

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

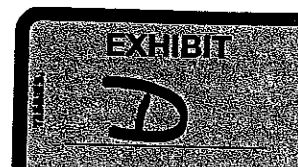
**JOBS DEVELOPMENT ACT RESOLUTIONS**

**DECEMBER 17, 2007**

**(With Respect to Jobs Development Act Determination for RICHLINE GROUP, 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, RICHLINE GROUP, Inc. is not likely to retain, expand, or add employment in Rhode Island; and
- (b) That RICHLINE GROUP, 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

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
ECONOMIC ANALYSIS OF RICHLINE GROUP, 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 the expansion of Richline Group, Inc. in Rhode Island.

Richline Group, Inc. is a wholly owned subsidiary of Berkshire Hathaway Inc., which is a publicly traded company. Richline Group Inc., is a newly formed C-Corp, formed on July 3, 2007. Richline Group, Inc manufactures sells and distributes jewelry throughout the US and the world. It is currently located in 3 states and had over 1,000 employees worldwide, with plans for expansion in the US within the next three years.

Selecting a Base year of June 30, 2007, the company will add 71 full-time jobs by December 31, 2007, and another 182 full-time jobs during calendar year 2008. These jobs result in annual personal income tax revenue of \$61,371 and payroll of over \$2.7 million for the full-time jobs in 2007 and another \$142,474 in annual income tax revenue and \$6 Million in payroll from jobs to be added in 2008.

Richline Group, Inc did not exist prior to July 3, 2007; and therefore, did not have a Rhode Island corporate tax liability. The company is located in several states and has not fully determined what its Rhode Island apportionment percentage will be. Therefore, the following is only an estimate of its 2007 liability. It is estimated that the company's taxable income for 2007 will be between \$150,000 and \$500,000 Based on its current projections, Richline Group Inc. expects that they will have added enough jobs at or above the 150% state wage requirement to lower their Corporate income tax rate from the statutory 9% to 8% for 2007. With jobs to be added during 2008, the company expects to lower its rate to 6% or 6.5%. The company is not yet able to project growth beyond 2008, but additional growth in 2009 could result in a lower tax liability. Under the act the company has three years to add jobs in order to maximize the rate reduction.

Because Richline Group, Inc. did not exist prior to July 3, 2007 and because they did not have any Rhode Island Corporate income tax liability **the use of the Job Development Act would be revenue neutral.**

|  |                  |
|--|------------------|
| <b>Income Tax From New Direct Employment 2007-2008</b> | <b>\$240,599</b> |
| <b>Net increase in Corporate Tax (low end est.)</b>    | <b>\$12,000</b>  |
| <b>Total Net New Revenue by July 1 2010:</b>           | <b>\$588,434</b> |

# DRAFT

## Richline Group Inc., Job Growth 2007 -2008

| Estimated Yearly Salary | # of Full Time Jobs | average Income FT Jobs | Total RI Tax    | # of Full Time Jobs | average Income FT Jobs | Total RI Tax     |
|-------------------------|---------------------|------------------------|-----------------|---------------------|------------------------|------------------|
| <\$15,000               | 12                  | 17,958                 | \$1,129         | 76                  | 15,724                 | 780              |
| \$20,001-30,000         | 25                  | 22,720                 | \$8,071         | 41                  | 24,024                 | \$15,241         |
| \$30,000-40,000         | 15                  | 34,147                 | \$12,767        | 28                  | 34,107                 | \$23,790         |
| \$40,001-50,000         | 5                   | 45,000                 | \$6,520         | 15                  | 44,333                 | \$19,035         |
| \$50,001-60,000         | 2                   | 53,750                 | \$2,468         | 5                   | 54,000                 | \$6,216          |
| \$60,001-70,000         | 5                   | 63,500                 | \$7,698         | 5                   | 63,000                 | \$7,604          |
| 70,001-80,000           | 2                   | 78,500                 | \$4,204         | 5                   | 74,000                 | \$9,666          |
| 90,001-100,000          | 1                   | 100,000                | \$3,586         | 1                   | 100,000                | \$3,586          |
| < \$100,000             | 4                   | 136,250                | \$18,975        | 6                   | 196,667                | \$56,556         |
| <b>Total</b>            | <b>71</b>           | <b>38,700</b>          | <b>\$65,416</b> | <b>182</b>          | <b>33,159</b>          | <b>\$142,474</b> |

Richline Group Inc. has indicated a desire to hire from within the community and will make efforts with respect to job recruitment in Rhode Island in some of the following ways: listing job openings with the Rhode Island Department of Labor and Training, and outreach efforts to ensure qualified Rhode Island residents are aware of job openings.

The company provides health insurance for its employees. The company also provides on an optional basis: life, long-term disability, vision care and dental insurance. The company also offers an IRS sanctioned tax-free flexible spending benefit program, and all employees are eligible to participate in a 401K Plan.