

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE  
RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

**JOBS DEVELOPMENT ACT RESOLUTIONS**

**DECEMBER 21, 2009**

**(With Respect to Jobs Development Act Determination for  
Galaxy Nutritional Foods, Inc.)**

**VOTED:** That the Rhode Island Economic Development Corporation, pursuant to the economic impact analysis attached and in accordance with R.I.G.L. §42-64.5-5 of the Jobs Development Act, hereby determines that:

- (a) But for the incentives available under the Jobs Development Act, Galaxy Nutritional Foods, Inc. is not likely to retain, expand, or add employment in Rhode Island; and
- (b) Galaxy Nutritional Foods, Inc. has provided reasonable evidence supporting a finding that the jobs retained, expanded, or added would generate new tax revenue for the State that is at least equivalent to the value of the incentives granted pursuant to the Jobs Development Act.

# DRAFT December 2009

## RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION ECONOMIC ANALYSIS OF GALAXY INC. EXPANSION FOR JOB DEVELOPMENT ACT PURSUANT TO R.I.G.L. § 42-64.5-5

As required by §42-64.5-5 of the Rhode Island General Laws, the Rhode Island Economic Development Corporation ("EDC") has prepared the following economic analysis of Galaxy Nutritional Foods, Inc project in Rhode Island.

Galaxy Nutritional Foods is a manufacturer of cheese substitute foods. This project is a complete corporate relocation with only one employee moving from Florida. Galaxy is actively recruiting for all positions listed in base year from the local community and prefers to hire individuals within commuting distance to new corporate headquarters. Galaxy expects to employ at least 29 full time employees in Rhode Island by January 2012 and plans to expand employment and investment in the state to accommodate future growth.

The Job Development Act offers corporate rate reduction that is permanent, as long as the company maintains the same level of employment that it had at the end of the third year following the company's self-selected base period. New employees must be paid at least 250% of the state minimum wage (the current state minimum wage is \$7.40/ hour.) 250% of minimum wage is \$18.50/hour.

There are 26 positions that would pay wage greater than \$18.50/hour, therefore only those 26 positions are included in this analysis.

These 26 jobs result in total personal income tax revenue of \$264,332 for three years of analysis (2010-2012), or \$80,158 in 2010, \$87,538 in 2011 and \$96,636 in 2012. These jobs result in total payroll of over \$2.2 million for three years.

Galaxy, Inc did not have nexus in Rhode Island and therefore, did not have a Rhode Island corporate tax liability. Based on its current projections, Galaxy expects that they will have added enough jobs at or above the 250% state wage requirement to lower their Corporate income tax rate from the statutory 9% to 8.5% by 2012 (0.25% reduction in 2010 and additional 0.25% reduction in 2011). Under the act the company has three years to add jobs in order to maximize the rate reduction. Because Galaxy Nutritional Foods did not have any Rhode Island Corporate income tax liability **the use of the Job Development Act would be revenue neutral.**

Year 1 - 2010			Single	Married	Single	Married	
FT	Total FT Payroll	Avg Wage	Standard Deduction and Exemption	Standard Deduction and Exemption	RI Tax	RI Tax	RI Personal Inc Tax*
2**	\$ 61,000	\$ 30,500	\$ 9,350	\$ 18,700	\$ 793	\$ 443	\$ 1,236
4	\$ 198,000	\$ 49,500	\$ 9,350	\$ 18,700	\$ 1,753	\$ 1,155	\$ 5,815
1	\$ 57,200	\$ 57,200	\$ 9,350	\$ 18,700	\$ 2,292	\$ 1,444	\$ 1,868
3	\$ 214,500	\$ 71,500	\$ 9,350	\$ 18,700	\$ 2,638	\$ 1,980	\$ 6,927
1	\$ 93,500	\$ 93,500	\$ 9,350	\$ 18,700	\$ 4,148	\$ 3,468	\$ 3,823
7	\$ 1,126,400	\$ 160,914	\$ 9,350	\$ 18,700	\$ 9,372	\$ 8,268	\$ 61,740
<b>16</b>	<b>\$ 1,689,600</b>						<b>\$ 80,158</b>

\*Assumption: half employees assumed single, half married

Only jobs that pay above 250% min wage were totaled.

