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COPY

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March 10, 2022

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

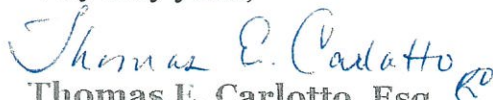

The Honorable Louis P. DiPalma
Chairperson of the Senate Committee on
Finance
Rhode Island State House
82 Smith Street
Providence, RI 02903

Dear Chairpersons,

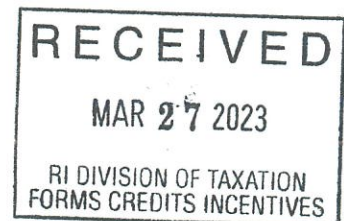
Pursuant to R.I. Gen. Laws § 42-64-10(e), please find enclosed an economic impact analysis, conducted pursuant to R.I. Gen. Laws § 42-64-10(a), in relation to tax credit agreements between the Rhode Island Commerce Corporation and Branch Holdings, LLC, under the Rebuild Rhode Island Tax Credit Act and the Rhode Island Qualified Jobs Incentive Act.

Should you have any questions or concerns, please contact the undersigned at 401-935-3404.

Very truly yours,


Thomas E. Carlotto, Esq. 
Partner

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



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Economic and tax revenue impacts of redevelopment of Wanskuck Mill, Providence

Impact of construction

As shown in Table 1, redevelopment of Wanskuck Mill directly and indirectly supports:

- 300 person-years of work in Rhode Island, with \$19.56 million in earnings (in 2021 dollars);
- \$36.45 million in statewide economic output; and
- A one-time increase of \$26.18 million in Rhode Island's GDP.

Table 1: Direct, indirect and total impact of construction (income, value-added and output in millions of 2021 dollars)

	Jobs	Earnings	Value added	Output
Direct	266	\$17.66	\$23.05	\$30.94
Indirect	34	\$1.90	\$3.13	\$5.51
Total	300	\$19.56	\$26.18	\$36.45

Construction spending would directly and indirectly generate approximately \$1.479 million in state tax revenue, including:

- \$631,000 state sales and use taxes paid on materials used in construction;
- \$486,000 in state personal income taxes paid by workers directly employed on the project, or by Rhode Island workers whose jobs are indirectly attributable to the project;
- \$301,000 in state sales taxes paid on those workers' taxable household spending; and
- \$61,000 in state business taxes.

Impact of operations¹

In its first fully stabilized year (assumed here to be 2023), operations at Wanskuck Mill would directly and indirectly account for:

- 83 jobs in Rhode Island, with \$2.68 million in earnings (in 2023 dollars);
- \$6.82 million in statewide economic output; and
- An increase of \$3.83 in Rhode Island's annual GDP.

¹ Our analysis of the impact of ongoing operations includes both the impact of tenant businesses that would occupy 20,000 square feet of commercial space, and the impact of building management and maintenance.

Table 2: Direct, indirect and total impact of ongoing operations (income, value-added and output in millions of 2023 dollars)

	Jobs	Earnings	Value added	Output
Direct	73	\$2.09	\$2.78	\$4.79
Indirect	10	\$0.59	\$1.05	\$2.03
Total	83	\$2.68	\$3.83	\$6.82

Ongoing operations would directly and indirectly generate approximately \$262,000 annually in state tax revenue, including:

- \$156,000 in state sales taxes on restaurant and retail purchases;²
- \$58,000 in state personal income taxes paid by workers directly employed by tenant businesses or in management and maintenance of the property, or by Rhode Island workers whose jobs are indirectly attributable to those operations;
- \$42,000 in state sales taxes paid on those workers' taxable household spending; and
- \$6,000 in state business taxes.

During the construction period and the twelve-year period following construction, the proposed project would generate approximately \$4.885 million in state tax revenues.

² For purposes of this analysis, we assume that half of all state taxes collected on restaurant and retail sales at Wanskuck Mill will represent "net new" revenue to the state.