STATE OF RHODE ISLAND

Governor Gina M. Raimondo

Fiscal Year 2020

STATE OF RHODE ISLAND

DEPARTMENT OF REVENUE

Unified Economic Development Report

Office of Revenue Analysis

February 22, 2021

List of Companies That Did Not Comply with Rhode Island General Law

The following companies that received tax incentives or benefits as reported by the Division of Taxation in the *Tax Credit and Incentive Report – Fiscal Year 2020* did not comply with the Rhode Island General Laws as it pertains to the submission to the Tax Administrator of "each full-time equivalent, part-time or seasonal employee's name, social security number, date of hire, and hourly wage as of the immediately preceding July 1" by September 1 of the year immediately following the fiscal year contained in the report. The lack of reporting of this required data may prevent the Office of Revenue Analysis (ORA) from conducting a complete cost-benefit analysis of the tax benefit listed below.

Motion Picture Production Tax Credits:

Statutory Reference: Rhode Island General Law § 44-31.2-6.1(h)

1. IndieWhip, LLC
   275 West Natick Road
   Warwick, RI 02886

2. Barks Movie, LLC
   275 West Natick Road
   Warwick, RI 02886

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Executive Summary

In accordance with Rhode Island General Laws § 42-142-6, titled "Annual unified economic development report," a comprehensive and quantitative analysis for the Jobs Development Act rate reduction and the Motion Picture Production Tax Credits programs for fiscal year 2020 is contained herein. The Office of Revenue Analysis (ORA) relied primarily on data provided by the Department of Revenue, Division of Taxation (Taxation) to conduct this analysis. The FY 2020 Unified Economic Development Report is the first such report that includes an Executive Summary. Prior versions of this annual report can be found at: http://www.dor.ri.gov/Reports/ under the Unified Economic Development Reports heading. The following is a summary of the report's findings:

The Tax Benefit Provisions Covered in the Report:

1. *Jobs Development Act (JDA):*

Rhode Island General Laws § 42-64.5-5 provides for a reduction in the business corporation or financial institutions tax rate for each new unit of employment that is added to a company's previously established base employment. For tax years beginning on or after January 1, 2015, for each unit of employment added the qualifying company receives a 0.20 percentage point reduction in the business corporation tax rate up to a maximum reduction of four percentage points for all companies other than telecommunications companies. This program was closed to new participants effective July 1, 2015 unless a company has qualified for the rate reduction prior to this date.

2. *Motion Picture Production Tax Credits (MPPTC):*

Rhode Island General Laws § 44-31.2-6.1 provides a motion picture production company credit against the business corporation tax (Rhode Island General Laws Chapter 44-11), the taxation of banks (Rhode Island General Laws Chapter 44-14), the taxation of insurance companies (Rhode Island General Laws Chapter 44-17), or the personal income tax (Rhode Island General Laws Chapter 44-30) in an amount of 30% of the state certified production costs incurred directly attributable to activity within the state, provided that the primary motion picture production locations are within the state of Rhode Island and the total production budget is at least $100,000. The amount of credit allowed for any single production is capped at $7,000,000 and can be carried forward for not more than three succeeding tax years. No motion picture production tax credits can be issued on or after July 1, 2027.

The Main Goals and Objectives of the Tax Benefits:

1. *Jobs Development Act (JDA):*

This information is unavailable. Statutory and programmatic goals and the intent of the tax incentive are not defined in the enabling statute.

2. *Motion Picture Production Tax Credits (MPPTC):*

According to Rhode Island General Laws § 44-31.2-1, the statutory and programmatic goals and intent of the Motion Picture Production Tax Credits are "to encourage development in Rhode Island of a strong capital base for motion picture film, videotape, and television program productions, in order to achieve a more independent, self-supporting industry." "The immediate objectives of the tax incentive are to:

i. Attract private investment for the production of motion pictures, videotape productions, and television programs, which contain substantial Rhode Island content as defined herein.
ii. Develop a tax infrastructure, which encourages private investment. This infrastructure will provide for state participation in the form of tax credits to encourage investment in state-certified productions.
iii. Develop a tax infrastructure utilizing tax credits, which encourage investments in multiple state-certified production projects.

The long-term objectives of the tax incentive are to:

i. Encourage increased employment opportunities within this sector and increased competition with other states in fully developing economic development options within the film and video industry.
ii. Encourage new education curricula in order to provide a labor force trained in all aspects of film production."

<u>The Report's Key Findings:</u>

1. *Jobs Development Act* (JDA*)*:

- According to the Division of Taxation, four companies received the Jobs Development Act rate reduction tax benefit in FY 2020 with a total benefit amount of $19,503,866.
- The Division of Taxation reported that the total full-time equivalent (FTE) active jobs created or retained by the JDA recipients was 9,499 in FY 2020
    - This total exceeds the required number of FTE active jobs created or retained to receive the tax benefit by 3,628.
    - The reported total FTE active jobs created or retained is 61.8% above the required number of FTE active jobs created or retained to receive the tax benefit.
- Three Rhode Island cities or towns, Johnston, Middletown, and Woonsocket, accounted for the primary locations of the reported total FTE active jobs created or retained.
- Each recipient of the JDA tax rate reduction benefit exceeded the required wage and benefits benchmarks in FY 2020, with the pre-July 1,2009 benchmark exceeded by 389.9% and the post June 30, 2009 benchmark exceeded by 222.6%.[1]
- Recipients of the JDA tax rate reduction had 316 employees, including family members of employees who received RIte Care and/or RIte Share benefits in FY 2020. The benefits received totaled $1,668,210.
- ORA conducted a "break-even" analysis to estimate the minimum percentage of the net economic activity created by the tax incentive beneficiaries that would have to be new to

[1] FTE active employees hired before July 1, 2009 were required to be paid at least 150% of the state minimum wage at the time of hire and be offered health insurance and retirement benefits. In addition, the hours worked by two or more employees could be combined to reach the required hours worked to qualify as an FTE active employee. FTE active employees hired after June 30, 2009 were required to be paid at least 250% of the state minimum wage at the time of hire and be offered health insurance and retirement benefits. In addition, the required hours worked to qualify as an FTE active employee could no longer be satisfied by combining the hours worked of two or more people.

the Rhode Island economy, and thus, would not exist without the tax incentive, in order for the tax benefit to "pay" for itself.

- ORA estimated these minimum percentages as follows:
    i. With respect to Rhode Island net general revenues, the JDA program breaks even if at least 67% of the economic activity of the incentive recipients is net new to the state economy that exists because of this tax incentive.
    ii. With respect to Rhode Island Gross Domestic Product, the JDA program breaks even if at least 2.5% of the economic activity of the incentive recipients is net new to the state economy that exists because of this tax incentive.
    iii. With respect to Rhode Island employment, the JDA program breaks even if at least 1.8% of the economic activity of the incentive recipients is net new to the state economy that exists because of this tax incentive.

2. *Motion Picture Production Tax Credits (MPPTC):*

- According to the Division of Taxation, two companies were awarded *Motion Picture Production Tax Credits* with a total amount of tax credits redeemed of $361,796 in FY 2020.
- Based on motion picture production company-level expenditure data available for the two recipients of the MPPTC program, the total amount of eligible motion picture production expenditures in fiscal year 2020 was $1,431,786.
- The Division of Taxation did not report any employee data because all MPPTC recipients failed to submit the required documentation (Form RI-8201A).
- Three Rhode Island cities or towns, Cranston, Providence, and Warwick accounted for the primary locations of the motion picture production activity.
- No job creation/ retention goals are specified under the MPPTC program
- No wage or benefit goals are specified under the MPPTC program.
- All recipients of the MPPTC in FY 2020 failed to provide the required data to the Division of Taxation and thus no determination of the number of employees employed by MPPTC recipients receiving RIte Care or RIte Share benefits was possible.
- ORA conducted a "break-even" analysis to estimate the minimum percentage of the net economic activity created by the tax incentive beneficiaries that would have to be new to the Rhode Island economy, and thus, would not exist without the tax incentive, in order for the tax benefit to "pay" for itself.
    - ORA estimated these minimum percentages as follows:
    i. With respect to Rhode Island net general revenues, the MPPTC program fails to break-even even if 100% of the economic activity associated with the incentive is due to the availability of the tax credits.
    ii. With respect to Rhode Island Gross Domestic Product, the MPPTC program breaks-even if at least 49.0% of the economic activity of the incentive

recipients is net new to the state economy that exists because of this tax incentive.

iii. With respect to Rhode Island employment, the MPPTC program breaks-even if at least 80.0% of the economic activity of the incentive recipients is net new to the state economy that exists because of this tax incentive.

PART I: Introduction

Rhode Island General Laws § 42-142-6, titled *Annual Unified Economic Development Report*, requires the Director of the Department of Revenue to "compile and publish…an annual unified economic development report which shall provide…comprehensive information regarding the tax credits or other tax benefits conferred pursuant to §§ 42-64-10, 44-63-3, 42-64.5-5, 42-64.3-1, and 44-31.2-6.1 during the preceding fiscal year". The Director of Revenue tasked the Chief of the Office of Revenue Analysis with executing this requirement.

Part II of the report includes the required comprehensive information as follows:

1. The name of each tax credit/tax benefit recipient and the dollar amount of each tax credit or other tax benefit received;
2. Summaries of the full-time and part-time jobs created or retained for each tax credit/ tax benefit recipient;
3. The employee benefits offered by each tax credit/tax benefit recipient;
4. The degree to which each tax credit/tax benefit recipient met the job creation and retention and wage and benefit goals and requirements of the tax credit/tax benefit, if any such goals and requirements exist for the recipient of the tax credit/tax benefit;
5. Aggregate dollar amounts for each tax credit or other tax benefit;
6. The total number of jobs created or retained for each tax credit or other tax benefit;
7. An overview of the employee benefits offered for each tax credit or other tax benefit;
8. The degree to which each tax credit or other tax benefit has met the job creation and retention and wage and benefit goals and requirements, if any such goals and requirements exist for the tax credit/tax benefit;
9. The cost to the State and the approving agency for each tax credit or other tax benefit conferred;
10. To the extent possible, the amounts of tax credits or other tax benefits by geographical area within the state; and
11. The extent to which any employees and/or recipients of the tax credits or other tax benefits have received RIte Care or RIte Share benefits or assistance.

In addition to the comprehensive information noted above, beginning January 15, 2014, the *Annual Unified Economic Development Report* is to include a cost-benefit analysis, prepared by the Office of Revenue Analysis, based upon the data collected for the report, to the extent that appropriate data exists for such an analysis to be conducted. The cost-benefit analysis for each of the tax incentives noted above "may include, but shall not be limited to,"

1. The cost to the state for the forgone revenue attributable to the tax credit or tax benefit;
2. The cost to administer the tax credit or tax benefit (this information is already captured in 9. above);
3. The projected revenues gained from the tax credit or tax benefit;

4. Other metrics that can be measured for the tax credit or tax benefit along with a baseline assessment of the original intent of the legislation;
5. The stated purpose of the tax credit or tax benefit to the extent that it is provided in the enabling legislation; and
6. Any measurable goals established by the granting authority of the tax credit or tax benefit.

If possible, the cost-benefit analysis shall cover a five-year period projecting the costs and benefits over this period. The cost-benefit analysis of the tax credits or tax benefits cited above are in Part III of this report.

It should be noted that the statute governing the Annual Unified Economic Development Report does not require the Director of Revenue to opine on or make recommendations concerning the tax credits or other tax benefits contained in the report.[2] The statute simply requires the Director of Revenue to report on the tax credits or other tax benefits based on the data provided to the Division of Taxation.

1. Tax Credits/Tax Benefits Included in the Report

The tax credits/tax benefits covered by this report are:

- **Rhode Island General Laws § 42-64-10**. This tax benefit, commonly referred to as *Project Status*, provides a sales and use tax exemption to lessees or sub-lessees of the Rhode Island Commerce Corporation (CommerceRI) for "materials used in the construction, reconstruction, or rehabilitation" of a project approved by the Rhode Island Commerce Corporation "and to the acquisition of fixtures, furniture, and equipment except automobiles, trucks and other motor vehicles, or materials that otherwise are depreciable and have a useful life of one (1) year or more" provided that said items are used in the project. The sales and use tax exemption cannot exceed "an amount equal to the income tax revenue received by the state from the new full-time jobs with benefits…generated by the project within a period of three (3) years from after the receipt of a certificate of occupancy for any given phase of the project".

  In exchange for this sale and use tax exemption, CommerceRI establishes the number of new jobs that must be added and maintained by the lessee or sub-lessee. In addition, the statute requires that the lessee or sub-lessee pay the new employees 105 percent of the annual median wage for full-time jobs within the qualifying company's industry. The new jobs must also come with a health insurance and retirement benefit package that is typical for the qualifying company's industry.

  Recipients of the Project Status sales and use tax exemption generally enter into agreements with CommerceRI that cover the amount of money that must be invested in the project, the Project Status lessee's base employment, the number of new jobs the Project Status lessee must add as a result of the grant of project status, the wage that the Project Status lessee must pay its employees, the benefits package that the Project Status lessee must offer its employees, the time frame under which the Project Status lessee must meet its employment and wage and benefit goals, and the length of time

[2] The complete statute covering the Annual Unified Economic Development Report is contained in Appendix A.

for which the Project Status agreement is in effect. Conditions contained in these agreements, particularly those from the 1990s may contain employment and wage goals that differ from those specified in statute. The Office of Revenue Analysis, upon the advice of Department of Revenue legal counsel, measured the achievement of Project Status objectives by a lessee as these objectives were outlined in the lessee's Project Status agreement rather than as they are indicated in state law.

The sales tax benefits granted a lessee or sub-lessee are effective only for projects approved prior to July 1, 2011.

- **Rhode Island General Laws § 44-63-3**. Titled *Incentives for Innovation and Growth*, Rhode Island General Law § 44-63-3 provides for a credit against the business corporation tax (Rhode Island General Laws Chapter 44-11), the franchise tax (Rhode Island General Laws Chapter 44-12)[3], and the personal income tax (Rhode Island General Laws Chapter 44-30)[4] "in an amount equal to fifty percent (50%) of any investment made" in a company that operates in an "innovation industry". For an investment in an "innovation industry" company to be eligible for this credit, the company must have had gross revenues of less than $1,000,000 in each of the preceding two calendar years.

  The maximum amount of an individual credit is $100,000. Determination of company eligibility for the receipt of such an investment is made by CommerceRI in conjunction with the Rhode Island Science and Technology Advisory Council (RISTAC). The aggregate amount of tax credits that can be issued in any two-year period is $1,000,000.

  No employment or wage criteria need to be met by the qualifying company in order to receive the credit. CommerceRI is required, however, to produce an impact analysis which, among other things, requires CommerceRI to identify "the approximate number of full-time, part-time, temporary, seasonal, and/or permanent jobs projected to be created, construction and non-construction", "the approximate wage rates for each category of the identified jobs" and "the types of fringe benefits to be provided with the identified jobs, including health care insurance and any retirement benefits".

