

The following is the online posting for the Rhode Island Enterprise Zone Council Minutes for the Meeting held on July 27, 2004, as accepted unanimously at the Meeting held on August 24, 2004. (We were unable to post these Minutes electronically under the date of July 27, 2004, therefore we are posting them on today's date.)

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of July 27, 2004

RIEDC; 4th Floor, Room 1

One West Exchange Place

Providence, RI 02903

Attendance

Name Affiliation

Victor Barros (EDC Staff)

Ron Caniglia (Council Member)

Bill Clarke (Portsmouth - Business Development)

Kathy Cosentino (City of Providence)

Alan Crisman (Mt. Hope Zone)

Michelle M. Godin (Needs, Inc.)

Dennis Langley (Council Member)

Thomas M. Madden (Legal Counsel)

Virginia O'Shan (RI Division of Taxation)

Bill Parsons (EDC – Chairman's Designee)

Dan Varin (Council Member)

Bruce Vild (Statewide Planning)

Mike Wood (Council Member)

There being a quorum present, Vice Chairman Varin called the meeting to order at 10 AM.

The first item of business before the Council was action on the minutes of the May 25, 2004 meeting. There being no discussion on said minutes, Mr. Langley moved approval of the minutes, Mr. Wood seconded the motion and the minutes as distributed were approved by unanimous vote.

The second item of business before the Council was the recommendation list for 2004 membership, attached hereto as Exhibit A.

Mr. Barros introduced the seventeen businesses being considered for membership at the meeting and noted that EDC staff would recommend approval of all seventeen, “bringing our year-to-date total to 72 new businesses.”

There being no substantive discussion on the membership list, Mr. Wood moved approval. Mr. Parson seconded the motion and the list was unanimously approved.

The next item of business before the Council was the recommendation list for 2003 certifications, attached hereto as Exhibit B.

Mr. Barros noted that “We have fourteen businesses being

recommended at this meeting for year-end certifications. As you can see, you have the pertinent information, the employment benchmark, number of new hires and also,... Enterprise Zone resident figures [are] available. They all have completed the...steps necessary for certification, increased [employment] by at least 5%, wages have grown from one year to the next, and they also have gotten in all their letters of good standing, therefore the staff would recommend...approval of all fourteen businesses....”,

There being no substantive discussion on the certification list, Mr. Parson moved approval of said list, Mr. Wood seconded and the list was unanimously approved.

The next item of business before the Council was the recommendations list of carry-forward authorizations for 2003, attached hereto as Exhibit C.

Mr. Barros reported that “there are two businesses being considered for carry-forward recommendations this month.... The important thing again is that the company has maintained the workforce or grown the workforce to be eligible to utilize unused portions of a prior-year tax credit. Based on all that I would recommend approval of the two companies, bringing our year-to-date total to twenty companies that have been certified to use prior-year tax credits.”

There being no substantive discussion on the carry forward list, Mr. Langley moved approval of said list, Mr. Parson seconded the motion and the list was unanimously approved.

Vice Chairman Varin then turned the Council’s attention to the state budget provision affecting the Enterprise Zone Program, asking Mr.

Barros “to give us a very brief explanation of Budget Article 17.”

Mr. Barros then proceeded; “As everyone here is aware, the Governor has recommended elimination of the Enterprise Zone program in his original budget. What happened after that, after speaking to the business community and also various municipalities, the Governor asked EDC along with the Budget Office to make recommendations that were sort of a step back from complete elimination, but [would] show more fiscal concern about the program, and really, I think, with a genuine effort to tighten fiscal controls but make the program...still keeping the effectiveness of the program there. We made recommendations; we’ve had discussions about those recommendations at other meetings. [T]he General Assembly... made changes and amendments to the budget. What you have here are the only changes that the General Assembly made to the Enterprise Zone program, and those changes are as follows. The business tax credit, which is the main tax credit which we certify companies for at meetings...would decrease. The normal credit, which is a \$10,000 credit, would decrease to \$2,500 per new employee – maximum of \$2,500 per new employee. Same calculations, 50% of the wages paid, maximum of \$2,500.... The maximum credit [for zone residents] decreases from a \$15,000 maximum to a \$5,000 maximum – 75% of the wages. Also included is the elimination of all of the other ancillary credits including the tax credit for donations which is commonly referred to as the Public Supported Improvement Project, the interest income tax credit...was also stricken....

I think this has given us some opportunity, going forward before the

next legislative cycle, to make some recommendations and work on a position paper that would be sort of reinventing the Enterprise Zone program.... Regarding the Public Supported Improvement Project – we [will] send letters to all those projects notifying them that any donations made after July 1st will not be eligible [for credit]. How this will effect companies that we certify is that at the end of the year, regardless of when a person is hired, because this credit takes place for the entire year and affects wages that are disbursed throughout the entire year, that it doesn't matter if you hire someone in January, that person wouldn't be eligible for the old criteria – this will affect the entire program, so that next year when we go into it – and we will notify companies, all 474 companies within the next few weeks of the impact this will have on their credit for the eligible folks that they hire.”

Mr. Barros added that he would be working with the Division of Taxation and others to draft the letter and that he would be pleased to provide a draft to those present.

Mr. Wood inquired as to the information gathered and available regarding the fiscal impact of the program. Mr. Barros replied that he could not vouch for the authenticity of the prior information discussed in the General Assembly, but pledged that the EDC staff will be much more informed of the Enterprise Zone numbers and impact going forward.

Mr. Langley added that he had spoken to the Governor, the President of the Senate and the Speaker of the House to say that “This [program] is providing a stimulus for companies to come into areas

where they normally would not...; you're developing the self-esteem of individuals to be productive, ... it seems to be very short-sighted of the Governor on working to eradicate or to remove this.”

Mr. Barros replied that all stories about the program should be told and that the local points of contact need to play a bigger role in sharing that information.

Vice Chairman Varin then inquired of Ms. O'Shan how the Division of Taxation determined the timing eligibility of a credit for a Public Supported Improvement Project.

Ms. O'Shan replied that the Division requires a specific type of receipt specifying donation date to be generated by the donee and reported to the Division.

Turning attention to old business, Vice Chairman Varin then asked Mr. Madden for an update on the Coastal Medical declaratory ruling to which Mr. Madden replied that Mr. Barros had informed him that the issue would not be considered until the next meeting of the Council and that he therefore had nothing to report this month.

Vice Chairman Varin then asked for a motion regarding the issue.

Mr. Langley moved to further table the Coastal Medical request until the next meeting of the Council. Mr. Wood seconded the motion and the motion was unanimously approved.

Vice Chairman Varin then inquired whether any other business was to come before the Council, at which time Mr. Wood raised the issue of electronic reporting of meeting notices, agendas and minutes and inquired whether the Council was complying.

Mr. Madden replied that he had contacted the Secretary of State six

months ago regarding electronic reporting and at that time learned that the Secretary of State had not yet enabled the electronic filing as legislated under the open meetings law. Mr. Madden added that if the system was actually working now he would immediately follow up with Mr. Barros to insure that the Council complies with electronic filing regulations.

Mr. Crisman then suggested that the Council invite member businesses to come to the Council meetings and share their success stories in the program with the Council – and to invite guests from the Governor’s office and the General Assembly.

Ms. Godin suggested a survey be conducted to garner the most possible information about members’ experiences in the program.

Ms. O’Shan, Mr. Vild and Vice Chairman Varin then recalled a prior report by the Council providing related information and it was agreed that copies of the report should be distributed to those present.

There being no further business to come before the Council, Mr. Parson moved adjournment of the meeting, Mr. Langley seconded the motion and the meeting was adjourned.