

**RHODE ISLAND COMMERCE CORPORATION  
RESOLUTION AUTHORIZING THE ISSUANCE OF INCENTIVES  
UNDER THE QUALIFIED JOBS TAX CREDIT ACT**

January 27, 2020

**WHEREAS:** The Rhode Island Commerce Corporation (the "Corporation") was created and exists as a public corporation, governmental agency and public instrumentality of the State of Rhode Island and Providence Plantations (the "State") under Chapter 64 of Title 42 of the General Laws of Rhode Island, as amended (the "Enabling Act"); and

**WHEREAS:** Chapter 48.3 of Title 44 of the General Laws of Rhode Island (the "Act"), as amended, authorizes the Corporation to approve the issuance of tax credits in relation to the creation of new jobs in the State; and

**WHEREAS:** The Corporation received an application for incentives under the Act from Resh, Inc., (together with affiliates, successors and assigns, the "Recipient"), which is anticipated to result in the creation of new full-time jobs in the State; and

**WHEREAS:** The Corporation's Investment Committee has reviewed and considered the proposed incentives to the Recipient and has voted to recommend to the Board of Directors (the "Board") of the Corporation the approval of the incentives; and

**WHEREAS:** The Board has received a presentation detailing the proposed incentives together with a recommendation from the staff of the Corporation to approve the issuance of incentives to the Recipient in accordance with the Act.

**NOW, THEREFORE,** acting by and through its Board, the Corporation hereby resolves as follows:

1. To accomplish the purposes of the Enabling Act and the Act, the Corporation approves the issuance of, tax credits to the Recipient up to the amount of forty-one (41) jobs not to exceed Seven Thousand Five Hundred Dollars (\$7,500) per new full-time job annually.
2. The authorization provided herein is subject to the following conditions:
  - a. The execution of an incentive agreement between the Corporation and the Recipient meeting the requirements of the Act in such form as one of the Authorized Officers (hereinafter defined) shall deem appropriate in the sole discretion of such Officer;
  - b. The creation of not less than the minimum required new full-time jobs under the Act, provided, however, that the company qualifies for a fragile industry exemption and the new jobs may have an hourly wage of not less than Seventeen 21/100 Dollars (\$17.21) per hour; and

- c. Such additional conditions as any of the Authorized Officers, acting singly, shall deem appropriate in the sole discretion of such Officer.
3. The Board of the Corporation hereby finds and determines that: (a) the approval will prevent, eliminate, or reduce unemployment or underemployment in the State and will generally benefit economic development of the State; (b) that, to the extent applicable, the provisions of RIGL § 42-64-10(a)(1)(ii) through (v) have been satisfied; (c) that the Recipient has demonstrated an intention to create the requisite number of new full-time jobs as required under the Act; (d) the creation of the new full-time jobs would not occur in the State but for the provision of the tax credits under the Act; and (e) the company has demonstrated to the Corporation that it could reasonable and efficiently locate the New Full-Time Jobs outside of the State, that such location would be economically advantageous, and that such location would be consistent with the terms of an existing or future federal procurement as required under the Rules.
4. Prior to the execution of an incentive agreement with the Recipient, the Corporation shall prepare and publicly release an analysis of the impact that the issuance of the incentives will or may have on the State considering the factors set forth in RIGL § 42-64-10(a)(2) (a copy of which is annexed hereto as Exhibit 1).
5. The Authorized Officers of the Corporation for purposes of this Resolution are the Chair, the Vice Chair, the Secretary of Commerce, the President & COO, the Chief Financial Officer or the Executive Vice President Investment (the "Authorized Officers"). Any one of the Authorized Officers of the Corporation, acting singly, is hereby authorized to execute, acknowledge and deliver and/or cause to be executed, acknowledged or delivered any documents necessary or appropriate to consummate the transactions authorized herein with such changes, insertions, additions, alterations and omissions as may be approved by any such Authorized Officers, and execution thereof by any of the Authorized Officers shall be conclusive as to the authority of such Authorized Officers to act on behalf of the Corporation. The Authorized Officers of the Corporation shall have no obligation to take any with respect to the authorization granted hereunder and the Corporation shall in no way be obligated in any manner to the Recipient by virtue of having adopted this Resolution. The Secretary or the Assistant Secretary of the Corporation, and each, acting singly, is hereby authorized to affix a seal of the Corporation on any of the documents authorized herein and to attest to the same.
6. All covenants, stipulations, and obligations and agreements of the Corporation contained in this Resolution and the documents authorized herein shall be deemed to be covenants, stipulations, obligations and agreements of the Corporation to the full extent authorized and permitted by law and such covenants, stipulations, obligations and agreements shall be binding upon any board or party to which any powers and duties affecting such covenants, stipulations, obligations and agreements shall be transferred by and in accordance with the law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Corporation or the members thereof, by the provisions of this Resolution and the documents

