

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of April 24, 2012

RIEDC: Narragansett Room

315 Iron Horse Way, Suite 101

Providence, RI 02908

In attendance:

COUNCIL AFFILIATION

D. Varin Vice Chairman

D. Langley Urban League of RI

M. Wood RI League of Cities and Towns

R. Caniglia Stand Corporation

B. Parsons RIEDC

OTHER AFFILIATION

V. Barros RIEDC

F. Presley City of West Warwick

E. Partridge City of Central Falls

S. Larrick City of Central Falls

J. Rhodes RI Statewide Planning

J. Garrahy Moses & Afonso, LTD

W. Clark Town of Portsmouth

L. DiBoni City of Cranston

M. Godin ED Foundation of RI

K. Cosentino City of Providence

A. Crisman Ctr. for Economic Development

At 10:05 Mr. Varin called the meeting the Rhode Island Enterprise Zone Council to order and noted there was a quorum present.

The first item of business before the Council was the Meeting Minutes for March 27, 2012

Mr. Parsons made a motion to approve the meeting minutes. The motion was seconded by Mr. Langley. Mr. Varin asked if there were any additional comments or questions. There being no further discussion, all voted in favor and the motion was unanimously approved.

The next order of business before the Council was a Recommendation for 2012 Membership

Mr. Barros stated that there was one business being recommended for EZ membership and the business, Britannia Pacific Hospitality Company, had completed a membership application that was reviewed by both staff at the EDC and city of Providence. Having found their application complete and accurate, staff recommended approval of the application as presented.

Mr. Langley made the motion to approve the membership request. The motion was seconded by Mr. Parsons. Mr. Varin asked if there was any further discussion.

Mr. Langley asked about the operation of the business.

Mr. Barros explained that it appeared that Britannia has taking over the operation of the employee function of the Hotel Providence previously performed by The Hotel Providence Employment, LLC.

He continued, stating that this would have become a concern of the Council if the company was seeking to establish a zero employment benchmark and sought tax credits for rehiring the pre-existing workforce but that is not the case. The beginning employment benchmark for the Britannia is 34 which accounts for some of the existing workforce.

There being no further discussion, all voted in favor and the motion was unanimously approved.

The next order of business before the Council were 2011 Recommendations for Certification.

Mr. Barros directed the Council's attention to a revised report that was distributed prior to the start of the meeting and stated that there

were four (4) businesses being presented for 2011 year-end certification, all businesses declared themselves as c-corps and satisfied the requirements for year-end certification; as a result, staff recommended approval of all four (4) businesses bring the year-to-date total to four (4) businesses resulting in one hundred thirty two (132) new full-time jobs created in 2011.

Mr. Varin asked for a motion to approve the 2011 recommendations for certification. Mr. Parsons made the motion which was seconded by Mr. Wood. Mr. Varin asked if there was any further discussion. There being no further discussion, all voted in favor and the motion was unanimously approved.

The next order of business before the Council was a Legislative Update on 2012 EZ related Bills.

Mr. Barros provided a general review of the four enterprise zone related bills that he had been tracking and monitoring. He stating that the two identical bills, one submitted on the House side and the other on the Senate, which sought to reestablish the EZ tax credit as an allowable credit against person income, have both stalled in committee, both being held for further study.

Mr. Clark stated that the fiscal note that the Senate had the day he testified show a \$579,000 revenue drain but made no reference to the

revenue income of the new jobs.

A general discussion ensued about the how the state calculated the revenue loss.

Mr. Wood posed the question: what is the continuing rationale for not supporting this program, when it clearly shows, statistically, a benefit to the zone and the state.

Mr. Crisman stated the when the budget office looks at the program they fail to do a cost-benefit analysis; they consider only the cost analysis.

Mr. Langley talked about the sociological perspective on having a job on the family dynamic. He added that legislature should consider the impact of a person having a job on other state support benefits – lessening the reliance of those state support programs and reducing the cost of those programs to the state.

The discussion continued about whether some of the EZ job creation would occur without the EZ tax credit incentive and how much incentives drive business relocation and job creation. Examples were cited of companies who directly attributed their job creation to their ability to claim EZ tax credits. Most agreed that this is a difficult question to answer in generalities, every case may be different.

Mr. Wood stated that the League of Cities and Towns could get behind and push support for the bill to reinstate the tax credit if it is requested by the mayors of EZ municipalities.

Mr. Clark stated that getting town council resolutions passed in support of the bills and circulated to the General Assembly like he did in Portsmouth is a relatively easy thing to do and he recommended other communities do the same.

Mr. Garrahy suggested that the Council consider amending the bill to reinstate the EZ credit solely for the hiring of zone residents. It would greatly reduce the fiscal impact while narrowing the focus of the program on the hiring of people living in these zones.

Mr. Garrahy and Mr. Barros were charged with drafting an amended version of the existing bill for Sub A consideration.

Mr. Wood suggested that if supported by the mayors, he would be willing to put the amended version of the bill on the agenda of a upcoming League of Cities and Towns meeting.

Mr. Varin asked if there was any other business to come before the Council. There being none, he asked for a motion to adjourn. Mr. Parsons made the motion which was seconded by Mr. Wood. All voted unanimously in favor of the motion to adjourn.