

# Financial Incentives Accountability Statement

Rhode Island Chapter 08-165 requires analysis and documentation of how certain financial incentives offered by the state to promote economic development impact the state economy. Generally, such incentives are offered through an economic development corporation, the state Distressed Areas Revitalization Act, state Jobs Development Act, a state Mill Building and Economic Revitalization Act, and the state Motion Picture Production Tax Credits program.

The Act prohibits the state economic development corporation from undertaking certain projects without preparing and publicly releasing an analysis of the projected impacts of the proposed project on the state economy. The analysis must be supported by data and documentation that addresses factors such as:

- the impact on the industry or industries in which the completed project will be involved;
- state fiscal matters, including the state budget (revenues and expenses);
- the financial exposure of the taxpayers of the state under the plans for the proposed project and negative foreseeable contingencies that may arise therefrom;
- the approximate number of full-time, part-time, temporary, seasonal, and/or permanent jobs projected to be created, construction and non-construction;
- identification of geographic sources of the staffing for identified jobs;
- the projected duration of the identified construction jobs;
- the approximate wage rates for each category of the identified jobs;
- the types of fringe benefits to be provided with the identified jobs, including healthcare insurance and any retirement benefits;
- the projected fiscal impact on increased personal income taxes to the state; and
- the description of any plan or process intended to stimulate hiring from the host community, training of employees or potential employees and outreach to minority job applicants and minority businesses.

The Act directs the state economic development corporation to compile and submit reports about projects that get tax credits or other financial incentives to the state division of taxation, the legislature, and the governor. The reports must also be available to the public and published on the tax division's website. These reports must provide information about the actual versus projected impact on the factors listed above for projects getting financial incentives from the corporation.

Specifically, the Act directs the corporation to certify to the legislature and the state tax agency the actual number of new full-time jobs with benefits created by certain projects, that the projects are on target to meet or exceed the estimated number of new jobs identified in the initial analysis, and the actual number of existing full-time jobs with benefits has not declined.

The law directs taxpayers to annually report to the state division of taxation the source and amount of any bonds, grants, loans, loan guarantees, matching funds or tax credits received from any state governmental entity, state agency or public agency during the previous state fiscal year. This report must be available to the public and published on the tax division's website.

The Act directs the director of revenue to compile and publish, in printed and electronic form, including on the Internet, an annual Unified Economic Development Budget Report that provides information about the costs and benefits of all tax credits or other tax benefits referenced in the Act during during the preceding fiscal year, including information such as:

- the name of each recipient of any such tax credit or other tax benefit;
- the dollar amount of each such tax credit or other tax benefit;

- summaries of the number of full-time and part-time jobs created or retained;
- employee benefits provided and the degree to which job creation and retention, wage and benefit goals and requirements of recipient and related corporations, if any, have been met;
- aggregate dollar amounts for each category of tax credit or other tax benefit and for geographical areas within the state;
- the number of recipients within each category of tax credit or other tax benefit;
- the degree to which job creation and retention, wage and benefit rate goals and requirements have been met within each category of tax credit or other tax benefit;
- the dollar amounts of all such tax credits and other tax benefits by approving authority; together with the cost to the state and to the approving agency; and
- the value of the tax credit or other tax benefits to each recipient.

Submitted as:

Rhode Island

Chapter 08-165

Status: Enacted into law in 2008.