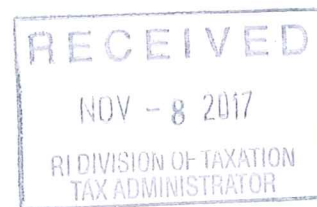




A Limited Liability Partnership



November 6, 2017

The Honorable Marvin L. Abney
Chairperson of the House Committee on
Finance
Rhode Island State House
82 Smith Street
Providence, RI 02903

The Honorable William J. Conley, Jr.
Chairperson of the Senate Committee on
Finance
Rhode Island State House
82 Smith Street
Providence, RI 02903

Dear Mr. Chairpersons,

Pursuant to R.I. Gen. Laws § 42-64-10(e), please find enclosed an economic impact analysis, conducted pursuant to R.I. Gen. Laws § 42-64-10(a), in relation to a tax credit agreement between the Rhode Island Commerce Corporation and Vistaprint Corporate Solutions Incorporated under the Rhode Island Qualified Jobs Incentive Act of 2015.

Should you have any questions or concerns, please contact the undersigned at 401-272-1400.

Very truly yours,

Christopher J. Fragomeni, Esq.

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Scott R. Jensen, Department of Labor and Training
Neena S. Savage, Division of Taxation

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

Introduction

The Rhode Island Commerce Corporation (the "Corporation") may issue Qualified Jobs Incentive tax credits to Vistaprint Corporate Services ("the Company"), a recently-created, Waltham, Massachusetts-based subsidiary of Cimpress NV, a Netherlands-based provider of printing services, signage, apparel and other products, both physical and digital, to small businesses. The credits would be issued in connection with the Company's decision to establish a new office in leased space in Providence, specializing in the provision of mass customization services and the development of online portals for mid-market businesses.

The Company intends to hire 40 new employees at its new location by 2019, rising to 70 in 2020 and 125 in 2021. The Company is requesting Qualified Jobs Incentive tax credits with an estimated value of \$2,244,546 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

As noted above, the Company intends to hire 40 new employees at its new location in Providence by 2019, rising to 70 in 2020 and 125 in 2021. Table 1 summarizes the categories in which these jobs will be created, and median earnings for each category.

Table 2: Projected employment in 2021

| Position | Employees | Median Salary |
|---------------------------------|------------|-----------------|
| Portal design and operations | 15 | \$40,000 |
| Sales and management | 110 | 55,000 |
| Total jobs/median salary | 125 | \$55,000 |

Based on data provided by the Company, and using the IMPLAN input-output modeling system (an economic modeling tool commonly used in economic impact analyses), Appleseed estimates that in 2021, ongoing operations associated with the 125 full-time jobs the Company is committing to creating and maintaining in Providence will directly and indirectly support:

- 216 full-time-equivalent (FTE) jobs in Rhode Island;
- \$12.2 million in annual earnings (in 2019 dollars);
- \$39.3 million in statewide economic output¹; and
- An increase of \$13.3 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 2.

Table 2: Direct and indirect annual impact of ongoing operations (employment in FTE; income, value-added and output in millions of 2019 dollars)

| | Employment | Earnings | Value added | Output |
|---------------|------------|----------|-------------|--------|
| Direct Effect | 125 | \$6.9 | \$7.6 | \$24.7 |

¹ Output is a measure of the total sales by Rhode Island companies (including the "sale" of labor by Rhode Island households) generated by the Center's operations.

| | | | | |
|---------------------|------------|---------------|---------------|---------------|
| Indirect Effect | 91 | 5.3 | 8.7 | 14.6 |
| Total Effect | 216 | \$12.2 | \$13.3 | \$39.3 |

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's operations in its new location would generate in 2021 a projected increase of approximately \$715,000 in annual state tax revenues, including:

- \$457,000 in state personal income taxes paid by workers employed by the Company at its new location, or by Rhode Island workers whose jobs are indirectly attributable to the Company's operations at that site;
- \$200,000 in state sales taxes paid on those workers' taxable household spending; and
- \$58,000 in state business corporation taxes.

Workers employed by the Company are expected to be drawn primarily from the Providence-Warwick RI-MA New England City and Town Area (NECTA).

Benefits

The Company offers a comprehensive package of benefits, including medical, dental and vision insurance; a 401(k) retirement plan with a company match; pre-tax health savings accounts, flexible spending accounts and commutation benefits; life, short-term disability and long-term disability insurance; an employee assistance plan; paid time off; back-up child care; tuition assistance; a legal assistance plan; pet insurance; and additional benefits such as on-site massages, acupuncture, and a fitness center.

Hiring

The Company posts all available positions on its corporate website (www.cimpress.com) and on other sites such as LinkedIn, Monster.com and Indeed.com. Employee referrals are encouraged and are rewarded upon hiring with referral bonuses. Resumes received are reviewed and initial phone interviews are conducted, with a selected group of applicants then referred for interviews with managers and peers.

The Company also recruits on college campuses and conducts on-campus interviews with selected students.

Impact

The state fiscal impact of the requested tax credits and other incentives is estimated to be \$2,244,546 in foregone state revenue and direct spending. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$13.3 million by 2021, the estimated associated job creation, and a gross increase of approximately \$7.5 million in personal income, sales and business corporation 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 proposed project would benefit Rhode Island in other ways, including:

- Highlighting the state's attractiveness as a location for e-commerce and online business service companies
- Increasing employment in an area accessible by public transportation and regional rail service
- Increasing local tangible personal property tax revenues

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. In addition, various features of the program mitigate risk to the state. In particular, Qualified Jobs Incentive tax credits will be determined on the basis of salaries and wages actually paid.