  The Incentives for Innovation and Growth tax credit sunset on December 31, 2016.

- **Rhode Island General Laws § 42-64.5-5**. Titled *Jobs Development Act*, Rhode Island General Law § 42-64.5-5 provides for a reduction in the business corporation or financial institutions tax rate for each new unit of employment that is added to a company's previously established base employment. A unit of employment consists of 10 new full-time equivalent employees for companies with base employment levels of 100 or less full-time employees or 50 new full-time equivalent employees for companies with base employment of more than 100 full-time employees. For each unit of employment added the qualifying company receives a 0.20 percentage point reduction in the business corporation tax rate up to a maximum reduction of four percentage points for all companies other than telecommunications companies which

[3] The franchise tax was repealed during the 2014 legislative session effective for tax years beginning on or after January 1, 2015. See Rhode Island Public Laws Chapter 145, Article 12, Section 20.

[4] The Incentives for Innovation and Growth tax credit was allowed against the personal income tax for tax years ending on or before December 31, 2010.

receive a maximum reduction of one percentage point.[5] Failure to maintain employment levels above the base employment results in the permanent expiration of the rate reduction.

Prior to July 1, 2009, a full-time equivalent active employee was any employee who worked at least 30 hours per week or two or more part-time employees whose combined weekly hours totaled at least 30 hours per week. In addition to hiring new employees, companies that qualified for the rate reduction prior to July 1, 2009 had to pay each new employee 150 percent of the hourly minimum wage as prescribed by Rhode Island law at the time the employee was first treated as a full-time equivalent active employee. For companies that qualified for the rate reduction prior to July 1, 2009, there were no requirements as to the provision of health and retirement benefits.

For companies that qualify for the Jobs Development Act rate reduction on or after July 1, 2009, new full-time equivalent active employees are employees that work at least 30 hours per week and are paid 250 percent of the hourly minimum wage as prescribed by Rhode Island law at the time the employee was first treated as a full-time equivalent active employee. Companies that qualify for the rate reduction on or after July 1, 2009 must also provide to each full-time equivalent active employee "healthcare insurance benefits, and retirement benefits." It should be noted, that all full-time equivalent employees who are designated as fulfilling the required jobs under the Jobs Development Act and who have a start date for employment on or after July 1, 2009 must meet the wage and benefits criteria outlined in this paragraph.

Effective July 1, 2015, the Jobs Development Act business corporation tax rate reduction is discontinued unless a company has qualified for the rate reduction prior to July 1, 2015. This provision, contained in Rhode Island General Laws § 44-48.3-12, essentially grandfathers in recipients of the tax rate reduction who qualified prior to July 1, 2015 while denying any new companies that might otherwise qualify for the tax rate reduction from being approved for it.

- **Rhode Island General Laws § 42-64.3-1**. Titled *Distressed Areas Economic Revitalization Act*, Rhode Island General Law § 42-64.3-1 is commonly referred to as the Enterprise Zone Wage Credit. The Enterprise Zone Wage Credit provides for a tax credit against the business corporation tax (Rhode Island General Laws Chapter 44-11), the public service corporation tax (Rhode Island General Laws Chapter 44-13 except for § 44-13-13), the taxation of banks (Rhode Island General Laws Chapter 44-14), the taxation of insurance companies (Rhode Island General Laws Chapter 44-17),

[5] Passage of Article 12 of 14-H-7133 Substitute A as amended, titled "Relating to Making Appropriations for the Support of the State for the Fiscal Year Ending June 30, 2015" changed the rate reduction allowed for each unit of new employment and the maximum rate reduction allowed under Rhode Island General Law § 42-64.5-5 effective for tax years beginning on or after January 1, 2015. For tax years beginning on or after January 1, 2015, the tax rate imposed under Rhode Island General Law § 44-11-2 on the apportioned net income of C-corporations is reduced to 7.0 percent (from the prior law tax rate of 9.0 percent). For all tax years in which the 7.0 percent business corporation tax rate applies (i.e., January 1, 2015 and thereafter), the rate reduction for each new unit of employment allowed under Rhode Island General Law § 42-64.5-5 is reduced to 0.20 percentage points from 0.25 percentage points and the maximum rate reduction allowed is reduced to four percentage points from six percentage points.

or the personal income tax (Rhode Island General Laws Chapter 44-30).[6] Only companies located in a designated enterprise zone, as determined by the Rhode Island Enterprise Zone Council (RIEZC), are eligible for the credit.

The allowable tax credit is equal to 50 percent of the wages paid to a newly hired employee, up to a maximum of $2,500, if the employee does not reside in a designated enterprise zone, or 75 percent of wages paid, up to a maximum of $5,000, if the employee is domiciled in a designated enterprise zone. In order to qualify for the credit, the qualifying company must increase total employment by at least five percent from the previous calendar year and have its total Rhode Island payroll exceed the prior year's total Rhode Island payroll. There are no benefit criteria to receive this tax credit. Unused amounts of the tax credit can be carried forward for up to three years provided that when the carry forward amount is used; the tax credit recipient has not lowered its employment below the levels that were required for the recipient to earn the tax credit in the first place.

No new Enterprise Zone Wage Credits will be issued on or after July 1, 2015 unless the business has received certification prior to this date.

- **Rhode Island General Laws § 44-31.2-6.1**. Titled *Motion Picture Production Tax Credits*, Rhode Island General Laws § 44-31.2-6.1 provides a motion picture production company a tax credit against the business corporation tax (Rhode Island General Laws Chapter 44-11), the taxation of banks (Rhode Island General Laws Chapter 44-14), the taxation of insurance companies (Rhode Island General Laws Chapter 44-17), or the personal income tax (Rhode Island General Laws Chapter 44-30) in an amount of 30% of the state certified production costs incurred directly attributable to activity within the state, provided that the primary locations are within the state of Rhode Island and with a total production budget of $100,000." The amount of credit allowed for any single production is capped at $7,000,000 and can be carried forward for not more than three succeeding tax years.

  Motion picture productions must be certified as eligible for a tax credit by the Rhode Island Film and TV Office (RIFTVO). It should be noted that the annual cap on Motion Picture Production Tax Credits to be issued in a given year is combined with the Musical and Theatrical Production Tax Credit program as established by Rhode Island General Laws Chapter 44-31.3.[7] The total amount of credits issued in a given year shall not exceed $15,000,000 for both motion pictures and musical and theatrical productions. For tax years beginning after December 31, 2019, the aggregate cap on the amount of motion picture production and musical and theatrical production credits that can be issued annually was increased to $20,000,000. No motion picture production tax credits shall be issued on or after July 1, 2027.

  No employment or wage criteria need to be met by the motion picture production company in order to qualify for the credit. RIFTVO is required, however, to produce an impact analysis which, among other things, requires RIFTVO to identify "the

[6] The Enterprise Zone Wage Credit was allowed against the personal income tax for tax years ending on or before December 31, 2010.

[7] Although the features of the Musical and Theatrical Tax Credit are similar to that of the Motion Picture Production Tax Credit, an analysis of this program is beyond the scope of the statutory mandate of this report.

approximate number of full-time, part-time, temporary, seasonal, and/or permanent jobs projected to be created, construction and non-construction", "the approximate wage rates for each category of the identified jobs" and "the types of fringe benefits to be provided with the identified jobs, including health care insurance and any retirement benefits".

2. Data Collected for the Report

In the 2011 session,[8] the General Assembly amended Rhode Island General Laws §§ 42-64-10, 42-64.3-6.1, 42-64.5-8, 44-31.2-6.1 and 44-63-3 to require that "on or before September 1 2011, and every September 1 thereafter" the recipients of any tax credits/tax benefits under CommerceRI's Project Status designation, Distressed Areas Economic Revitalization Act, Jobs Development Act, Motion Picture Production Tax Credits, and Incentives for Innovation and Growth provide the tax administrator with an annual report containing "each full-time equivalent, part-time or seasonal employee's name, social security number, date of hire, and hourly wage as of the immediately preceding July 1 and such other information deemed necessary by the tax administrator."[9] The annual reports filed by the recipients of the tax benefits received under these various statutes are the source of the data provided in this report. Calculations included in the report were done by the Office of Revenue Analysis based on this data. The accuracy of the data is the sole responsibility of the recipients of the tax credit/tax benefit and not the Office of Revenue Analysis.

The Office of Revenue Analysis (ORA) obtained tax credit/tax benefit amounts from the Rhode Island Division of Taxation's *Tax Credit and Incentive Report — Fiscal Year 2020.* Detailed data on "each full-time equivalent, part-time, or seasonal employee's name, social security number, date of hire, and hourly wage as of the immediately preceding July 1" for each tax benefit recipient was also provided to ORA by the Division of Taxation. Any errors of fact or interpretation of the data provided by the Division of Taxation are the sole responsibility of the Office of Revenue Analysis. ORA provided the Rhode Island Executive Office of Health and Human Services (EOHHS) with social security numbers of all employees, by employer, so that EOHHS could determine the extent to which a given tax credit/tax benefit recipient's employees utilized the state's RIte Care and RIte Share health insurance programs.

3. Office of Revenue Analysis' Approach to the Report

The Department of Revenue's Office of Revenue Analysis (ORA) was tasked by the Director to produce Part I of the report required by Rhode Island General Laws § 42-142-6. The Office of Revenue Analysis relied on the data provided to the Division of Taxation, to the extent such data were provided, as required by Rhode Island General Laws §§ 42-64-10(k), 42-64.3-6.1(h), 42-64.5-8, 44-31.2-6.1(h) and 44-63-3(i). ORA made no attempt to verify the accuracy of the data provided and made minimal corrections to the data in order to be able to execute specific calculations for the report. The data included in this report are unaudited and reported as compiled.

[8] See Rhode Island Public Laws 2011, Chapter 151, Article 19, §§ 5 – 8.
[9] In the case of the Jobs Development Act the effective dates of the reporting requirement are "on or before September 1, 2009 and every September 1 thereafter.

Part II: Required Comprehensive Information

1. Summary of Part I Findings

The table below lists, by tax credit/tax benefit, the aggregate dollar amounts and the number of recipients of each tax credit or other tax benefit for FY 2020:

Name of Tax Credit/Tax Benefit	Aggregate Dollar Amounts	Number of Recipients
CommerceRI – Project Status	*	*
Incentives for Innovation and Growth	†	†
Jobs Development Act	$ 19,503,866	4
Distressed Areas Economic Revitalization Act*	*	*
Motion Picture Production Tax Credit	$ 361,796	2

* The FY 2020 Tax Credit and Incentive report provided by the Division of Taxation shows no recipients of this tax credit/benefit. The awarding of Project Status sales tax rebates was discontinued as of July 1, 2011. The awarding of wage credits under the Distressed Areas Economic Revitalization Act was discontinued as of July 1, 2015.

† According to the FY 2020 Tax Credit and Incentive Report published by the Division of Taxation, the Incentives for Innovation and Growth tax benefit (R.I. Gen. Laws § 44-63) sunset on December 31, 2016.

The table below lists the amounts of tax credits/ tax benefits by geographical area in FY 2020:

Geographical Area (in alphabetical order)	Amount of Tax Credit/ Tax Benefit
Johnston	$ 18,091,467
Middletown	$ 6,083
Warwick	$ 361,796
Woonsocket	$ 1,406,316

The table below lists, by tax credit/tax benefit, an overview of the employee benefits offered and the number of tax credit/tax benefit recipients that offered employee benefits in FY 2020:

Name of Tax Credit/Tax Benefit	**Number of Recipients Offering Health Insurance**	**Number of Recipients Offering Retirement Benefits**
CommerceRI – Project Status	*	*
Incentives for Innovation and Growth	†	†
Jobs Development Act	4	4
Distressed Areas Economic Revitalization Act	*	*
Motion Picture Production Tax Credit (MPPTC)	‡	‡

* The FY 2020 Tax Credit and Incentive report provided by the Division of Taxation shows no recipients of this tax credit/benefit. The awarding of Project Status sales tax rebates was discontinued as of July 1, 2011. The awarding of wage credits under the Distressed Areas Economic Revitalization Act was discontinued as of July 1, 2015.

† According to the FY 2020 Tax Credit and Incentive Report published by the Division of Taxation, the Incentives for Innovation and Growth tax benefit (R.I. Gen. Laws § 44-63) sunset on December 31, 2016.

‡ Recipients of the MPPTC in FY 2020 failed to provide the required data to the Division of Taxation as mandated by R.I. Gen. Laws § 44-31.2-6.1(h).

The table below lists, by tax credit/tax benefit, the degree to which tax credit/tax benefit recipients met job creation and retention goals in FY 2020:

Name of Tax Credit/Tax Benefit	**Percentage of Recipients that Met Job Creation/Retention Goal**
CommerceRI – Project Status	*
Incentives for Innovation and Growth	†
Jobs Development Act	100.0
Distressed Areas Economic Revitalization Act	*
Motion Picture Production Tax Credit	No Job Creation/ Retention Goal Specified

* The FY 2020 Tax Credit and Incentive report provided by the Division of Taxation shows no recipients of this tax credit/benefit. The awarding of Project Status sales tax rebates was discontinued as of July 1, 2011. The awarding of wage credits under the Distressed Areas Economic Revitalization Act was discontinued as of July 1, 2015.

† According to the FY 2020 Tax Credit and Incentive Report published by the Division of Taxation, the Incentives for Innovation and Growth tax benefit (R.I. Gen. Laws § 44-63) sunset on December 31, 2016.

The table below lists, by tax credit/tax benefit, the degree to which tax credit/tax benefit recipients met wage and benefit goals in FY 2020:

Name of Tax Credit/Tax Benefit	Percentage of Recipients that Met Goals	
	Wage Goal	***Benefit Goal***
CommerceRI – Project Status	*	*
Incentives for Innovation and Growth	†	†
Jobs Development Act	100.0	100.0
Distressed Areas Economic Revitalization Act	*	*
Motion Picture Production Tax Credit	No Wage or Benefit Goals Specified	

* The FY 2020 Tax Credit and Incentive report provided by the Division of Taxation shows no recipients of this tax credit/benefit. The awarding of Project Status sales tax rebates was discontinued as of July 1, 2011. The awarding of wage credits under the Distressed Areas Economic Revitalization Act was discontinued as of July 1, 2015.

† According to the FY 2020 Tax Credit and Incentive Report published by the Division of Taxation, the Incentives for Innovation and Growth tax benefit (R.I. Gen. Laws § 44-63) sunset on December 31, 2016.