\*\* Not included in analysis since wage is below threshold

## DRAFT December 2009

### Additional employment:

Year 2 - 2011			Single Standard Deduction and Exemption	Married Standard Deduction and Exemption	Single RI Tax	Married RI Tax	Additional RI Personal Inc Tax*
FT	Total FT Payroll	Avg Wage					
2	\$ 77,000	\$ 38,500	\$ 9,350	\$ 18,700	\$ 1,093	\$ 743	\$ 1,836
2	\$ 99,000	\$ 49,500	\$ 9,350	\$ 18,700	\$ 1,753	\$ 1,155	\$ 2,908
1	\$ 71,500	\$ 71,500	\$ 9,350	\$ 18,700	\$ 3,293	\$ 1,980	\$ 2,636
<b>5</b>	<b>\$ 247,500</b>						<b>\$ 7,380</b>

\*Assumption: half employees assumed single, half married  
Only jobs that pay above 250% min wage were totaled.

### Additional employment:

Year 3 - 2012			Single Standard Deduction and Exemption	Married Standard Deduction and Exemption	Single RI Tax	Married RI Tax	Additional RI Personal Inc Tax*
FT	Total FT Payroll	Avg Wage					
1**	\$ 27,500	\$ 27,500	\$ 9,350	\$ 18,700	\$ 681	\$ 330	\$ 505
1	\$ 38,500	\$ 38,500	\$ 9,350	\$ 18,700	\$ 1,093	\$ 743	\$ 918
2	\$ 99,000	\$ 49,500	\$ 9,350	\$ 18,700	\$ 1,753	\$ 1,155	\$ 2,908
2	\$ 143,000	\$ 71,500	\$ 9,350	\$ 18,700	\$ 3,293	\$ 1,980	\$ 5,273
<b>5</b>	<b>\$ 280,500</b>						<b>\$ 9,098</b>

\*Assumption: half employees assumed single, half married  
Only jobs that pay above 250% min wage were totaled.

\*\* Not included in analysis since wage is below threshold

Year	Total RI Personal Income Tax Revenue
2010	\$ 80,158
2011	\$ 87,538
2012	\$ 96,636
<b>3 year total:</b>	<b>\$ 264,332</b>

If Galaxy Nutritional decided not to move to the State of Rhode Island, the opportunity cost for the State would equal the annual amount this company would have paid in corporate tax - i.e. : \$112,495 in 2010 (at 8.75% corporate tax rate), 129,266 in 2011 (at 8.75% corporate tax rate) and 250,568 (at 8.5% corporate tax rate).

<b>GALAXY NUTRITIONAL FOODS</b>
<b>Projected Financial Statements</b>
<b>For the 3 Fiscal Years Ending March 31, 2012</b>

	Projected		
	FY2010 Projected	FY2011 Projected	FY2012 Projected
<b>Projected Federal Taxable Income</b>	<b>\$ 1,285,656</b>	<b>\$ 1,477,329</b>	<b>\$ 2,947,854</b>
RI Corporate Tax Rate	9.00% \$ 115,709	\$ 132,960	\$ 265,307
Reduced RI Corporate Tax Rate	8.75% \$ 112,495	\$ 129,266	
Reduced RI Corporate Tax Rate	8.50%		\$ 250,568

## DRAFT December 2009

Company Savings based on reduced rate	\$	3,214	\$	3,693	\$	14,739
---------------------------------------	----	-------	----	-------	----	--------

### In summary:

250% of min wage that employees need to be paid	\$18.50
Total jobs counted in analysis	26
RI Corporate Tax Rate reduction	0.50%
New RI Corporate Tax Rate	8.50%
All jobs company is adding in 3 years	29
Total payroll (for jobs>250% min wage)	\$2,217,600

Galaxy Nutritional Foods, Inc. believes in training employees and provides opportunities for on the job training as well as outside training through seminars and a tuition reimbursement program.

All full time employees are eligible for health, dental, life and disability insurance. The company pays approximately 80% of the health and dental benefit cost and 100% of life and disability. In addition, employees are encouraged to participate in corporate sponsored 401K retirement plan, with the company matching 4% of every dollar contributed by the employee up to the maximum allowable under the law.