

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION
ECONOMIC IMPACT ANALYSIS OF
Proposed Economic Development Revenue Bonds
I-195 Redevelopment District Project - Series 2013
April 9, 2012

As required by 42-64-10(a)(2) of the Rhode Island General Laws, the Rhode Island Economic Development Corporation ("EDC") has prepared the following economic impact analysis of proposed I-195 Commission project for completing the final phase of the Iway Project located in Providence, Rhode Island.

The Iway Project relocated a portion of Interstate 195 at its intersection with Interstate 95 in Providence, Rhode Island to replace deteriorated infrastructure and improve highway safety. The EDC is requesting \$38,400,000 in taxable and tax-exempt bond financing for the purchase of land from the Rhode Island Department of Transportation (RIDoT). RIDoT will use this \$38,400,000 received from the sale of the land for construction of streets, open space and bridges as part of the Project. The I-195 Commission will market the land purchased from RIDoT and use net-proceeds to repay the bonds. Rhode Island taxpayers have full financial exposure for repaying the bonds should the revenue for land sales fall short.

The EDC will be borrowing \$38,400,000 and issuing Economic Development Revenue Bonds. The I-195 Commission will borrow from the EDC the \$38,400,000 and utilize it to purchase approximately 20 acres of land from the RIDoT. RIDoT will utilize the proceeds to construct the aforementioned city streets, a pedestrian bridge, public parks and spaces as well as utility infrastructure

Total construction cost is estimated at \$38,400,000. Using the RIMS II Model from the U.S. Bureau of Economic Analysis, this project is expected result in 548 direct, indirect, and induced job years, including 291 job years in construction. The total earnings impact is estimated at \$22.5 million. The RIMS II Model projects mean annual earning for the construction jobs at \$44,886, which is in line with published Rhode Island occupational statistics (Table 2). Rhode Island personal income tax revenue from projected construction jobs is estimated at \$294,490. Personal income tax revenue is not estimated for job impacts in other industries.

Table 1. Direct, Indirect, and Induced Impacts

	Jobs	Total Earnings	Mean Annual Earnings
Construction	291	\$13,040,640	\$44,886
Other Industries	258	\$9,434,880	\$36,608
Total	548	\$22,475,520	\$40,995

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis. RIMS II. Table 1.3 Final Demand Employment Multipliers and Table 1.2 Final Demand Earnings Multipliers - detailed industries. Region: Rhode Island (Type II). Series: 2002 U.S. Benchmark I-O data and 2010 Regional Data.

Table 2. Rhode Island Annual Earnings by Occupation, 2012

SOC	Occupational Title	Median Earnings	Mean Earnings
47-0000	Construction and Extraction Occupations	46,790	49,430
47-1011	First-Line Supervisors of Construction Trades & Extraction Workers	66,100	65,510
47-2061	Construction Laborers	43,980	43,060
47-2071	Paving, Surfacing, and Tamping Equipment Operators	42,910	44,340

Source: Bureau of Labor Statistics. May 2012. State Occupational Employment and Wage Estimates. Rhode Island.

No guarantees on the types of fringe benefits to be provided with the identified jobs are available. Rhode Island state-funded or directed construction projects are subject to a 10% minority-owned business participation goal. The project will also have an allocation of training hours for women and minorities.

Assumptions and Methods

Personal income tax revenues are estimated from Rhode Island resident 2012 tax tables assuming that half of employees file as single, half as married and that standard deductions are taken. Personal income tax revenues are estimated for projected construction jobs only and not for other direct, indirect, or induced jobs.