The table below lists, by tax credit/tax benefit, the extent to which any employees of and/or recipients of tax credits/tax benefits received RIte Care or RIte Share benefits or assistance in FY 2020:

Name of Tax Credit/Tax Benefit	Number of Employees Receiving RIte Care or RIte Share Benefits	Cost to State of the Employees Receiving RIte Care or RIte Share Benefits
CommerceRI – Project Status	*	*
Incentives for Innovation and Growth	†	†
Jobs Development Act	316	$ 1,668,210
Distressed Areas Economic Revitalization Act	*	*
Motion Picture Production Tax Credit (MPPTC)	‡	‡

* The FY 2020 Tax Credit and Incentive report provided by the Division of Taxation shows no recipients of this tax credit/benefit. The awarding of Project Status sales tax rebates was discontinued as of July 1, 2011. The awarding of wage credits under the Distressed Areas Economic Revitalization Act was discontinued as of July 1, 2015.

† According to the FY 2020 Tax Credit and Incentive Report published by the Division of Taxation, the Incentives for Innovation and Growth tax benefit (R.I. Gen. Laws § 44-63) sunset on December 31, 2016.

‡ All recipients of the MPPTC in FY 2020 failed to provide the required data to the Division of Taxation as mandated by R.I. Gen. Laws § 44-31.2-6.1(h) and thus no determination of the number of employees employed by MPPTC recipients receiving Rite Care or Rite Share benefits was possible.

The table below lists, by tax credit/tax benefit, the cost to the state and the approving agency for the administration of each tax credit or other tax benefit in FY 2020:

Name of Tax Credit/Tax Benefit	**Approving Agency**	**Cost to Administer Tax Credit/ Tax Benefit ***
CommerceRI – Project Status	CommerceRI	$ 0
Incentives for Innovation and Growth	CommerceRI	$ 0
Jobs Development Act	Division of Taxation	$ 7,643
Distressed Areas Economic Revitalization Act	CommerceRI	$ 0
Motion Picture Production Tax Credit	RI FTVO & Division of Taxation	$ 20,655
* The cost to administer the tax credit/tax benefit program includes both the direct costs incurred by the approving agency and the indirect costs of awarding and auditing the tax credits/tax benefits that are incurred by the Division of Taxation to the extent that such indirect costs could be determined.		

2. Detailed Results of Part II by Tax Credit/Tax Benefit

A written description of the detailed results of Part II of the report by tax credit/tax benefit program follows. These written descriptions include references to tables that show the information required in the report by tax credit/tax benefit recipient.

- **Project Status**

In FY 2020, there were no recipients of the sales and use tax exemption granted under CommerceRI's *Project Status* program. The awarding of Project Status sales tax rebates was discontinued as of July 1, 2011.

- **Incentives for Innovation and Growth**

For FY 2020, no companies took the *Incentives for Innovation and Growth* tax credit against the business corporation tax and/or the personal income tax. According to the FY 2020 Tax Credit and Incentive Report published by the Division of Taxation, the *Incentives for Innovation and Growth* tax benefit (Rhode Island General Laws § 44-63) sunset on December 31, 2016.

- **Jobs Development Act**

Four companies received a business corporation/financial institutions tax rate reduction under the *Jobs Development Act* in FY 2020. The value of this tax benefit for these corporations was $19,503,866. The geographic distribution of the four recipients of the *Jobs Development Act* tax rate reduction was confined to three communities in the state: Johnston, Middletown, and Woonsocket. Detailed results by tax credit/tax benefit recipient are contained in *Table III* on page 23.

Base year employment numbers for each tax benefit recipient were deduced from information provided by the Division of Taxation. Information on the total number of employees, wages paid, and benefits offered is derived from the submissions required of the tax benefit recipients.

FY 2020 *Jobs Development Act* recipients reported a total of 357 part-time jobs and 9,165 full-time jobs. ORA determined that, based on the data provided by the four credit recipients, all companies exceeded the job creation and retention goals set forth in statute. With respect to the wage criteria, which requires full-time equivalent active employees to be paid 150 percent or more of the minimum wage in effect at the time of hire for employees hired before July 1, 2009 and 250 percent or more of the minimum wage in effect at the time of hire for employees hired after July 1, 2009, all four companies exceeded the wage goals. The *Jobs Development Act* only requires that health insurance and retirement benefits be offered to full-time equivalent active employees hired after July 1, 2009. ORA found that all four firms met the benefit requirements of the *Jobs Development Act*.

The Rhode Island Executive Office of Health and Human Services (EOHHS) provided ORA with information on utilization of RIte Care and/or RIte Share benefits or assistance in FY 2020 by employees of the four firms that received the *Jobs Development Act* rate reduction and submitted the required data to the Division of Taxation. These data indicated that a total of 316 employees or the family members of employees were enrolled in RIte Care and/or RIte Share and received a total of $1,668,210 in total benefits or assistance. Detailed results of the utilization of RIte Care and/or RIte Share benefits or assistance for *Jobs Development Act* rate reduction recipients are included in *Table VI* on page 26.

Finally, ORA surveyed the Division of Taxation to ascertain the cost for the administration of the *Jobs Development Act* corporate income tax rate reduction. ORA found that the direct cost incurred by the Division of Taxation in FY 2020 to administer the *Jobs Development Act* corporate income tax rate reduction was $7,643.

- **Distressed Areas Economic Revitalization Act**

In FY 2020, there were no recipients of the *Enterprise Zone Wage Credit*. The awarding of wage credits under the Distressed Areas Economic Revitalization Act was discontinued as of July 1, 2015.

- **Motion Picture Production Tax Credit**

Two production companies were awarded *Motion Picture Production Tax Credits* with a total amount received of $361,796 in FY 2020. No recipient provided the Division of Taxation with the required employee level data needed to carry out the statutory obligations assigned to the Department of Revenue for this report.

The *Motion Picture Production Tax Credit* has no employment or wage criteria that must be met in order to receive the credit and thus no assessment of the extent to which recipients of the tax credit attained job creation and retention and wage and benefit goals was conducted.

The Division of Taxation did not receive any wage or employee data from the Motion Picture Production Tax Credit recipients in FY 2020 and thus, ORA did not receive any such data either. Therefore, it is not possible for the Rhode Island Executive Office of Health and Human Services (EOHHS) to provide information on the FY 2020 RIte Care and/or RIte Share benefits or assistance utilization by employees of these companies.

Finally, ORA surveyed the Rhode Island Film & TV Office and the Division of Taxation to ascertain the cost for the administration of the *Motion Picture Production Tax Credit*. ORA found that the total cost to administer the tax credit was $20,655 in FY 2020. The direct cost incurred by the RI Film & TV Office in FY 2020 to administer the *Motion Picture Production Tax Credit* was $15,000 while the indirect costs incurred by the Division of Taxation to administer the tax credit were $5,655 in FY 2020.

3. Definitions of Table Column Headers

Tables I through VI show the individual tax credit/tax benefit recipients by the specific tax credit or tax benefit. Essentially, these tables provide the detail underlying the narrative descriptions for each tax credit/tax benefit above. The following are the definitions of the column headers that appear in the tables that follow. The column header definitions are broken down by table.

Table I through Table V

"Name of Recipient" (All Tables, Column 1) is the name of the company that received the tax credit/tax benefit as provided by the tax credit/tax benefit recipient.

"Amount" (All Tables, Column 2) is the amount of tax credit/tax benefit received by the named recipient as provided by the Division of Taxation in its *Tax Credit and Incentive Report – Fiscal Year 2020.*

"Reported Total Part-Time Jobs" (All Tables, Column 3) is the number of part-time jobs either reported by the tax credit/tax benefit recipient or estimated by ORA. ORA determined whether an employee worked part-time as follows: (1) ORA determined the most frequently occurring value for the hours worked per week supplied by the tax credit and/or tax benefit recipient; (2) The most frequently occurring value for hours worked per week was deemed to constitute the standard work week; (3) If the tax credit and/or tax benefit recipient reported hours worked per week for an employee that were less than the most frequently occurring value of hours worked per week, then that employee was labeled as part-time.

"Reported Total Seasonal/Temporary Jobs" (*Tables IV* and *V*, Column 4) is the number of seasonal/temporary jobs either reported by the tax credit/tax benefit recipient or estimated by ORA. ORA determined whether an employee was a seasonal/temporary job as follows: (1) ORA considered the term of employment for each employee based on the information provided by the tax credit/tax benefit recipient; (2) If an employee's term of employment was for less than 52 weeks, then the employee was deemed to be a seasonal/temporary employee; (3) If an employee's term of employment was for 52 weeks, then the employee was deemed to be a regular employee; (4) If an employee was deemed to be a regular employee, ORA applied the methodology described under "Reported Total Part-Time Jobs Created or Retained" and "Reported Full-Time Jobs Created or Retained" to determine whether the regular employee was a full or part-time employee.

"Reported Total Full-Time Jobs" (*Tables II* and *III*, Column 4; *Tables I, IV* and *V*, column 5) is the number of full-time jobs either reported by the tax credit and/or tax benefit recipient or estimated by ORA. ORA determined whether an employee worked full-time as follows: (1) ORA determined the most frequently occurring value for the hours worked per week supplied by the tax credit/tax benefit recipient; (2) The most frequently occurring value for hours worked per week was deemed to constitute the standard work week; (3) If the tax credit/tax benefit recipient reported hours worked per week for an employee that were greater than or equal to the most frequently occurring value of hours worked per week, then that employee was labeled as full time.

"Reported Total Full-Time Equivalent Jobs Created or Retained" (*Table I*, Column 6) is the number of full-time equivalent jobs as calculated by ORA based on the employee information provided by the tax credit/tax benefit recipient. The actual determination of the number of full-time equivalent jobs was dependent upon the terms of the individual Project Status agreements for each company. In general, ORA summed the reported hours worked per week for each employee across all employees and then divided this sum by the hours worked per week criteria in the definition of full-time equivalent employee contained in the individual Project Status agreements.

"Estimated Full-Time and Part-Time Jobs Created or Retained per EDC Analysis" (*Table II*, Column 5) is the number of full-time and part-time jobs that the RICC estimated a recipient of the Incentive for Innovation and Growth Tax Credit would create or retain at the time the recipient applied for the Incentive for Innovation and Growth Tax Credit with the Rhode Island Science and Technology Advisory Council.

"Reported Total Full-Time Equivalent Active Jobs Created or Retained" (*Table III*, Column 5) is the number of full-time equivalent active jobs as calculated by the ORA based on the definition of a full-time equivalent active employee contained in Rhode Island General Laws § 42-64.5-2(7). For employees hired prior to July 1, 2009, ORA determined whether an individual employee worked 30 or more hours per week and was paid more than 150 percent of the minimum wage or two or more part-time employees worked 30 or more hours per week and were paid more than 150 percent of the minimum wage. If these conditions were met, then ORA counted these employees as full-time equivalent active employees. For employees hired after June 30, 2009, ORA determined whether an individual employee worked 30 or more hours per week and was paid 250 percent of the minimum wage. If these conditions were met, then ORA counted these employees as full-time equivalent active employees.

"Required Minimum Number of Full-Time Equivalent Jobs Created or Retained" (*Table I*, Column 6) is the minimum number of full-time equivalent jobs created or retained that a Project Status tax benefit recipient was mandated to have at the end of the Investment Period in exchange for receiving the Project Status sales tax exemption. The mandated total of full-time equivalent jobs created or retained was determined from the Project Status agreement between the recipient and the CommerceRI.

"Required Number of Full-Time Equivalent Active Jobs Created or Retained" (*Table III,* Column 6) is the total number of full-time equivalent active jobs as defined in Rhode Island General Laws § 42-64.5-2(7) created or retained that a recipient of the Jobs Development Act rate reduction must achieve in order to receive the tax benefit.

"Employment Benchmark" (*Table IV*, Column 6) is the base employment level that an Enterprise Zone Wage Credit recipient had in the year prior to receiving the tax credit as recorded by the Enterprise Zone Council of CommerceRI.

"Estimated Full-Time and Part-Time Jobs Created or Retained" (*Table V*, Column 6) is the number of full-time and part-time jobs that a Motion Picture Production Tax Credit recipient reported would be created at the time of application for a Motion Picture Production Tax Credit with the Rhode Island Film & Television Office.

"New Enterprise Jobs Required" (*Table IV*, Column 7) is the number of full-time employees required to receive the Enterprise Zone Wage Credit as determined by the Enterprise Zone Council. The definition of an "Enterprise Job Employee" is contained in Rhode Island General Law § 42-64.3-3(6).

"Required Number of Full-Time and Part-Time Jobs Created or Retained" (*Table V*, Column 7) is the number of full-time and part-time jobs created or retained that are required to receive the Motion Picture Production Tax Credit.

"New Enterprise Jobs Created" (*Table IV*, Column 8) is the number of full-time employees added in order to receive the Enterprise Zone Wage Credit as determined by the Enterprise Zone Council. The definition of an "Enterprise Job Employee" is contained in Rhode Island General Laws § 42-64.3-3(6).

"Degree to Which Full-Time Equivalent/Full-Time Equivalent Active Job Creation or Retention Goals Were Met" (*Tables I* and *III*, Column 7; *Table II*, Column 6; *Table IV*, Column 9; *Table V*, Column 8) is a measure of the extent to which the recipient of the tax credit/tax benefit achieved the job creation or retention goals specified for the tax credit/tax benefit. The measure is a percentage of the job creation and retention goal for the tax credit/tax benefit that was achieved by the tax credit/tax benefit recipient. A value of 100 percent means that the specified jobs goal was met exactly by the recipient of the tax credit/tax benefit. A value greater than 100 percent means the specified jobs goal was exceeded by the recipient of the tax credit/tax benefit. A value less than 100 percent means the specified jobs goal was not met by the recipient of the tax credit/tax benefit.

"Reported Number of New Full-Time Equivalent Jobs Created" (*Table I*, Column 8) is the number of new full-time equivalent jobs as calculated by ORA based on the employee information provided by the Project Status tax benefit recipient. The actual determination of the number of new full-time equivalent jobs was dependent upon the terms of the individual Project Status agreements for each company. In general, ORA summed the reported hours worked per week for each new employee hired during the Investment Period across all new employees hired during the Investment Period and then divided this sum by the hours worked per week criteria in the definition of full-time equivalent employee contained in the individual Project Status agreements.

"Required Number of New Full-Time Equivalent Jobs Created" (*Table I*, Column 9) is the required number of new full-time equivalent jobs created that a Project Status tax benefit recipient was mandated to create by the end of the Investment Period in exchange for receiving the Project Status sales tax exemption. The mandated number of new full-time equivalent jobs created was determined from the Project Status agreement between the recipient and CommerceRI.

"Degree to Which New Full-Time Equivalent Job Creation Goals Were Met" (*Table I*, Column 10) is a measure of the extent to which the recipient of the Project Status sales tax exemption achieved the new full-time equivalent job creation goals specified in the recipient's Project Status agreement. The measure is a percentage of the new full-time equivalent job creation goal for the Project Status tax benefit that was achieved by the Project Status recipient. A value of 100 percent means that the new full-time equivalent jobs created goal was met exactly by the Project Status recipient. A value greater than 100 percent means the new full-time equivalent jobs created goal was exceeded by the Project Status recipient. A value less than 100 percent means the new full-time equivalent jobs created goal was not met by the Project Status recipient.

