

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
GEV Wind Power US, LLC Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to GEV Wind Power US, LLC (“the Company”), an Austin, Texas-based provider of wind turbine maintenance services. The Company is a subsidiary of GEV Group, a leading UK-based provider of energy engineering services. The credits would be issued in connection with the Company’s decision relocate its U.S. head office to a leased site in North Kingston, and to establish at the same site facilities for training wind turbine maintenance workers – its own, as well as workers employed by other wind power companies.

The Company is expected to request Qualified Jobs Incentive tax credits with an estimated net value of approximately \$1.930 million. Subject to approval of the requested credits, the Company would begin its operations in Rhode Island with 26 qualifying employees, rising to 123 qualifying employees.

This analysis was prepared by Appleseed, a consulting firm with more than twenty years of experience in economic impact analysis.

Jobs Analysis

Annual operations

As noted above, the Company intends to add 123 qualifying employees at its new facility during its first three years. Table 1 summarizes the categories in which these jobs will be created (as of 2022), and median earnings for each category.

Table 1: Projected employment, 2022

Job category	New positions (as of 2022)	Median salary
Turbine blade technicians	100	\$45,000
Supporting staff	15	\$60,000
Managers	8	\$75,000
Total	123	\$45,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system, Appleseed estimates that when the facility is fully staffed, ongoing operations associated with the 123 full-time jobs the Company would be committed to adding and maintaining will directly and indirectly support:

- 137 jobs in Rhode Island;
- \$8.67 million in annual earnings (in 2020 dollars);
- \$19.43 million in statewide economic output; and
- An increase of \$13.67 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 2.

Table 2: Direct, indirect and total annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2022 dollars)

	Jobs	Earnings	Value added	Output
Direct	123	\$7.75	\$12.08	\$16.90
Indirect	14	0.92	1.59	2.53
Total	137	\$8.67	\$13.67	\$19.43

In addition to the impacts on employment, earnings, output and state GDP cited above, expansion of the Company’s operations in Rhode Island would generate a projected increase of approximately \$508,000 in annual state tax revenues, including:

- \$325,000 in state personal income taxes paid by workers newly employed by the Company in its new operations in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s new facility;
- \$142,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$41,000 in state business taxes.

Hiring

GEV’s normal practice is to recruit from complementary industries, such as boat building, as well as partnering states’ departments of labor and training and educational institutions. Interested applicants would then be interviewed by experienced GEV hiring managers and other relevant managers as required.

Benefits

GEV will offer its employee a comprehensive health and wellness benefits package, including medical, dental, vision and disability coverage.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$1.9 million in foregone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$13.67 million in 2022 the estimated associated job creation, and a gross increase of approximately \$5.45 million in personal income, sales and business tax revenues during the twelve-year commitment period beginning in 2019. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, the Company's new Rhode Island facility would benefit Rhode Island in other ways, including:

- Providing opportunities for Rhode Island residents to train for jobs in a growing industry
- Bringing in trainees from other states and other companies who will spend money locally during their time in Rhode Island
- Reinforcing the state's attractiveness as a location for firms in other marine-based industries, and its reputation as a leader in the development of the region's ocean economy

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Qualified Jobs Incentive program mitigate risk to the state; and the value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of people actually employed and the wages actually paid by the Company.