authorized herein shall be exercised and performed by the Corporation, or by such members, officers, board or body as may be required by law to exercise such powers and perform such duties.

7. From and after the execution and delivery of the documents hereinabove authorized, any one of the Authorized Officers, acting singly, are hereby authorized, empowered and directed to do any and all such acts and things and to execute and deliver any and all such documents, including, but not limited to, any and all amendments to the documents, certificates, instruments and agreements hereinabove authorized, as may be necessary or convenient in connection with the transaction authorized herein.
8. All acts of the Authorized Officers which are in conformity with the purposes and intents of this Resolution and the execution, delivery and approval and performance of such documents authorized hereby and all prior actions taken in connection herewith are, ratified, approved and confirmed.
9. This Resolution shall take effect immediately upon passage.

EXHIBIT 1

**Rhode Island Commerce Corporation**  
**Qualified Jobs Incentive Tax Credits – Economic Impact Analysis**

*RESH, Inc. Application*

**Introduction**

The Rhode Island Commerce Corporation (the "Corporation") may issue Qualified Jobs Incentive tax credits to RESH, Inc. ("the Company"), a firm based in Franklin, Massachusetts that fabricates sheet metal products for a wide range of customers. The credits would be issued in connection with the Company's decision to move its operations to Rhode Island. The Company is considering several possible sites in northern Rhode Island, where it would construct a new building (65,000 to 70,000 square feet) at a cost of approximately \$9.685 million.

The Company would move 35 employees from its present location to Rhode Island in 2020, and hire 6 additional employees by January 2022, for a total of 41 new-to-Rhode Island jobs. The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$735,000 over ten years; and would commit to keeping these jobs in Rhode Island for at least fifteen years. The Company is also seeking to secure tax-exempt financing for the construction of its new facility.

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

**Jobs Analysis**

***Construction***

As shown in Table 1, the Company plans to construct a new building at its new Rhode Island location, at a cost of approximately \$9.685 million.

**Table 1: RESH Inc. estimated total project cost (\$ millions)**

<b>Component</b>	<b>Estimated cost</b>
Site acquisition	\$1.200
Building construction	8.125
Moving machinery from current location	0.300
Electrical connections	0.060
<b>Total</b>	<b>\$9.685</b>

After excluding the cost of site acquisition (which does not have a direct impact on Rhode Island's economy), Appleseed estimates that the Company will spend approximately \$8.485 million on construction of the plant. Using the IMPLAN input-output modeling system (a modeling tool commonly used in economic impact analyses), Appleseed estimates that direct expenditures of approximately \$8.485 million will directly and indirectly generate:

- 57 person-years<sup>1</sup> of work in Rhode Island, with \$3.784 million in earnings (in 2020 dollars);
- Approximately \$9.856 million in statewide economic output<sup>2</sup>; and
- A one-time increase of \$5.687 million in Rhode Island's GDP.

These impacts are summarized below in Table 2. The project's *direct impact* is the impact of the company's direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

**Table 2: Direct, indirect and induced impact of construction and related spending (employment in person-years; income, value-added and output in millions of 2020 dollars)**

	Employment	Earnings	Value added	Output
Direct Effect	50	\$3.272	\$4.867	\$8.485
Indirect Effect	7	0.512	0.820	1.371
<b>Total Effect</b>	<b>57</b>	<b>\$3.784</b>	<b>\$5.687</b>	<b>\$9.856</b>

In addition to the impacts on employment, earnings, output and state GDP cited in Table 2, direct spending of \$8.485 million would generate a projected one-time increase of approximately \$375,000 in taxes paid to the State during construction, including:

- \$153,000 in state sales and use taxes paid on materials used in construction
- \$142,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project;
- \$62,000 in state sales taxes paid on those workers' taxable household spending; and
- \$18,000 in state business taxes.