"Benefits Offered" (*Table I*, Column 11; *Table II*, Column 7; *Table III*, Column 8; *Table IV*, Column 10; *Table V*, Column 9) is the type of benefits offered to the employees of the recipient of the tax credit/tax benefit.

"Degree to Which Wage and Benefit Goals Were Met" (*Tables I*, Column 12; *Table II*, Column 8; *Table IV*, Column 11; *Table V*, Column 10) is a measure of the extent to which the recipient of the tax credit/tax benefit achieved the wage and benefit goals specified for the tax credit/tax benefit. The measure is a percentage of the wage and benefit goal for the tax credit/tax benefit that was achieved by the tax credit/tax benefit recipient. A value of 100 percent means that the specified wage and benefit goal was met exactly by the recipient of the tax credit/tax benefit. A value greater than 100 percent means the specified wage and benefit goal was exceeded by the recipient of the tax credit/tax benefit. A value less than 100 percent means the specified wage and benefit goal was not met by the recipient of the tax credit/tax benefit.

"Degree to Which Wage and Benefit Goals Were Met Prior to July 1, 2009" (*Table III*, Column 8) is a measure of the extent to which the recipient of the Jobs Development Act rate reduction achieved the wage and benefit goals that were in place for the Act for employees hired prior to July 1, 2009 as defined in Rhode Island General Laws § 42-64.5-2(7). The measure is a percentage of the wage and benefit goal for the Jobs Development Act rate reduction that was achieved by the Jobs Development Act recipient. A value of 100 percent means that the specified wage and benefit goal was met exactly by the Jobs Development Act recipient. A value greater than 100 percent means the specified wage and benefit goal was exceeded by the Jobs Development Act recipient of the tax credit/tax benefit. A value less than 100 percent means the specified wage and benefit goal was not met by the Jobs Development Act recipient.

"Degree to Which Wage and Benefit Goals Were Met Prior after June 30, 2009" (*Table III*, Column 9) is a measure of the extent to which the recipient of the Jobs Development Act rate reduction achieved the wage and benefit goals that were in place for the Act for employees hired after June 30, 2009 as defined in Rhode Island General Laws § 42-64.5-2(7). The measure is a percentage of the wage and benefit goal for the Jobs Development Act rate reduction that was achieved by the Jobs Development Act recipient. A value of 100 percent means that the specified wage and benefit goal was met exactly by the Jobs Development Act recipient. A value greater than 100 percent means the specified wage and benefit goal was exceeded by the Jobs Development Act recipient of the tax credit/tax benefit. A value less than 100 percent means the specified wage and benefit goal was not met by the Jobs Development Act recipient.

"Geographic Location of Project/of Business/of Corporate Headquarters and/or Qualifying Facility/of Company or Enterprise Zone/Used by Production" (*Table I*, Column 13; *Table II*, Column 9; *Tables III* and *V*, Column 11; *Table IV*, Column 12) indicates either where in Rhode Island the economic activity occurred that qualified the recipient of the tax credit/tax benefit to receive the tax credit/tax benefit or the corporate headquarters of the parent company of a subsidiary located in Rhode Island where the economic activity occurred that qualified the recipient of the tax credit/tax benefit to receive the tax credit/tax benefit.

Table VI

"Name of Recipient" (Column 1) is the name of the company that received the tax credit/tax benefit as provided by the tax credit/tax benefit recipient.

"Tax Credit/Tax Benefit Program" (Column 2) identifies the tax credit/tax benefit program for which the recipient of the tax credit/tax benefit was eligible.

"Number of Employees Receiving RIte Care or RIte Share Benefits or Assistance" (Column 3) is the number of employees, including their dependents, of a tax credit/tax benefit recipient that received RIte Care or RIte Share premium payments. Employees, or members of their households, that received other Medicaid benefits are not included in this figure.

"Total Amount of RIte Care or RIte Share Benefits Received" represents only the amount of RIte Care or RIte Share premium payments employees, including members of their households, of a tax credit/tax benefit recipient received during an employee's period of employment with the tax credit/tax benefit recipient. No other Medicaid expenditures that may have been incurred for these employees or members of their households are included.

TABLE I:
PROJECT STATUS SALES AND USE TAX EXEMPTION
Rhode Island General Law Section 42-64-10
(Administrator: Rhode Island Commerce Corporation)

Name of Recipient	Amount	Reported Total Part-Time Jobs	Reported Total Temporary Jobs	Reported Total Full-Time Jobs	Reported Total Full-Time Equivalent Jobs Created or Retained	Required Minimum Number of Full-Time Equivalent Jobs Created or Retained	Degree to Which Full-Time Equivalent Job Creation or Retention Goals Were Met	Reported Number of New Full-Time Equivalent Jobs Created	Required Number of New Full-Time Equivalent Jobs Created	Degree to Which New Full-Time Equivalent Job Creation Goals Were Met	Benefits Offered	Degree to Which Wage and Benefit Goals Were Met	Geographic Location of Project
No Recipients in FY 2020 *													
Totals	**$ -**	**0**	**0**	**0**	**0**	**0**	**n/a**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**

* The awarding of Project Status sales tax rebates was discontinued as of July 1, 2011.

TABLE II:
INCENTIVES FOR INNOVATION AND GROWTH TAX CREDIT
Rhode Island General Law Section 44-63-3
(Administrator: Rhode Island Commerce Corporation)

Name of Recipient	Amount	Reported Total Part-Time Jobs	Reported Total Full-Time Jobs	Estimated Full-Time and Part-Time Jobs Created or Retained per EDC Analysis	Degree to Which Job Creation or Retention Goals Were Met	Benefits Offered	Degree to Which Wage and Benefit Goals Were Met	Geographic Location of Business
No Recipients in FY 2020 †								
Totals	**$ -**	**0**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**

† According to the FY 2020 Tax Credit and Incentive Report published by the Division of Taxation, the Incentives for Innovation and Growth RIGL § 44-63 was repealed on December 31, 2016.

TABLE III:
JOBS DEVELOPMENT ACT TAX RATE REDUCTION
Rhode Island General Law Section 42-64.5-5
(Administrator: Rhode Island Division of Taxation)

Name of Recipient	Amount	Reported Total Part-Time Jobs[1]	Reported Total Full-Time Jobs[1]	Reported Total Full-Time Equivalent Active Jobs Created or Retained	Required Number of Full-Time Equivalent Active Jobs Created or Retained	Degree to Which Full-Time Equivalent Active Job Creation or Retention Goals Were Met	Benefits Offered	Degree to Which Wage and Benefit Goals Were Met Prior to July 1, 2009	Degree to Which Wage and Benefit Goals Were Met After June 30, 2009	Geographic Location of Corporate Headquarters and/or Qualifying Facility[2]
Citizens Bank, National Association	$ 17,955,874	284	3,136	3,420	2,337	146.3%	Health; Pension	428.5%	258.8%	Johnston
Citizens Financial Group, Inc. & Subs	$ 135,593									
CVS Pharmacy, Inc	$ 1,406,316	0	5,869	5,869	3,430	171.1%	Health; Pension	421.7%	229.5%	Woonsocket
Rite-Solutions Inc	$ 6,083	73	160	210	104	201.9%	Health; Pension	448.0%	193.6%	Middletown
Totals	**$ 19,503,866**	**357**	**9,165**	**9,499**	**5,871**	**161.8%**	**n/a**	**389.9%**	**222.6%**	**n/a**

[1] To determine the standard workweek for an employer, the Office of Revenue Analysis determined the most frequently occuring value for the hours worked per week supplied by the tax credit and/or tax benefit recipient. This value was then used to determine whether a particular employee was a full-time or part-time employee. Employees whose hours worked per week were equal to or greater than the most frequently occuring value for a tax credit and/or tax benefit recipient were classified as full-time. All other employees were classified as part-time.

[2] Rhode Island General Law § 42-64.5-2 defines an "eligible company" as including an "eligible subsidiary" where an "eligible subsidiary means each corporation eighty percent (80%) or more of the common stock of which is owned by an eligible company." Thus, a corporation can be eligible for the Jobs Development Act rate reduction, even though it is located outside of the state, via its ownership of an "eligible subsidiary".

TABLE IV:
DISTRESSED AREAS ECONOMIC REVITALIZATION ACT WAGE TAX CREDIT
Rhode Island General Law Section 42-64.3-1
(Administrator: Rhode Island Commerce Corporation)

Name of Recipient	Amount Taken	Reported Total Part-Time Jobs	Reported Total Seasonal Jobs	Reported Total Full-Time Jobs	Employment Benchmark	New Enterprise Jobs Required	New Enterprise Jobs Created	Degree to Which Job Creation or Retention Goals Were Met	Benefits Offered	Degree to Which Wage and Benefit Goals Were Met	Geographic Location of Company or Enterprise Zone
No Recipients in FY 2020 *											
Totals	**$ -**	**0**	**0**	**0**	**0**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**

TABLE V:
MOTION PICTURE PRODUCTION TAX CREDITS
Rhode Island General Law Section 44-31.2-6.1
(Administrator: Rhode Island Film and TV Office)

Name of Recipient	Amount	Reported Total Part-Time Jobs	Reported Total Temporary Jobs	Reported Total Full-Time Jobs	Estimated Full-Time and Part-Time Jobs Created or Retained †	Required Number of Full-Time and Part-Time Jobs Created or Retained	Degree to Which Job Creation or Retention Goals Were Met	Benefits Offered †	Degree to Which Wage and Benefit Goals Were Met	Reported Geographic Locations Used by Production †
IndieWhip, LLC	$ 281,285	*	*	*	37	None	No Goals Specified	n/a	No Goals Specified	Warwick
Barks Movie, LLC	$ 80,511	*	*	*	56	None	No Goals Specified	Union Members Only ^	No Goals Specified	Cranston, Warwick, Providence
Totals	**$ 361,796**	*****	*****	*****	**93**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

* No data available. MPPTC recipients failed to submit RI Form 8201A as required by Rhode Island General Law § 44-31.2-6.1(h).

† Data is from page 1 of the Motion Picture Production Tax Credit Information Request Form as provided by the Rhode Island Film & Television Office. Assassins Productions LLC indicated that all employees hired were full-time.

^ Union members receive benefits through their unions. The MPPTC recipient does not provide benefits directly per industry standard practice.

TABLE VI:
UTILIZATION OF RIte CARE AND RIte SHARE BENEFITS BY TAX INCENTIVE RECIPIENTS
Rhode Island General Law Section 42-142-6(a)(4)

(Administrator: Executive Office of Health and Human Services)

Name of Recipient	Tax Credit / Tax Benefit Program	Number of Full-Time Equivalent Employees Receiving RIte Care or RIte Share Benefits or Assistance^	Total Amount of RIte Care or RIte Share Benefits or Assistance Received
Citizens Bank, National Association	Jobs Development Act Rate Reduction	119	$ 628,572
CVS Pharmacy Inc.	Jobs Development Act Rate Reduction	185	$ 1,007,855
Rite-Solutions Inc.	Jobs Development Act Rate Reduction	**12**	**$ 31,783**
Sub-Total	**Jobs Development Act Rate Reduction**	**316**	**$ 1,668,210**
IndieWhip, LLC	Motion Picture Production Tax Credit	*	*
Barks Movie, LLC	Motion Picture Production Tax Credit	*	*
Sub-Total	**Motion Picture Production Tax Credit**	*	*
Grand Total		**316**	**$ 1,668,210**

^ Benefits include only RIte Care and RIte Share permium payments. No other Medicaid expenditures that may have been incurred for these employees are included. Payments are for any member in the same Medicaid case as the employee. Employees are assumed to have been employed by the tax credit / tax benefit recipient from the date of the employee's hire through June 30, 2020. Therefore, only payments made after the date of hire of the worker are included for both the workers and members in the workers' households.

* This information is unavailable. No Motion Picture Production Tax Credit recipients provided data to the Division of Taxation as required by Rhode Island General Laws § 44-31.2-6.1(h).

Part III: "Breakeven" Cost-Benefit Analysis

1. Modeling Basis

Rhode Island General Laws § 42-142-6(a)(5) requires the Office of Revenue Analysis (ORA) to conduct an analysis of the economic costs and benefits to the state for the incentives included in the *Annual Unified Economic Development Report* beginning January 15, 2014. The statute specifies that ORA shall work in conjunction with the Rhode Island Commerce Corporation (CommerceRI) in the preparation of the cost-benefit analysis section of the report.

ORA prepared a cost benefit analysis for the two tax incentives that were covered in the first part of this report—the *Jobs Development Act* (JDA) business corporation tax rate reduction and the *Motion Picture Production Company Tax Credits*.[10]

Previous editions of the Unified Economic Development Report included two different cost-benefit analyses based on contrasting assumptions of the direct impact of the incentives:

- A *marginal analysis* that assumed the tax incentive increased productivity at the recipient firm, but it did not leverage any additional investment beyond this immediate impact. Rather than making long-term production decisions based on the availability of an incentive, firms simply made short-term cost-structure decisions in response to the availability of an incentive.
- A *leveraged analysis* that assumed the tax incentive directly leveraged the entirety of the economic activity required of recipient firms to receive the tax benefit. This assumption means that much of the economic activity required of recipient firms to receive a tax benefit would not have occurred in the absence of the incentive. Under this assumption, firms made long-term production decisions based on the intertemporal availability of an incentive, and removal of that incentive would undo all such decisions

These two approaches represent two ends of the continuum on which potential benefits from a tax incentive might fall. It is not appropriate to assume that the average of the two approaches represent the best, unbiased estimate of the impact of an incentive. In any given case, it is possible that the actual impact may fall on one extreme or the other–dependent on whether the recipient would have engaged in the necessary employment, investment, or production in the absence of the tax incentive.

In line with the tax incentive evaluations recently published by the Office of Revenue Analysis[11] as required by Rhode Island General Laws Chapter 44-48.2, the current edition of the annual *Unified Economic Development Report* replaces the two approaches mentioned above and uses the same "breakeven" cost-benefit analysis that is used in ORA's tax incentive evaluations. This approach allows for the evaluation of an incentive program's performance under a wide range of assumptions regarding the level of economic activity that would have taken place if a tax incentive program had not been available. Furthermore, the "breakeven" analysis specifies the proportion of

[10] The Division of Taxation reported no credits issued in FY 2020 for the following tax credits: Project Status, Incentives for Innovation and Growth, and the Enterprise Zone Wage Tax Credit. As a result, no cost-benefit analysis was conducted on these programs.
[11] A list of tax incentive evaluations can be accessed on http://www.dor.ri.gov/Reports/

economic activity associated with the incentive program recipient that one must assume to have been attributable to the incentive program in order for the total benefits to equal its total costs, where benefits and costs are measured as the impact on state general revenues (i.e., the condition that must be satisfied for the incentive program to "pay for itself").

