

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
SenTec, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Qualified Jobs Incentive tax credits to SenTec, Inc (“the Company”), a Fenton, Missouri-based distributor of hospital and medical equipment. The Company specializes in non-invasive systems for monitoring ventilation and oxygenation that are used in neo-natal intensive care units and other critical care settings, including (but not limited to) products manufactured by its Swiss-based parent company, SenTec AG. The Company also services and provides training on the equipment it distributes.

The credits would be issued in connection with the Company’s decision to relocate its U.S. headquarters to leased space in Lincoln, Rhode Island. In its first year in Rhode Island (beginning January 1, 2021) the Company would employ 12 people full-time in Lincoln, rising to 17 by January 2022. The Company is expected to request Qualified Jobs Incentive tax credits with an estimated value of \$518,250 over ten years.

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 plans to have 12 qualifying employees working in its new Lincoln headquarters as of January 2021, rising to 17 in its second year. Table 1 summarizes the categories in which these jobs will be created, and the median earnings for each category.

Table 1: Projected employment, 2022

Job category	New positions (as of 2023)	Median salary
Operations management	7	\$125,000
Sales and service	4	\$87,500
Administration, logistics and support	6	\$70,000
Total	17	\$100,000

Based on data provided by the Company, and using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact analyses), Appleseed estimates that when the new facility is fully staffed, ongoing operations associated with the 17 full-time jobs the

Company would be committed to maintaining in Rhode Island for twelve years will directly and indirectly support:

- 29 jobs in Rhode Island;
- \$2.80 million in annual earnings (in 2022 dollars);
- \$7.24 million in statewide economic output; and
- An increase of \$4.82 million in Rhode Island’s annual GDP.

These impacts are summarized below in Table 2. The *direct impact* of the Company’s operations reflects the Company’s direct employment, its direct spending on wages and salaries, the value its operations add to Rhode Island’s GDP, and the total value of the goods and services it produces. Its *indirect impact* is the effect of the Company’s spending on purchases of goods and services from other in-state businesses on employment, earnings, value-added and output in Rhode Island.

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

	Jobs	Earnings	Value added	Output
Direct	17	\$1.99	\$3.54	\$5.11
Indirect	12	0,81	1.28	2.13
Total	29	\$2.80	\$4.82	\$7.24

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company’s new operations in Rhode Island would generate a projected increase of approximately \$164,000 in annual state tax revenues, including:

- \$105,000 in state personal income taxes paid by workers newly employed by the Company in its new office in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company’s new Rhode Island facility;
- \$46,000 in state sales taxes paid on those workers’ taxable household spending; and
- \$13,000 in state business taxes.

Hiring

The Company is an equal-opportunity employer. All job-seekers are required to submit an application, after which candidates will be called for an interview.

The Company is currently in the process of building out a more robust HR infrastructure.

Benefits

The Company provides a comprehensive package of benefits, including:

- Health insurance, with the Company covering 80 percent of premiums
- Dental insurance, 100 percent paid by the Company
- A 401K plan, is offered with a discretionary match (historically 5 percent) at the end of each year
- \$20,000 in life insurance for all employees, paid for by the company; employees have the option to purchase additional life insurance, paid for directly through payroll deductions.
- Long-term disability insurance, paid for by the Company, beginning on the 91st day of the work absence
- Paid time off, including 7 holidays and 15 days standard vacation (escalating with tenure)

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$518,250 in forgone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$4.82 million in 2022, the estimated associated job creation, and a gross increase of approximately \$1.92 million in personal income, sales and business tax revenues during the twelve-year-year commitment period beginning in 2021. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, relocation of the Company's headquarters in Lincoln would benefit Rhode Island in other ways, including highlighting Rhode Island's attractiveness as a location for the U.S. operations of global businesses.

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.