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June 29, 2021

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

The Honorable Ryan W. Pearson
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 agreement between the Rhode Island Commerce Corporation and Nexus Holdings, LLC under the Rebuild Rhode Island Tax Credit Act.

Should you have any questions or concerns, please contact the undersigned.

Very truly yours,

Thomas E. Carlotto

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

Economic and tax revenue impacts of redevelopment of Nexus Lofts, Pawtucket

Impact of construction

- 54 person-years of work in Rhode Island;
- \$3.16 million in earnings (in 2020 dollars);
- \$9.62 million in statewide economic output; and
- A one-time increase of \$4.78 million in Rhode Island's GDP.

Table 1: Direct, indirect and total impact of construction (income, value-added and output in millions of 2020 dollars)

	Jobs	Earnings	Value added	Output
Direct	33	\$2.15	\$3.11	\$6.91
Indirect	21	\$1.01	\$1.67	\$2.72
Total	54	\$3.16	\$4.78	\$9.63

Construction spending would directly and indirectly generate approximately \$186,000 in state tax revenue, including:

- \$119,000 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;
- \$52,000 in state sales taxes paid on those workers' taxable household spending; and
- \$15,000 in state business taxes.

Impact of operations

After redevelopment is completed and the building is occupied, ongoing management, building operations and maintenance would directly and indirectly account for

- 1 job in Rhode Island;
- \$28,000 in earnings (in 2021 dollars);
- \$81,000 in statewide economic output; and
- An increase of \$44,000 in Rhode Island's annual GDP.

Table 2: Direct, indirect and total impact of ongoing operations (income, value-added and output in millions of 2021 dollars)

	Jobs	Earnings	Value added	Output
Direct	1	\$0.021	\$0.032	\$0.059
Indirect	0	\$0.007	\$0.012	\$0.022
Total	1	\$0.028	\$0.044	\$0.081

Ongoing operations would directly and indirectly generate approximately \$1,640 annually in state tax revenue, including:

- \$1,050 in state personal income taxes paid by workers directly employed by office tenants, or in management and operation of the property, or by Rhode Island workers whose jobs are indirectly attributable to those operations;
- \$460 in state sales taxes paid on those workers' taxable household spending; and
- \$130 in state business taxes.

During the construction period and the twelve-year period following construction, the proposed project would directly and indirectly generate approximately \$206,000 in state tax revenues.