The breakeven percentage should be interpreted as follows: if the reader believes the assumption to be plausible, that at least the amount of economic activity implied by the breakeven percentage can be attributed to the availability of the tax incentive, then one can infer that the incentive has a net positive impact on state general revenues. In the opposite case, if the reader believes that the amount of economic activity attributable to the tax incentive was less than the level implied by the breakeven percentage, then one can infer that the incentive had a net negative impact on state general revenues. Holding other factors equal, a lower breakeven percentage is more desirable than a higher breakeven percentage if the goal of an incentive program is to cost the state as little revenue as possible.

A tax incentive program fails to breakeven, under any counterfactual assumption, when the breakeven percentage is greater than 100 percent. This implies that even if 100 percent of the economic activity associated with the incentive recipient was assumed to have taken place strictly because of the incentive's availability, a net negative impact on state general revenues would have resulted.

2. The REMI Tax-PI Model

Unlike previously published Unified Economic Development Reports that used Regional Economic Models, Incorporated's (REMI) 70-sector model of the Rhode Island economy via the REMI PI+ software platform, this report executes a cost-benefit analysis utilizing the REMI Tax-PI model to produce estimates of the total economic effects of the tax benefits issued in FY 2020.[12] The dynamic capabilities of the REMI Tax-PI model allows one to estimate the impacts of exogenous shocks to the state's economy, including changes to public policy, shifts in consumer behavior and demand, and developments in industry. The REMI Tax-PI operationalizes these insights by augmenting REMI's base economic and demographic model, PI+, with a module that allows the user to enter a state's customized budget, in order to run fiscal and economic forecasts. Specifically, for each budget item, one can choose an "Indicator", which is the economic or demographic driver of that budget item (e.g., personal income for personal income tax revenue, or age 5-18 population for K-12 education spending), and a "Policy Variable", which is the economic or demographic change associated with a change to the structure of that budget item (e.g., a change in consumer prices for a change in the sales tax).

The analysis is based on self-reported firm-level data on employment and wages provided by Taxation and publicly available historical data on the regional and national economies. Direct benefits are input into the REMI model as policy variables simulating changes in industry sales, exogenous final demand, employment, and compensation or wages.

The "breakeven" approach developed for this report allows a reader to assume that the tax incentive program leveraged various levels of economic activity required of recipient firms to receive a tax incentive. This assumption means that some varying portion of the economic activity

[12] Detailed documentation on the REMI Tax-PI v2.4.5 model employed in this analysis is available at: http://www.remi.com/resources/documentation.

required of recipient firms to receive a tax incentive would not have occurred in the absence of the tax incentive. Under this assumption, firms made some portion of their long-term production decisions based on the availability of an incentive over time, and removal of that tax benefit in a particular year would undo all such decisions.

3. Modeling Costs

ORA assumed that the tax incentive is funded by an equivalent reduction in state government spending – that is, when the state government forgoes revenue by allowing a tax benefit, there are fewer funds available for other spending priorities. ORA modeled these adjustments based on a comprehensive historical analysis of Rhode Island general fund expenditures for FY 2020. ORA compiled all state general fund expenditures and assumed that the level of these expenditures could be adjusted to maintain a balanced general fund budget. The breakdown of general fund expenditures by category is shown in the following table:

Rhode Island General Fund Expenditures by NAICS
(Fiscal Year 2020)

Industry Description	**NAICS Code**	**Percent of Total**
Ambulatory Healthcare Services	621	31.0%
Educational Services	61	28.4%
State Wages, Salary, and other Compensation	n/a (entered as "state/local govt. compensation" and "employment")	27.8%
Local Government Spending	n/a (entered as "local government spending")	4.6%
Administrative and Support Services	561	1.5%
Repair and Maintenance	811	1.4%
Professional, Scientific, and Technical Services	54	1.3%
Wholesale Trade	42	1.0%
Remaining/Other	19 additional industries, and non-residential capital investment	3.0%
	Total:	**100.0%**

Source: ORA analysis of Rhode Island FY 2020 general fund expenditure data.

In addition, ORA decomposed the FY 2020 general fund expenditures data to look at spending by each state government agency. ORA then combined these agencies into different groups based on their functions and duties. The following table describes this breakdown:

Rhode Island General Fund Expenditures by Agency Groups
(Fiscal Year 2020)

Agency Groups *	Percent of Total
Elementary and Secondary Education	40.84%
Health Care Services (Medicaid)	37.33%
Behavioral Health and State Hospitals	6.92%
Health and Human Services (Non-Medicaid)	2.77%
Higher Education	2.76%
General Government	2.44%
Children, Youth and Families	1.89%
Corrections	1.70%
Economic Development	1.08%
Courts	0.70%
Environment	0.50%
Public Safety	0.47%
Elected Officials	0.46%
Other	0.14%
Grand Total	**100.00%**

Source: ORA analysis of Rhode Island general fund expenditure data.

Note:
*Breakdown of these groups can be found in Appendix B.

4. Modeling Benefits

➢ Identifying the Scope of Benefits

A fundamental challenge in evaluating economic development incentives is determining the extent to which an incentive stimulated or attracted new economic activity rather than subsidized economic activity that would have been largely present even in the absence of the incentive. On one hand, the availability of a tax incentive might have a decisive influence on a firm's production decision. In this case it might be appropriate for an analyst to attribute the entirety of the firm's economic activity to the incentive. On the other hand, an incentive program may simply reward or subsidize behavior that likely would have occurred anyway. In this case the tax incentive might have an impact on a firm's marginal productivity, but it would be inappropriate to attribute the full economic activity of the firm solely to the availability of the tax incentive. Real world conditions often make it difficult or impossible for an analyst to assess where on this continuum the impact of any given tax incentive falls.

An issue complicating an analyst's ability to neatly define the scope of benefits resulting from a tax incentive program is the fact that not all enabling legislation for tax incentive programs contain provisions requiring that qualifying economic activity would not have occurred without the availability of the tax incentive. Some tax incentive programs are broadly available to all qualifying firms and projects regardless of whether the incentive was an instrumental factor in making the investment, employment, or project possible. For example, *Motion Picture Production*

Company Tax Credits are available to all motion picture productions meeting statutory requirements regardless of whether the production company had considered competitive out-of-state alternative locations or would have been unable to engage in production without the credits. The *Jobs Development Act* provides a tax rate reduction of enough magnitude that it is plausible that it could influence a firm's production decisions, but there is not an explicit requirement that additional employment would not have occurred in the absence of the rate reduction.

Finally, the interaction of tax incentives awarded over multiple years and firms receiving multiple tax incentives simultaneously complicates the process of performing a cost-benefit analysis of a single tax incentive in a single year. Consider the *Jobs Development Act* tax rate reduction. A firm may retain the rate reduction benefit established during the initial expansion period indefinitely provided it maintains a minimum employment level. When a firm makes a long-term commitment to locate a corporate headquarters in Rhode Island–along with the associated capital investment and employment–it likely considered the totality of the available incentives and the long-term benefits associated with them. It would be inappropriate to claim that the entirety of the firm's investment and employment would vanish if the tax incentive were removed for a single year when a firm makes a long-term investment decision while considering a package of available incentives over a timeline spanning many years. Note that the *Jobs Development Act* rate reduction can provide benefits to firms over multiple years. The *Motion Picture Production Company Tax Credit* is granted on a project-by-project basis but may be awarded to the same firm engaged in successive projects.

ORA identified the following firms to be recipients of multiple incentive programs, including firms with multiple subsidiaries/related entities receiving that same credit:

Firms Receiving Multiple State Tax Incentives in FY 2020
(including firms with multiple subsidiaries/related entities receiving separate incentives)

Recipient Firm	Subsidiaries/ Related Entities	Incentives Awarded	Total Credit Awarded
Citizens Bank, National Association	Citizens Financial Group, Inc. & Subs	Jobs Development Act Investment Tax Credit	$ 22,444,843
CVS Pharmacy, Inc.	n/a	Jobs Development Act Jobs Training Tax Credit* Investment Tax Credit	$ 2,001,456

Source: State of Rhode Island Division of Taxation, *FY 2020 Tax Credit and Incentive Report*.
* The Jobs Training Tax Credit was eliminated for tax years beginning after December 31, 2017.

➢ Modeling Benefits for the Jobs Development Act

The *Jobs Development Act* (JDA) provides a reduction in the business corporation or bank excise tax rate for each new unit of employment that is added within an initial three-year measurement period to a company's previously established base employment. The cost-benefit methodology employed by this report modeled the $19,503,866 reduction in tax liability for the recipients of the JDA business corporation tax rate reduction as a commensurate adjustment to industry employment and compensation.

Additionally, ORA was limited by taxpayer confidentiality concerns. Past editions of the Rhode Island Department of Revenue, Unified Economic Development Report have only reported the required and total employment amounts. While the required employment amount consists of both the base period employment and the expansion period employment, revealing the breakdown between the two might allow a reader to calculate the number of new units of employment earned by the firm and accompanying rate reduction earned. From this information, it may be possible to infer the tax liability of the company, which would violate taxpayer confidentiality.[13]

ORA therefore determined that the only available reasonable approach was to count all required employment, a total of 5,871 jobs in FY 2020, as a benefit of the JDA program. The expansion period occurred many years ago. It would be unreasonable to use it as the basis for evaluation indefinitely. The actual marginal decision facing JDA-beneficiary firm managers on an annual basis is whether to maintain Rhode Island employment at or above the required employment level. Failure to do so results in potentially significant tax consequences for the firm. Excess jobs should not be counted because they result in no marginal tax benefits for the firm.

In the REMI model, an "Industry Employment (Exogenous Production)" policy variable affects the industries that provide the goods or services demanded. This policy variable assumes that employment is related to exogeneous sources of demand, thus, the employment loss/gain will not be offset by local firms. In the case of the Jobs Development Act program, this policy variable assumes that the employees of the program's beneficiary-firms represent net new jobs to the Rhode Island economy. Hence, the analysis assumes that the availability of the JDA tax incentive impacted the recipient firms' decisions to undertake major investments in Rhode Island, by providing cost savings that tipped the balance in favor of locating a business in Rhode Island vs. some alternative location.

To apply the changes in industry employment and compensation discussed above, ORA matched each recipient firm to its corresponding industry code according to the North American Industry Classification System (NAICS) in order to accurately simulate direct shocks to the Rhode Island economy with the REMI model. The following sectors were selected: "Management of Companies and Enterprises" (NAICS 44-45), "Monetary Authorities - Central Bank; Credit Intermediation and Related Activities; Funds, Trusts, & Other Financial Vehicles" (NAICS 523), and "Professional, Scientific and Technical Services" (NAICS 54).

- **Modeling Benefits for the Motion Picture Production Tax Credits**

The amount of *Motion Picture Production Tax Credits* (MPPTC) redeemed in FY 2020 leveraged total eligible motion picture production expenditures of $1,431,786. Motion picture production company-level expenditure data was available for the two recipients of the MPPTC. Therefore, ORA considered directly impacted industries as the industries in which direct film industry spending occurred, allocated as shown in the following table.

[13] See Appendix C for additional discussion related to modeling Jobs Development Act benefits.

FY 2020 Motion Picture Production Tax Credit ***Breakdown of Actual Qualified Production Expenses***	
Industry (NAICS Code)	**Amount of Leveraged Production Spending**
Accommodation (721)	$ 9,410
Food Services and Drinking Places (722)	$ 18,803
Professional, Scientific, and Technical Services (54)	$ 856
Real Estate (53)	$ 4,005
Rental and Leasing Services; Lessors of Nonfinancial Intangible Assets (532, 533)	$ 128,261
Transit and Ground Passenger Transportation (485)	$ 2,155
Wholesale Trade (42)	$ 13,969
Compensation [14]	$ 1,254,328
Total	**$ 1,431,786**

A significant conclusion from the spending profile of MPPTC recipient projects issued in FY 2020 is the high proportion of labor costs and low proportion of capital investment. According to the standard industry assumptions included in the REMI model based on US Bureau of Economic Analysis (BEA) input-output data, one dollar of motion picture and sound recording industry output consists of 24 cents of intermediate inputs, 23 cents of labor, and 52 cents of capital investment. In comparison, one dollar of certified spending on FY 2020 MPPTC recipient projects consists of three cents of intermediate inputs, nine cents of capital investment, 88 cents of labor, and an insignificant amount of spending on fuel.[15]

The small amount of capital investment can be explained by the fact that many of the MPPTC recipient firms are short-term entities incorporated by out-of-state production firms for the time period of the production and lacking a substantial physical presence in the state. These firms do not make typical capital investments such as owning or renting real estate for offices and production space. Furthermore, to the extent that firms with a significant, long-term physical presence in Rhode Island do take advantage of the MPPTC, these firms' capital investments would not be associated with a single motion picture production and therefore would not be eligible to be considered certified production expenses for the purposes of the MPPTC. In this way, the MPPTC

[14] For purposes of entering compensation into the REMI model, all compensation is assumed to be associated with the "Motion pictures and sound recording industry (NAICS Code 512)." The amount spent on compensation is reported in the schedule of certified production expenses provided by each recipient firm.

[15] For purposes of this breakdown of MPPTC production expenses, intermediate inputs consist of spending on the following NAICS industries: professional, scientific, and technical services; food services and drinking places; amusement, gambling, and recreation; wholesale trade; administrative and support services; retail trade; repair and maintenance; waste management and remediation services; couriers and messengers; telecommunications; transit and ground passenger transportation; and, accommodations. Capital investment consists of spending on the following NAICS industries: rental and leasing services; and, real estate. It should be noted that this categorization may overstate capital investment by MPPTC recipient firms because the cost of leasing equipment or property includes a cost of capital component as well as value-added services such as brokerage fees and profits extracted by the owners of the capital. Labor consists of expenses dedicated to compensation and payment to loan-out companies and other conduits. For purposes of this analysis, fuel spending is insignificant. However, categories such as rental and leasing, repair and maintenance, and transit and ground passenger transportation may include some indeterminate level of fuel expenses.

is not well-designed to promote capital investment. In addition, the disproportionate presence of labor does not necessarily diminish the benefits of the MPPTC, but it does present administrative challenges.

Labor compensation by MPPTC recipient projects would be most impactful to the Rhode Island economy if it were paid to Rhode Island residents, whose households would then recirculate the increase in income throughout the economy. However, there is no requirement in the MPPTC that certified production expenses on labor be confined to Rhode Island resident employees. While the Division of Taxation does require MPPTC recipients to file form RI-8201A, which requires firms to provide a list of employees, compensation, and state of residency among other requirements, after completion of the project, there is significant non-compliance with this requirement. For example, the two recipient firms in FY 2020 failed to complete this basic requirement.

