

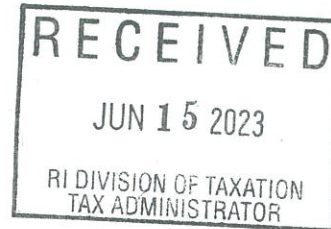


DarrowEverett^{LLP}

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June 12, 2023

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 DiPalma
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 tax credit agreements between the Rhode Island Commerce Corporation and 390 Pine Street, LLC under the Rebuild Rhode Island Tax Credit Act.

Should you have any questions or concerns, please contact the undersigned at 401-453-1200.

Very truly yours,


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

Streamlined Rebuild Rhode Island Tax Credits

Economic and tax revenue impacts of development of 390 Pine Street, Pawtucket

Impact of construction

After excluding certain expenditures (such as property acquisition costs) that do not directly affect Rhode Island's economy, Appleseed estimates that (as shown in Table 1) spending approximately \$3.817 million on redevelopment of 390 Pine Street will directly and indirectly support:

- 32 person-years of work in Rhode Island;
- \$2.08 million in earnings (in 2022 dollars);
- Nearly \$4.95 million in statewide economic output; and
- A one-time increase of \$2.67 million in Rhode Island's GDP.

Table 1: Direct, indirect and total impact of construction (income, value-added and output in millions of 2022 dollars)

	Jobs	Earnings	Value added	Output
Direct	26	\$1.72	\$2.06	\$3.82
Indirect	6	0.36	0.61	1.13
Total	32	\$2.08	\$2.67	\$4.95

Construction spending would directly and indirectly generate approximately \$55,700 in state tax revenue, including:

- \$32,400 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;
- \$19,200 in state sales taxes paid on those workers' taxable household spending; and
- \$4,100 in state business taxes.

Impact of operations

Based on information provided by the Sponsor, Appleseed estimates that ongoing operations¹ at 390 Pine Street will (as shown in Table 2) will directly and indirectly support:

¹ In addition to 8 residential units, the redeveloped 390 Pine Street will include 5,750 square feet of commercial space, with some occupied by Shri and some by two commercial tenants. For purposes of this analysis, we treat

- 11 jobs in Rhode Island;
- \$407,000 in earnings (in 2023 dollars);
- \$1.246 million in statewide economic output; and
- An increase of \$606,000 in Rhode Island’s annual GDP.

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	9	\$0.289	\$0.404	\$0.866
Indirect	2	\$0.118	\$0.202	\$0.381
Total	11	\$0.407	\$0.606	\$1.246

Ongoing operations would directly and indirectly generate approximately \$42,600 annually in state tax revenue, including:

- \$8,300 in state personal income taxes paid by workers directly employed in management and maintenance of the property, or by Rhode Island workers whose jobs are indirectly attributable to those operations;
- \$28,000 in state sales taxes paid on on-site sales of food and beverages;
- \$5,300 in state sales taxes paid on those workers’ taxable household spending; and
- \$1,000 in state business taxes.

During the construction period and the twelve-year period following construction, the proposed project would generate approximately \$566,900 in state tax revenues.

Shri’s operations at 390 Pine Street as having relocated from elsewhere in Rhode Island, but treat the commercial tenants (as well as spending on building operations and maintenance) as being “net new” to the state.