

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS RHODE ISLAND

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

RHODE ISLAND’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
Utilidata	N/A	47	\$0.5
The Corporate Marketplace	N/A	45	\$4.0
Local Hooker Rods	N/A	12	\$0.3
NuLabel Technologies	\$3.0	40	\$1.5
MEDfx Corporation	N/A	10	\$0.3
Hasbro	\$24.0	284	\$1.6
TD Bank	N/A	164	\$0.4
MoFuse	N/A	37	\$0.1
Phoenix Medical Technologies	N/A	86	\$0.1
Toray Plastics (America)	\$16.0	30	\$1.0
Yardney Technical Products	\$12.5	165	\$0.6
38 Studios	N/A	450	\$75.0

OVERVIEW OF MAJOR RHODE ISLAND INCENTIVE PROGRAMS

JOB DEVELOPMENT ACT

The Jobs Development Act provides an incremental reduction in the corporate income tax rate (currently 9%) to companies that create new employment in Rhode Island over a three-year period.

The reduction equals:

A quarter percentage point (0.25%) for every ten (10) new jobs created, for those companies having a baseline employment below 100; or

A quarter percentage point (0.25%) for every fifty (50) new jobs created, for those companies having a baseline employment above 100.

The corporate income tax may be reduced to as low as 3%. The rate reduction is permanent as long as the company maintains the same level of employment that it had at the end of the third year following the company is self-selected base period. New employees must be paid at least 250% of the state minimum wage (the current state minimum wage is \$8.00/ hour.) This benefit is subject to a finding of revenue neutrality and vote of the Commerce RI Board.

JOB TRAINING TAX CREDIT

Provides companies with a tax credit against the corporate income tax (or the insurance premium tax) equal to 50% of eligible training expenditures for new or existing employees. Employees must be full-time and earn at least 150% of the RI minimum wage. Training plans must be filed with the Rhode Island Human Resources Investment Council for prior written approval. The credit is capped at \$5,000 per employee over a three-year period.

JOB TRAINING GRANTS

The Rhode Island Human Resources Investment Council offers a training program for business and industry funded through a job development assessment of 0.21% on the firm's taxable payroll. This pool of money is available for industry to create customized training programs tailored specifically for a company and free from income and other restrictions imposed by federally-funded programs.

MANUFACTURING INVESTMENT TAX CREDIT

A manufacturer is allowed a 4% tax credit against the Rhode Island corporate income tax on buildings and structural components, as well as machinery and equipment, which are owned or leased and are principally used in the production process (including storage). Property principally used for administration and distribution purposes is not eligible. The investment tax credit may not reduce the taxpayer's liability below the minimum business tax. Unused credits may be carried forward for up to seven (7) years.

Rhode Island shows an average deal value of \$0.98 million with 94 new jobs created per deal

OTHER RHODE ISLAND INCENTIVE PROGRAMS

- Motion Picture Tax Credit
- Insurance Company Retaliatory Tax Exemption
- International Investment Management Income Exemption
- Telecommunication Sales Tax Exemption
- Gross Premiums Tax Credits in Enterprise Zones
- Employer's Apprenticeship Tax Credit
- Educational Assistance and Development Credit
- High Performance Manufacturing Investment Tax Credit
- Business Income Apportionment for Manufacturers
- Apportionment Exclusion for Medical Manufacturers
- Innovation Tax Credit
- Jobs Growth Act of 2005: Income Tax Reduction on Performance-Based Income
- Child and Adult Daycare Tax Credit
- Research & Development Credits

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