Even with greater compliance, the compensation structures provided to motion picture and sound recordings industry employees make this requirement challenging to administer. For example, it is quite common for highly compensated “above-the-line” actors, producers, and directors to be paid through out-of-state “loan-out” companies. Short-term staffing needs may be met by Rhode Island staffing agencies, but these firms may then employ out-of-state workers.

Finally, the definition of “employee” itself requires careful consideration as well because the short-term nature of motion picture projects results in many individuals to be engaged as 1099 contractors rather than W-2 employees. Compensation earned by individuals from a Rhode Island source for services performed in the state is subject to Rhode Island personal income tax, but this tax revenue along with its indirect and induced economic impacts are the only significant economic benefits of labor performed by out-of-state individuals in the state for only the short duration of a motion picture production.

To account for spending that flowed outside the state, an adjustment was made for wages paid to highly-paid out-of-state employees. ORA excluded all above-the-line compensation from the cost-benefit analysis and included only below-the-line compensation. As discussed in the “Economic Development Tax Incentives Evaluation Act: Motion Picture Production Tax Credits” report previously published by ORA, 65 percent of total compensation was paid to above-the-line personnel[16]. Therefore, only 35 percent of the total compensation was included in the current analysis. The practice of dividing motion picture wages into above and below the line categories for purposes of conducting a cost-benefit analysis, as well as the approximate proportion of above and below the line compensation, is consistent with a recent report published by Massachusetts.[17]

ORA modeled the production activity that generated the tax credit as an adjustment to motion picture and sound recording (NAICS 512) industry sales in the amount of certified motion picture production spending associated with credits issued in FY 2020 less the compensation associated with above-the-line personnel. This approach counts the entire production as a benefit, implying that the production company would have not engaged in the production at all or located in an out-of-state geographic location had the MPPTC not been available. Additionally, the standard industry assumptions regarding intermediate inputs and labor were nullified and replaced with the

[16] This report can be accessed at http://www.dor.ri.gov/documents/Reports/MotionPictureTaxCredits.pdf
[17] Massachusetts most recent report on Film Industry Tax Incentives can be found in: https://www.mass.gov/doc/dor-report-on-the-impact-of-massachusetts-film-industry-tax-incentives-through-calendar-year-6/download

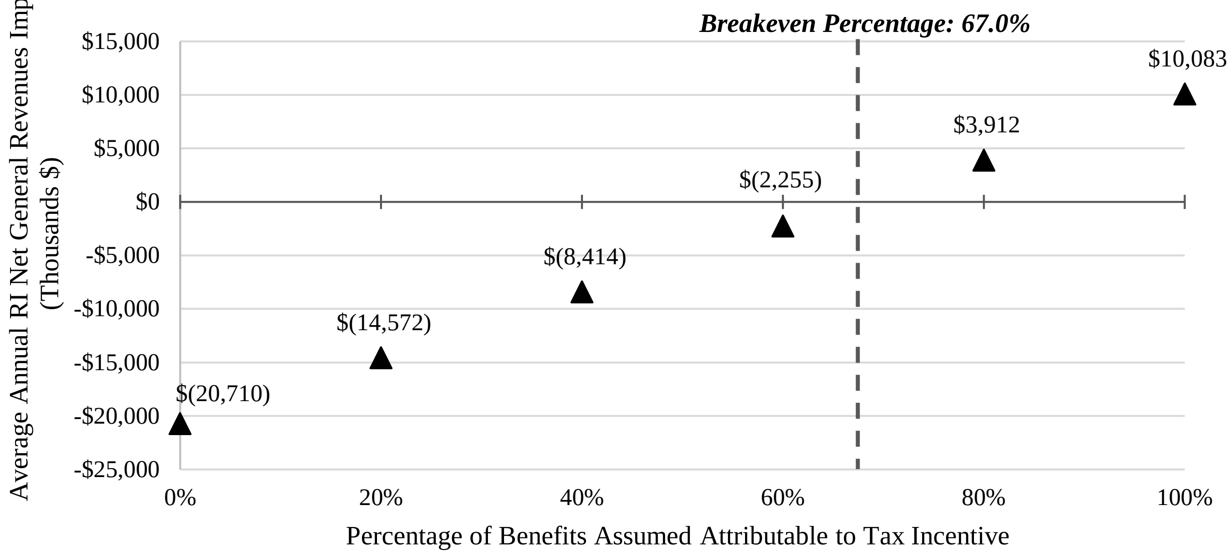
actual reported spending on intermediate inputs and compensation as depicted in the table above. This adjustment was made so that the model results would more accurately reflect actual production spending.

Part IV: "Breakeven" Cost-Benefit Analysis Results

1. Jobs Development Act

The following chart provides results of the breakeven analysis for the Jobs Development Act tax rate reduction with respect to Rhode Island general revenues:

Jobs Development Act:
Rhode Island Net General Revenue Breakeven Analysis
(Fiscal Year 2020)



Notes: Label accompanying each ▲ marker refers to net general revenue impact resulting from a cost-benefit analysis assuming the labeled percentage of Jobs Development Act benefits. Net General revenue impact is equal to the revenue impact resulting from the direct, indirect, and induced effects in addition to the cost of paying back the direct cost of the tax incentive.

Source: ORA calculations utilizing REMI Tax-PI

The chart above shows the estimated new revenue results for different scenarios regarding how much economic activity was caused by the JDA rate reduction. These results indicate that, under a best-case scenario, if 100% of economic activity associated with the JDA rate reduction is attributable to the availability of this tax incentive, ORA estimated a net revenue gain of $10.08 million. Under the worst-case scenario, if the economic activity of JDA recipient firms would have taken place without the tax incentive, the estimated net revenue loss is $20.71 million. These revenue estimates reflect an assumption that Rhode Island forgoes revenues and state government spending in order to provide the tax incentive to eligible companies.

The break-even point, where revenue losses from foregone state government spending are offset by revenue gains due to the tax incentive, is when approximately 67.0 percent of economic activity generated by firms receiving JDA rate reduction is caused by the tax incentive. In other words, the revenue breakeven percentage of approximately 67.0 percent implies that the JDA has a net positive impact on Rhode Island net general revenues if at least 67.0 percent of the economic activity associated with the JDA-recipient firms would not have occurred but for the availability of the tax incentive[18].

The following table provides more detailed information regarding the state general revenue impact of the economic activity associated with JDA beneficiaries is in the state strictly due to the availability of the JDA tax rate reduction. In other words, the table shows the detailed revenue impact under the "best case" assumption that 100 percent of the economic activity associated with the JDA program was "caused" by the tax incentive:

Rhode Island Jobs Development Act:
Detailed Revenue Impacts
(RI General Revenue Impact, FY 2020)

Item Description	Amount
General Revenue Generated by Incentive by Component	
Personal Income Tax	$8,120,977
General Business Taxes	$9,953,474
Sales and Use Taxes	$7,624,050
Other Taxes	$394,037
Total Departmental Receipts	$1,939,724
Other Sources	$1,554,361
Total General Revenue Generated by Incentive	**$29,586,623**
Forgone Revenue Due to Incentive	**$(19,503,866)**
Net Change in General Revenue	**$10,082,757**
New Revenues Generated for Every Dollar of Incentive	**$1.52**

Note: Revenue impacts under the "best case" scenario that assumes 100% of economic activity associated with the JDA program is attributable to the availability of the JDA.

Source: ORA calculations based on historical Rhode Island revenue amounts and REMI Tax-PI simulations.

The table above provides the REMI Tax-PI simulation results after removing the $19.5 million cost of the JDA program from state government spending to account for the foregone revenue that the state incurs due to the issuance of the JDA rate reduction tax benefit, and simultaneously adding the total required jobs (the metric used to account for economic activity) gained by the state economy due to the availability of the JDA program.

These results indicate that, if all the economic activity associated with the JDA program was "caused" by the tax incentive, then the JDA program generated a total $29.6 million of net state general revenues. The generated net revenue of $29.6 million does not account for the $19.5 million cost of the tax incentive itself. To take into consideration the cost of the tax incentive, ORA subtracted the $19.5 million cost of JDA in FY 2020 from the $29.6 million generated revenue. This is equal to an average annual net gain of $10.1 million in net general revenue. Expressed

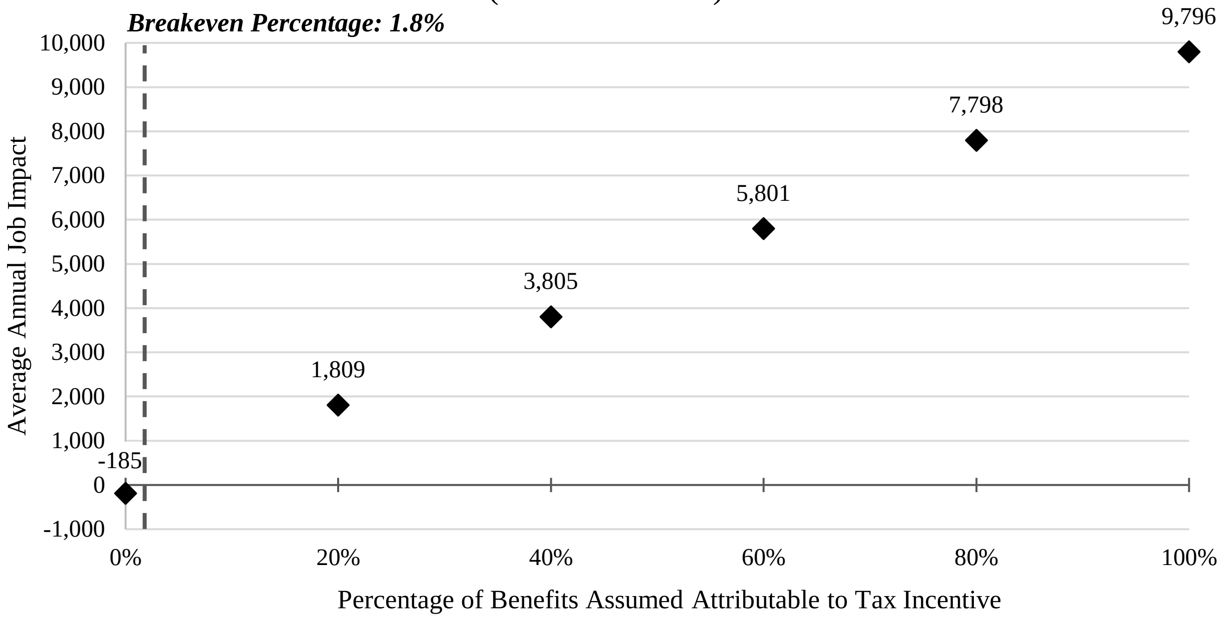
[18] The breakeven percentage can also be considered in terms of jobs. If at least 3,934 full-time equivalent active employees of JDA-beneficiary firms, or 67.0 percent of the total required employment of 5,871, can be attributed solely to the availability of the rate reduction, then this cost-benefit analysis suggests that the tax incentive "pays for itself" in terms of state general revenues.

another way, for every dollar spent on the JDA program the state generates $1.52 of new revenue under this scenario. This payback ratio shows that new revenues generated from the JDA-incentivized activity exceed the total costs of the JDA and add a new net positive revenue amount to the state under the assumption that 100 percent of the employment at JDA beneficiary firms would not exist in Rhode Island if not for the availability of the rate reduction. Additional detailed revenue results from different percentage of assumed benefits attributable to the JDA rate reduction are provided in Appendix D.

The breakeven framework can also be extended to employment and Rhode Island GDP. In these contexts, the breakeven percentage can be interpreted as the percentage of economic activity associated with JDA-recipient firms assumed to be attributable to the availability of the tax incentive necessary for the increase in employment or GDP resulting from new economic activity to outweigh the employment or GDP losses resulting in the reduction in government spending necessary to fund the incentive.

The following chart shows the results of a breakeven analysis with respect to employment.

Jobs Development Act:
Employment Breakeven Analysis
(Fiscal Year 2020)



Notes: Label accompanying each ◆ marker refers to net job impact resulting from a cost-benefit analysis assuming the labeled percentage of Jobs Development Act benefits. Employment is equal to the revenue impact resulting from the direct, indirect, and induced effects in addition to the cost of paying back the direct cost of the tax incentive.

Source: ORA calculations utilizing REMI Tax-PI

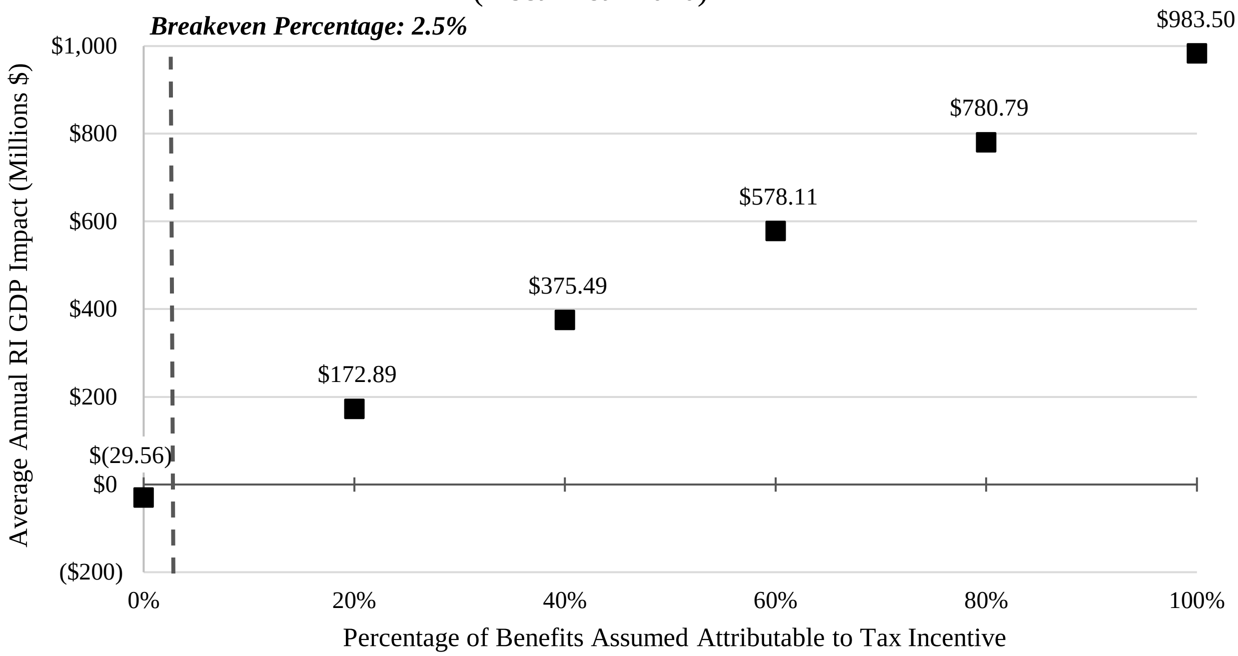
With the difficulty of determining the extent to which location decisions of JDA recipient companies were "caused" by the tax incentive, ORA tested a variety of assumptions regarding the level of activity taking place in Rhode Island due to the JDA program. The chart above shows the estimated new employment results for different scenarios on how much economic activity was caused by the JDA rate reduction. These results indicate that, under a best-case scenario, if 100%

of economic activity associated with the JDA rate reduction is attributable to the availability of this tax incentive, ORA estimated a net gain of 9,796 economy-wide jobs. Under the worst-case scenario, if the JDA economic activity would have taken place regardless of the availability of the tax incentive, the estimated net loss is 185 jobs across the state economy. These job estimates reflect an assumption that Rhode Island forgoes state government spending and employment in order to provide the tax incentive to eligible companies.

