

Draft 6-15-2007

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION ECONOMIC ANALYSIS OF RITE-SOLUTIONS, 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 RITE-SOLUTIONS, Inc. in Rhode Island.

RITE-SOLUTIONS Inc. develops software solutions for various commercial and government clients. RITE-SOLUTIONS is in the midst of a major expansion and new product development. The company has asked for assistance from the State of Rhode Island in the form of the ability to use the Job Development Act in order to make the expansion in Rhode Island. RITE-SOLUTIONS has a facility in Middletown, Rhode Island and a facility in Connecticut.

The proposed expansion would be expected to result in the addition of 100 new jobs, 84 full-time positions and 16 part-time positions over the next three years. The payroll for the 84 full-time jobs will total \$6,491,119 with an average wage of \$77,275. The new jobs will result in an additional \$670,371 in Rhode Island personal income tax over the first three years.

RITE-SOLUTIONS Inc. actual corporate income tax totaled \$13,840 in FY 2006 and is estimated to reach \$17,448 in FY 2008 as a result of increased services and product development. If employment climbs as projected the Job Development Act would allow the Company to reduce its 9% Corporate tax rate to 8.75 or 8.5% over the statutory three year period from the base election. While the rate is lower, the additional profitability more than offsets the loss of revenue from the rate reduction. It is anticipated that even with the lowered rate, Rhode Island Income tax liability will rise, resulting in a net increase of Corporate income tax to the State of over \$3,608 by 2008. The use of the Job Development Act would be revenue neutral.

In addition to the net increase in corporate income tax, the new jobs are expected to add \$223,457 in personal income tax revenue annually.

Income Tax From New Direct Employment 2007-2009	\$670,371
Net increase in Corporate Tax	\$10,824
Total Net New Revenue by 2010:	\$681,195

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Estimated Yearly Salary	# of Full Time Jobs	average Income FT Jobs	Total RI Tax
<\$15,000			
\$20,001-30,000	6	25,464	\$3,406
\$30,000-40,000	5	33,994	\$4,227
\$40,001-50,000	9	44,268	\$12,235
\$50,001-60,000	11	54,792	\$16,549
\$60,001-70,000	11	63,960	\$17,124
70,001-80,000	8	74,495	\$15,615
80,001-90,000	7	86,511	\$18,492
90,001-100,000	6	94,508	\$22,410
100,001-110,000	10	104,491	\$35,224
110,001-120,000	1	116,375	\$4,354
120,001-130,000	2	127,705	\$15,442
130,001-140,000	3	134,462	\$16,861
140,001-150,000	1	147,145	\$6,508
150,001-160,000	2	157,375	\$14,003
180,001-190,000	1	189,701	\$9,507
220,001-230,000	1	223,428	\$11,501
Total	84	77,275	\$223,457