Most of the activity reflected in Table 2 is assumed occur in 2020. The anticipated wage rates for construction jobs are shown below in Table 3. Anticipated wage rates are the median hourly wage for these occupations in Rhode Island.

<sup>1</sup> A person-year is equivalent to the time worked by one person who is employed full-time for a year. It could for example represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

<sup>2</sup> Output is a measure of the total sales by Rhode Island companies (including the "sale" of labor by Rhode Island households) generated by the project.

**Table 3: Anticipated wages during construction**

Occupation	RI median hourly wage <sup>3</sup>
Architect	\$37.59
Construction manager	\$54.74
Carpenter	\$22.68
Electrician	\$28.40
Plumber	\$24.62
Painter	\$19.92
Laborer	\$21.25

Fringe benefits associated with these jobs are expected to be in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

***Annual operations***

As noted above, the Company plans to have 35 qualifying employees in its first year at its new Rhode Island location, and 41 in its second year. Table 1 summarizes the categories in which these jobs will be created, and (as of 2021) median earnings for each category.

**Table 1: Projected employment, 2021**

Job category	New positions	
	(as of 2021)	Median salary
Engineers and machine operators	12	\$52,624
Welders and quality inspectors	20	\$47,112
Management and administration	9	\$89,360
<b>Total</b>	<b>41</b>	<b>\$52,624</b>

<sup>3</sup> Rhode Island Department of Labor and Training, Occupational Employment Statistics, 2018

Based on data provided by the Company, Appleseed estimates that when the new facility is fully staffed, ongoing operations associated with the 41 new jobs the Company would commit to maintaining in Rhode Island for fifteen years will directly and indirectly support:

- 56 jobs in Rhode Island;
- \$4.210 million in annual earnings (in 2021 dollars);
- \$13.687 million in statewide economic output; and
- An increase of \$4.744 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 2021 dollars)**

	Jobs	Earnings	Value added	Output
<b>Direct</b>	41	\$3.080	\$3.117	\$10.904
<b>Indirect</b>	15	1.130	1.627	2.783
<b>Total</b>	56	\$4.210	\$4.744	\$13.687

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 \$247,000 in annual state tax revenues, including:

- \$158,000 in state personal income taxes paid by workers newly employed by the Company in its new facility in Rhode Island, or by Rhode Island workers whose jobs are indirectly attributable to the Company's expanded Rhode Island operations;
- \$69,000 in state sales taxes paid on those workers' taxable household spending; and
- \$20,000 in state business taxes.

## Hiring

Whenever possible, the Company fills new or vacant positions by promoting qualified employees from within.



Company employees are encouraged to refer qualified candidates for available positions. The Company pays bonuses of \$1,000.00 to employees (excluding hiring managers and human resources staff) who refer applicants who are subsequently hired and remain for at least 90 days.

## **Benefits**

Employee benefits offered by the Company include health, dental and vision insurance; group life and disability insurance; a 401k retirement a plan with a 3 percent employer contribution, plus a discretionary "profit-sharing" contribution; and paid time off (vacation and holidays). For this package of benefits, employees contribute either \$20,00 (for single employees) or \$40.00 (for family coverage) per week.

## **Impact**

The state fiscal impact of the requested tax credits is estimated to be approximately \$735,000 in forgone state revenue. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$4.744 million in 2022, the estimated associated job creation, and a gross increase of approximately \$4.044 million in personal income, sales and business tax revenues during construction and during the fifteen-year commitment period beginning in 2020. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, expansion of the Company's operations at its new location would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's continued attractiveness as a location for customized manufacturing enterprises (including those in older industries such as metalworking)
- Adding to the municipal personal property tax base

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.