The break-even point, where job losses from foregone state government spending are offset by job gains due to the tax incentive, is when approximately 1.8 percent of economic activity generated by firms receiving JDA rate reduction is caused by the tax incentive. In other words, the employment breakeven percentage of approximately 1.8 percent implies that the JDA has a net positive impact on Rhode Island employment if at least 1.8 percent of the economic activity associated with the JDA-recipient firms would not have occurred but for the availability of the tax incentive.

The following chart shows the results of a breakeven analysis with respect to Rhode Island gross domestic product (GDP).

Jobs Development Act:
Rhode Island Gross Domestic Product (GDP) Breakeven Analysis
(Fiscal Year 2020)



Notes: Label accompanying each ■ marker refers to net Rhode Island GDP impact resulting from a cost-benefit analysis assuming the labeled percentage of Jobs Development Act benefits. Rhode Island GDP is equal to the revenue impact resulting from the direct, indirect, and induced effects in addition to the cost of paying back the direct cost of the tax incentive.

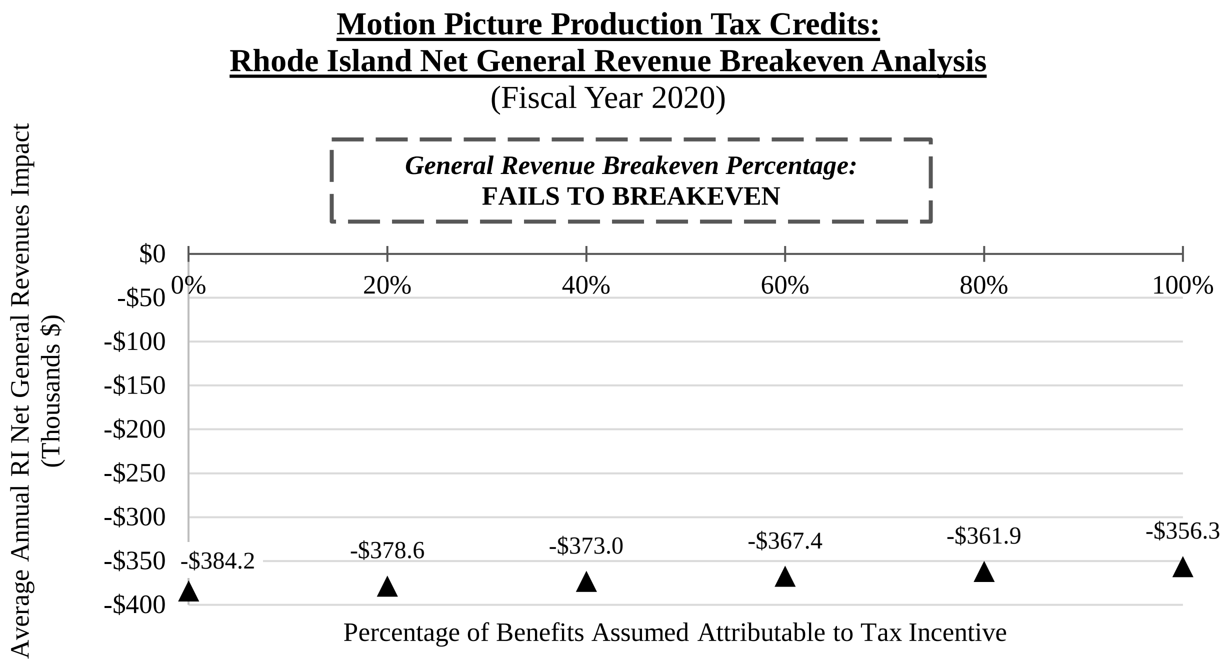
Source: ORA calculations utilizing REMI Tax-PI

The chart above shows the estimated Rhode Island GDP results for different scenarios regarding how much economic activity was caused by the JDA rate reduction. These results indicate that, under a best-case scenario, if 100% of economic activity associated with the JDA rate reduction is attributable to the availability of this tax incentive, ORA estimated a net gain of $983.5 million of GDP in the state. Under the worst-case scenario, if the JDA economic activity would have taken place regardless of the availability of the tax incentive, the estimated net loss is $29.56 million of GDP across the state economy. These GDP estimates reflect an assumption that Rhode Island forgoes state government spending in order to provide the tax incentive to eligible companies.

The break-even point, where GDP losses from foregone state government spending are offset by GDP gains due to the tax incentive, is when approximately 2.5 percent of economic activity generated by firms receiving JDA rate reduction is caused by the tax incentive. In other words, The Rhode Island GDP breakeven percentage of approximately 2.5 percent implies that the JDA program has a net positive impact on Rhode Island GDP as long as at least 2.5 percent of economic activity associated with the JDA-recipient companies would not have occurred but for the availability of the tax incentive.

2. Motion Picture Production Tax Credits

The following chart provides results of the breakeven analysis for the Motion Picture Productions Tax Credits with respect to Rhode Island general revenues.



Notes: Label accompanying each ▲ marker refers to net general revenue impact resulting from a cost-benefit analysis assuming the labeled percentage of MPPTC benefits. Net General revenue impact is equal to the revenue impact resulting from the direct, indirect, and induced effects in addition to the cost of paying back the direct cost of the tax incentive.

Source: ORA calculations utilizing REMI Tax-PI

Notice in the chart that as the percentage of benefits included in the breakeven analysis increases, the revenue impact increases, but never exceeds zero. Therefore, it can be said that the Motion Picture Production Tax Credits “fail to breakeven.” Even under the assumption that 100 percent of the activity associated with MPPTC-recipient productions was net new to the state, the net impact on state general revenues is negative.

The following table provides more detailed information regarding the state general revenue impact under the "best case" assumption that 100 percent of the activity associated with MPPTC-recipient productions was "caused" by the credit.

Rhode Island Motion Picture Production Tax Credit:
Detailed Revenue Impacts
(Fiscal Year 2020)

Item Description	Amount
General Revenue Generated by Incentive by Component	
Personal Income Tax	$2,149
General Business Taxes	$3,142
Sales and Use Taxes	$1,712
Other Taxes	$84
Total Departmental Receipts	$(875)
Other Sources	$(701)
Total General Revenue Generated by Incentive	**$5,512**
Forgone Revenue Due to Incentive	**$(361,796)**
Net Change in General Revenue	**$(356,284)**
New Revenues Generated for Every Dollar of Incentive	**$0.02**

Note: Revenue impacts the "best case" scenario that assumes 100% of economic activity associated with MPPTC-recipient productions is attributable to the availability of the MPPTC.

Source: ORA calculations based on historical Rhode Island revenue amounts and REMI PI+ simulations.

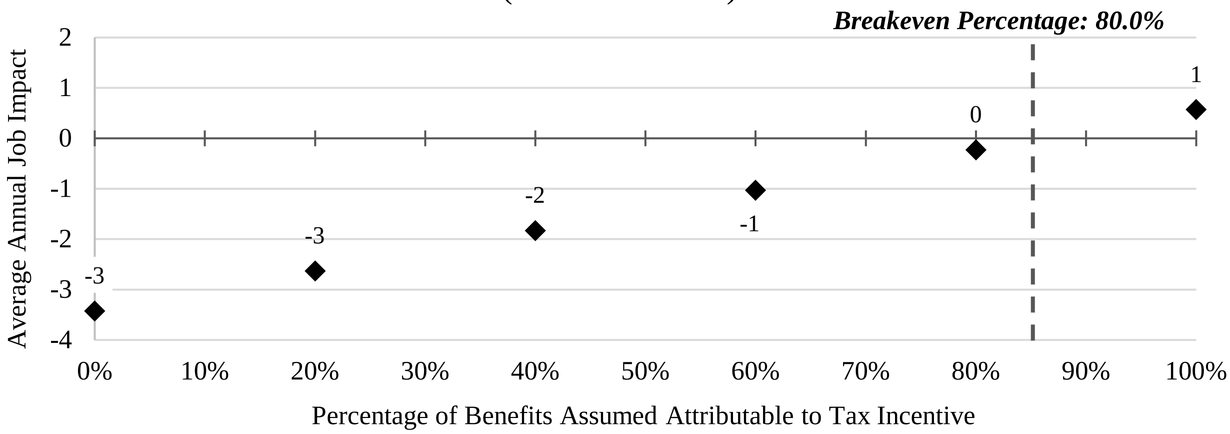
The table above provides the REMI Tax-PI simulation results after removing the $361,796 cost of the MPPTC program from the state government spending to account for the foregone revenue that the state undertakes due to the issuance of the MPPTC, and simultaneously adding the total production spending gained by the state economy due to the availability of the MPPTC program.

These results indicate that, if all the production spending associated with the MPPTC program was "caused" by the tax incentive, then the activity associated with the MPPTC program generated a total $5,512 of state general revenues. The generated revenue of $5,512 does not account for the $361,796 cost of the tax incentive itself. To take into consideration the cost of the tax incentive, ORA subtracted the $361,796 cost of MPPTC in FY 2020 from the $5,512 generated revenue. This is equal to an average annual net loss of $356,284 in general revenue. Expressed another way, for every dollar spent on the MPPTC the state generates two cents of new revenue under the assumption that 100 percent of the productions spending would not exist in Rhode Island if not for the availability of the tax credit. This payback ratio shows that new revenues generated from MPPTC-incentivized activity may help to mitigate costs of the MPPTC, but it is not enough for the tax credit to "pay for itself." Additional detailed revenue results from different percentage of assumed benefits attributable to the MPPTC program are provided in Appendix D.

The breakeven framework can also be extended to employment and Rhode Island GDP. In these contexts, the breakeven percentage can be interpreted as the percentage of economic activity associated with MPPTC-recipient firms assumed to be attributable to the availability of the credit necessary for the increase in employment or GDP resulting from new economic activity to outweigh the employment or GDP losses resulting in the reduction in government spending necessary to fund the credit.

The following chart shows the results of a breakeven analysis with respect to employment.

Motion Picture Production Tax Credits:
Employment Breakeven Analysis
(Fiscal Year 2020)



Notes: Label accompanying each ◆ marker refers to net job impact resulting from a cost-benefit analysis assuming the labeled percentage of MPPTC benefits. Employment is equal to the revenue impact resulting from the direct, indirect, and induced effects in addition to the cost of paying back the direct cost of the tax incentive.

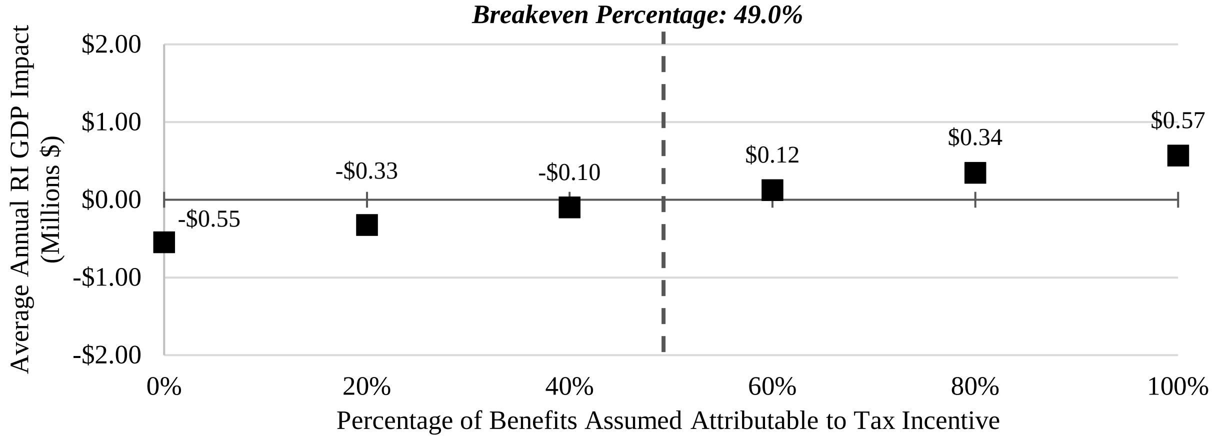
Source: ORA calculations utilizing REMI Tax-PI

The chart above shows the estimated new employment results for different scenarios on how much economic activity was caused by the MPPTC program. These results indicate that, under a best-case scenario, if 100% of economic activity associated with the MPPTC is attributable to the availability of this tax incentive, ORA estimated a net gain of one job. Under the worst-case scenario, if the MPPTC economic activity would have taken place regardless of the availability of the tax credit, the estimated net loss is three jobs across the state economy. These job estimates reflect an assumption that Rhode Island forgoes state government spending and employment in order to provide the tax incentive to eligible companies.

The break-even point, where job losses from foregone state government spending are offset by job gains due to the tax incentive, is when approximately 80.0 percent of economic activity generated by companies receiving MPPTC is caused by the tax incentive. In other words, the employment breakeven percentage of 80.0 percent implies that the MPPTC has a net positive impact on Rhode Island employment if at least 80.0 percent of economic activity associated with the MPPTC-recipient productions would not have occurred but for the availability of the tax credit.

The following chart shows the results of a breakeven analysis with respect to Rhode Island gross domestic product (GDP).

Motion Picture Production Tax Credits:
Rhode Island Gross Domestic Product (GDP) Breakeven Analysis
(Fiscal Year 2020)



Notes: Label accompanying each ■ marker refers to net RI GDP impact resulting from a cost-benefit analysis assuming the labeled percentage of MPPTC benefits. RI GDP is equal to the revenue impact resulting from the direct, indirect, and induced effects in addition to the cost of paying back the direct cost of the tax incentive.

Source: ORA calculations utilizing REMI Tax-PI

The chart above shows the estimated GDP results for different scenarios regarding how much economic activity was caused by the MPPTC program. These results indicate that, under a best-case scenario, if 100% of economic activity associated with the MPPTC is attributable to the availability of this tax incentive, ORA estimated a net gain of $0.57 million of GDP in the state. Under the worst-case scenario, if the MPPTC economic activity would have taken place regardless of the availability of the tax credit, the estimated net loss is $0.55 million of GDP across the state economy. These GDP estimates reflect an assumption that Rhode Island forgoes state government spending in order to provide the tax incentive to eligible companies.

