and has yet to do the bulk of its hiring.

Mr. Varin asked for a motion to approve the recommendations for 2009 membership. Mr. Parsons made the motion; seconded by Mr. Wood. 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 2008 Recommendations for Certification.

Mr. Varin pointed out that there was a revised list of 2008 recommendations for certification. The revision included three (3) additional business: American Partners (Pawtucket/Lincoln), Advertising Ventures (Port of Providence) and Batchelor Frechette McCrory Michael (Providence 2).

Mr. Barros stated that were nine (9) businesses being presented and

that staff recommended approval of this one business bring the year-to-date total to nine (9) businesses approved for 2008 tax certification.

Mr. Varin asked for a motion to approve the recommendations for 2008 certification. Mr. Wood made the motion; seconded by Mr. Caniglia. Mr. Varin asked for comments or questions.

Mr. Caniglia asked if these businesses were first timers or had they received prior certification and consistently grown their workforce. Mr. Barros stated that he had not done any research on it but it appeared that most of the companies listed on the report were companies that had taken advantage of the EZ benefits and grown their workforces in prior years.

Mr. Caniglia asked if we were to track the employment of member business would we see growth. Mr. Barros suggested that it would be interesting to look at a sample group of business, track their growth and create a of graph detailing the results.

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

The next order of business before the Council was the Request for 2006 Certification by Kirk's Folly.

Mr. Barros explained that Kirk's Folly was seeking 2006 certification because the division of taxation notified them that they did not have the authorizing paperwork from the EZ Council needed to claim a 2006 EZ business tax credit. However, according to the company's records, they had submitted their 2006 certification request by the deadline of March 15, 2007. Their paperwork including the letters of good standing from taxation and the city of Providence, which supports their claim because all reflected dates issued in early 2007 prior to the March 15th deadline.

Mr. Barros stated that after a circumspect review it was his opinion that the company filed their 2006 certification in a timely fashion and that for some unknown reason it was not processed at staff level nor submitted for Council approval. He recommended approval of the company's request for 2006 certification.

Mr. Wood asked if there was any inconsistencies in the documentation before, during, or after this problem with their 2006 certification. Mr. Barros stated that there were no inconsistencies, in fact, the company's employment benchmarks numbers accuracy reflected an active EZ clients businesses. Their 2006 numbers as displayed in the database showed an increase from 21 to 26 just as their request claims.

Mr. Langley made a motion to approve the request; seconded by Mr. Wood, subject to further discussion. Mr. Varin opened the floor to

further discussion.

Mr. Wood asked if there was an issue on taxation related to this.

Ms. Riendeau stated that the company must file all their forms prior to April 15th of this year.

Mr. Garrahy asked if the certification form was notarized. Mr. Barros stated that it was not required to be, only the membership application is required to notarized.

Mr. Garrahy added that it appeared to be a burden of proof issue or persuasion issues if there is nothing else available then the Council has to make a judgment, if the glitch happened there then the Council should not approve the request, if it happened here then the Council should approve the request.

Mr. Wood suggested that the company should submit a letter explaining the circumstances.

Mr. Langley amended his motion to include receipt of a letter of explanation from the company; seconded by Mr. Wood. The motion was approved unanimously.

The next order of business before the Council's Response to the Recommendations of the Governor's Strategic Tax Policy Workgroup.

Mr. Barros distributed a second letter for Council review that was designed to inform the EZ member business of the Governor's Tax Policy Workgroup's recommendation to eliminate the EZ business tax credit. He explained that the second letter is more straight forward and carries a tone of neutrality. The letter succinctly explains the recommendation and gives the business the opportunity to respond to the appropriate government officials.

Mr. Wood suggested a third paragraph be added that requests copies of the letters and e-mails be forwarded to the Council or the local points of contact.

Mr. Langley suggest that both letters could go out to the businesses. The second, more lengthy, letter could be authored by the local communities.

Mr. Wood suggested that the letter should also mention that the businesses can contact their local point of contact for more information.

Ms. Godin added that a list of the local points of contact should be included since we are asking them to forward correspondences, e-mail and, in some cases, contacting them directly.

A general conversation ensued about the importance of small

business in the economic development recovery of the state.

Mr. Clark stated that he felt that the letter was 'watered-down' and that if the Council and RIEDC really believed in the program they would say something a little strong than something might happen. They should be saying that this is a effective program that we would like to see continued. The letter should be a little stronger.

Mr. Wood made a motion to approve the short version of the letter subject to the modification discussed. Mr. Langley seconded the motion. Mr. Parson abstained from the vote. The motion passed.

There being no other business to come before the Council, Mr. Varin asked for a motion to adjourn. Mr. Wood moved to adjourn. Mr. Parsons seconded the motion. The motion was approved unanimously and the meeting was adjourned at 10:45 a.m.