The break-even point, where GDP losses from foregone state government spending are offset by GDP gains due to the tax incentive, is when approximately 49.0 percent of economic activity generated by firms receiving the MPPTC is caused by the tax incentive. In other words, the Rhode Island GDP breakeven percentage of 49.0 percent implies that the MPPTC has a net positive impact on Rhode Island GDP if at least 49.0 percent of economic activity associated with the MPPTC-recipient productions would not have occurred but for the availability of the tax credit.

The fact that the MPPTC breaks even with respect to employment and GDP but not with respect to state general revenues means that it is possible for the MPPTC to have a net positive impact on employment and GDP while still not generating sufficient revenue to "pay for itself.". These findings are consistent with the analysis conducted by other states. For example, a recent report analyzing the film tax incentive published by the State of Washington shows that their tax incentive does not breakeven because the taxes generated under the increased economic activity do not offset the reduction in taxes foregone due to the tax incentive preference, despite the finding that the Washington program did breakeven with respect to employment, personal income, and state GDP.[19]

[19] Full report can be accessed here: http://leg.wa.gov/jlarc/taxReports/2015/MotionPictureProgramContributions/p/print.htm

Appendices

Appendix A: Rhode Island Statute for Unified Economic Development Report

TITLE 42

State Affairs and Government
CHAPTER 42-142

Department of Revenue

SECTION 42-142-6

§ 42-142-6. Annual unified economic development report. – (a) The director of the department of revenue shall, no later than January 15th of each state fiscal year, compile and publish, in printed and electronic form, including on the internet, an annual unified economic development report that shall provide the following comprehensive information regarding the tax credits or other tax benefits conferred pursuant to §§ 42-64-10, 44-63-3, 42-64.5-5, 42-64.3-1, and 44-31.2-6.1 during the preceding fiscal year:

(1) 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; and summaries of the number of full-time and part-time jobs created or retained; an overview of benefits offered, 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. The report shall include aggregate dollar amounts of each category of tax credit or other tax benefit; to the extent possible, the amounts of tax credits and other tax benefits by geographical area; the number of recipients within each category of tax credit or retained; overview of benefits offered; and 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;

(2) The cost to the state and the approving agency for each tax credit or other tax benefits conferred pursuant to §§ 42-64-10, 44-63-3, 42-64.5-5, 42-64.3-1, and 44-31.2-6.1 during the preceding fiscal year;

(3) To the extent possible, the amounts of tax credits and other tax benefits by geographical area;

(4) The extent to which any employees of and recipients of any such tax credits or other tax benefits has received RIte Care or RIte Share benefits or assistance; and

(5) To the extent the data exists, a cost-benefit analysis prepared by the office of revenue analysis based upon the collected data under §§ 42-64-10, 44-63-3, 42-64.5-5, 42-64-3.1, and 44-31.2-6.1, and required for the preparation of the unified economic development report. The cost-benefit analysis may include, but shall not be limited to, the cost to the state for the revenue reductions; cost to administer the credit; projected revenues gained from the credit; and other metrics that can be measured along with a baseline assessment of the original intent of the legislation. The office of revenue analysis shall also indicate the purpose of the credit to the extent that it is provided in the enabling legislation, or note the absence of such

information, and any measurable goals established by the granting authority of the credit. Where possible, the analysis shall cover a five-year (5) period projecting the cost and benefits over this period. The office of revenue analysis may utilize outside services or sources for development of the methodology and modeling techniques. The unified economic development report shall include the cost-benefit analysis starting January 15, 2014. The office of revenue analysis shall work in conjunction with Rhode Island Commerce Corporation as established by chapter 64 of this title.

(b) After the initial report, the division of taxation will perform reviews of each recipient of this tax credit or other tax benefits to ensure the accuracy of the employee data submitted. The division of taxation will include a summary of the reviews performed along with any adjustments, modifications and/or allowable recapture of tax credit amounts and data included on prior year reports.

Appendix B: Agency Groups Breakdown

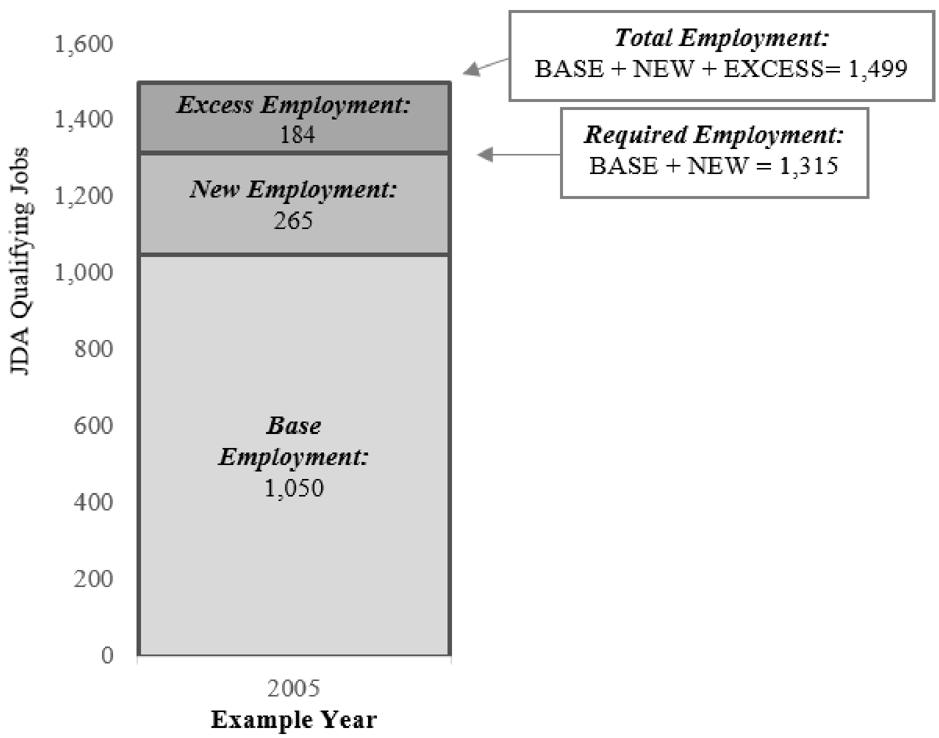
ORA Categorization	Agency Name
Behavioral Health and State Hospitals	•Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals •Office of the Mental Health Advocate
Children, Youth, and Families	•Department of Children, Youth, and Families •Office of the Child Advocate
Corrections	•Department of Corrections
Courts	•Judicial Department - Constitution •Office of Public Defender
Economic Development	•Department of Business Regulation •Department of Labor and Training •Executive Office of Commerce
Elected Officals	•Department of Attorney General •General Assembly •Office of Lieutenant Governor •Office of the Governor •Seretary of State •Treasury Department
Environment	•Coastal Resources Management Council •Department of Environmental Management

ORA Categorization	Agency Name
General Government	•Department of Administration •Department of Revenue
Health and Human Services	•Department of Health •Department of Human Services
Health Services	•Executive Office of Health and Human Services
Higher Education	•Community College of Rhode Island •Office of the Postsecondary Commissioner •Rhode Island Atomic Energy Commission •Rhode Island College •University of Rhode Island
Other	•Board of Elections •Commission on the Deaf & Hard of Hearing •Govrnor's Commission on Disabilities •Historical Preservation and Heritage Commission •Rhode Island Commission for Human Rights •Rhode Island Council of the Arts •Rhode Island Ethics Commission
Public Education	•Elementary and Secondary Education
Public Safety	•Department of Public Safety •Military Staff •Rhode Island Emergency Management Agency •State Fire Marshal

Appendix C: Discussion of JDA-Beneficiary Employment and Assignment of Benefits

In defining the benefits of the JDA program for purposes of a cost-benefit analysis, it is necessary to determine the scope of which jobs to count as a benefit. When deciding the number of jobs attributable to the rate reduction, it is helpful to consider that in any given year, a firm's employment consists of base employment, new employment, and excess employment. Consider the employment reported by a hypothetical firm in 2005 as described below:

EXAMPLE:
Determining employment attributable to rate reduction



The base employment is the number of jobs established upon initial enrollment in the JDA program, representing the firm's "base period" employment level prior to receiving the benefit of the rate reduction. The expansion employment amount represents the count of jobs added during the expansion period. The "required employment" count is the number of jobs necessary to maintain the rate reduction after the conclusion of the expansion period. It is equal to the sum of the base employment and the new employment added during the expansion period. Many firms continue to grow following the conclusion of their expansion period, and report "excess employment" above the minimum required employment level.

There are several options as to which portion of employment should be considered attributable to the credit.

Assumed Portion of Employment Attributable to JDA	**Description**	**Underlying Assumption**
New Employment Only	This is the portion of employment that was added during the expansion period.	Excludes base employment under the assumption that because it existed prior to JDA participation, it was not "caused" by the rate reduction.
Required Employment = Base Employment + New Employment	The number of jobs statutorily required for the firm to continue utilizing the rate reduction after the conclusion of the expansion period.	The rate reduction may provide firms with a strong incentive to maintain minimum employment levels. If employment falls below this level in even a single year, the firm permanently loses the rate reduction. However, this approach excludes any excess employment because it does not earn any additional rate reduction amount.
Total Employment	Includes all jobs associated with the JDA-beneficiary firm.	Assumes that the firm would have ceased operations or left Rhode Island without the benefit of the rate reduction, therefore *all* employment can be attributed to the JDA.

There may be additional approaches to measuring the benefits of the JDA program – all or most of which are not possible due to data constraints. For example, JDA-beneficiaries could be compared, before and after receiving JDA benefits, with non JDA-beneficiary comparison firms using a difference-in-differences approach. Another approach is to consider the rate reduction as a marginal reduction in productivity costs and allow the REMI model to calculate indirect and induced economic impacts (as was done in the "marginal approach" for past editions of the annual Unified Economic Development Report); however, this approach would completely ignore any impact that the JDA program had on firms' production or location decisions. Furthermore, this would define the benefits of the JDA program as a reduction in marginal productivity cost rather than an increase in employment. Because the assumed intent of the *Jobs* Development Act is to increase employment, ORA thought it was more faithful to the intent of the program to define the benefits of the JDA in terms of jobs rather than reduction in marginal productivity cost.

Appendix D: Additional Breakeven Scenarios

Jobs Development Act

The following table presents a sensitivity analysis of the Jobs Development Act. ORA ran different economic scenarios across which the input parameters are being varied accordingly to provide the reader with additional possible breakeven analysis outcomes.

"Jobs Development Act"
Detailed Net Economic & Revenue Impacts

	Policy Variable Percentage Assumed										
Industry Employment	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
	Economic & Revenue Impacts Calculated										
Total Employment (Count)	**-185**	**812**	**1,809**	**2,807**	**3,805**	**4,803**	**5,801**	**6,800**	**7,798**	**8,797**	**9,796**
Direct Employment	0	587	1,174	1,761	2,348	2,936	3,523	4,110	4,697	5,284	5,871
Indirect Employment	-67	128	324	519	714	909	1,104	1,300	1,495	1,690	1,886
Induced Employment	-118	97	312	527	743	958	1,174	1,390	1,607	1,823	2,039
Total GDP ($M)	**$(29.6)**	**$71.7**	**$172.9**	**$274.2**	**$375.5**	**$476.8**	**$578.1**	**$679.4**	**$780.8**	**$882.1**	**$983.5**
Generated Revenues by Component ($000)											
Personal Income Tax	$(453.5)	$399.9	$1,254.2	$2,110.8	$2,967.4	$3,824.7	$4,682.3	$5,540.7	$6,400.6	$7,260.8	$8,121.0
General Business Taxes	$(130.7)	$876.8	$1,884.4	$2,892.6	$3,900.8	$4,909.1	$5,917.6	$6,926.2	$7,935.3	$8,944.4	$9,953.5
Sales and Use Taxes	$(457.8)	$346.4	$1,151.5	$1,958.9	$2,766.5	$3,574.5	$4,382.9	$5,191.9	$6,002.5	$6,813.3	$7,624.0
Other Taxes	$(21.3)	$20.1	$61.4	$102.9	$144.5	$186.0	$227.5	$269.1	$310.7	$352.4	$394.0
Total Departmental Receipts	$(79.5)	$121.2	$322.4	$525.0	$727.4	$929.6	$1,131.7	$1,333.7	$1,535.9	$1,738.0	$1,939.7
Other Sources	$(63.7)	$97.1	$258.3	$420.7	$582.9	$744.9	$906.9	$1,068.7	$1,230.8	$1,392.7	$1,554.4
Cost of Incentive ($000)	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**	**$(19,503.9)**
Total Net Revenues ($000) *	**$(20,710.3)**	**$(17,642.4)**	**$(14,571.6)**	**$(11,492.8)**	**$(8,414.4)**	**$(5,335.1)**	**$(2,255.0)**	**$826.4**	**$3,912.0**	**$6,997.6**	**$10,082.8**

Source: ORA calculations based on historical Rhode Island revenue amounts and REMI Tax-PI simulations.

Note:

* The total net revenues represent the difference between the sum of generated revenues and the cost of the tax incentive.

Motion Picture Production Tax Credits

The following table presents a sensitivity analysis of the Motion Picture Production Tax Credits. ORA ran different economic scenarios across which the input parameters are being varied accordingly to provide the reader with additional possible breakeven analysis outcomes.

"Motion Picture Production Tax Credits"
Detailed Net Economic & Revenue Impacts

	Policy Variable Percentage Assumed					
Motion Picture Spending	0%	20%	40%	60%	80%	100%
	Economic & Revenue Impacts Calculated					
Total Employment (Count)	**-3**	**-3**	**-2**	**-1**	**0**	**1**
Total GDP ($000)	**$(548.4)**	**$(325.1)**	**$(101.9)**	**$121.3**	**$344.6**	**$567.8**
Generated Revenues by Component ($000)						
Personal Income Tax	$(8.4)	$(6.3)	$(4.2)	$(2.1)	$0.0	$2.1
General Business Taxes	$(2.4)	$(1.3)	$(0.2)	$0.9	$2.0	$3.1
Sales and Use Taxes	$(8.5)	$(6.5)	$(4.4)	$(2.4)	$(0.3)	$1.7
Other Taxes	$(0.4)	$(0.3)	$(0.2)	$(0.1)	$0.0	$0.1
Total Departmental Receipts	$(1.5)	$(1.4)	$(1.2)	$(1.1)	$(1.0)	$(0.9)
Other Sources	$(1.2)	$(1.1)	$(1.0)	$(0.9)	$(0.8)	$(0.7)
Cost of Incentive ($000)	**$(361.8)**	**$(361.8)**	**$(361.8)**	**$(361.8)**	**$(361.8)**	**$(361.8)**
Total Net Revenues ($000) *	**$(384.2)**	**$(378.6)**	**$(373.0)**	**$(367.4)**	**$(361.9)**	**$(356.3)**

Source: ORA calculations based on historical Rhode Island revenue amounts and REMI Tax-PI simulations.

Note:

***** The total net revenues represent the difference between the sum of generated revenues and the cost of the tax incentive.