



# ***Rhode Island Manufacturers Association***

*The Economic Engine for Rhode Island*

## **2017 RIMA Legislative Policy Proposals for Manufacturers**

### **Already introduced in the General Assembly:**

#### Investment Tax Credit

**Purpose:** Expands the Investment Tax Credit program to provide a refundable tax credit on a competitive basis for manufacturing businesses of **all corporate structures** that are investing in new equipment.

**Funding Requested:** \$3,250,000

#### Job Training Tax Credit

**Purpose:** Updates the Jobs Training Tax Credit program to provide a redeemable tax credit through a competitive process that will help manufacturing businesses of **all corporate structures** hire and train more Rhode Islanders for advanced manufacturing jobs.

**Funding Requested:** \$2,000,000

#### Qualified Jobs Tax Incentive

**Purpose:** Reform the Qualified Jobs Incentive Tax Credit to lower the required job-creation threshold for manufacturers of all corporate structures to **5 new employees** and, below 5, allow teams of manufacturers to pool together to create the jobs and take advantage of the credits, encouraging hiring in the manufacturing industry.

**Funding Requested:** No funding necessary, credits are paid for with the incremental new state income tax revenues.

#### Innovation Vouchers

**Purpose:** Expand the Innovation Voucher program to enable manufacturers to compete for awards of up to \$50,000 to conduct in-house research and development, without the need to find an institutional partner as is currently required.

**Funding Requested:** \$2,500,000, of which \$1,000,000 will be carved out for manufacturers specifically.

### Davies Career and Tech

**Purpose:** Invest in the state-run William M. Davies, Jr. Career and Technical High School in Lincoln to create a Center for Advanced Manufacturing that will train students for high-growth, high-wage careers in the industry. Three main parts of the initiative are: 1) appointing new members to the Board to drive the expanded mission of the school, 2) use capital funds to build new facilities and purchase new equipment, 3) establish the academic curriculum and industry connections for a new Center for Advanced Manufacturing embedded within the school.

**Funding Requested:** \$3,650,000 – Rhode Island Capital Plan Funds

\$200,000 – Already committed funds from the Commerce Corporation to hire a Director for the Center for Advanced Manufacturing.

### Polaris MEP

**Purpose:** Increase funding for the Polaris Manufacturing Extension Partnership (MEP), which offers technical expertise to manufacturers to help them develop innovative technology strategies and cost efficient operations, and grow their businesses.

**Funding Requested:** \$550,000

**H-6082 Rep. Ruggiero submitted:**

Relating to State Affairs and Government: RI Health Benefit Exchange-will allow sole proprietors and qualified business owners to seek a waiver under the Affordable Care Act to purchase health benefit plans offered by the exchange to the small group market.

**Impact:** Businesses with multiple owners(law practices, wealth management firms, CPA's, financial planners, physician groups and innovator/incubator type start ups.

Creates a financial burden for the above having to purchase single person coverage rather than group rates. They lose the use of Brokers who are not compensated for the individual market plans in RI. Small business owners want to be allowed to purchase small group insurance and not be forced to the individual market.

**Funding Request:** None and no financial burden to the state

RIIFC and RIIRBA Sales Tax Exemption Submitted by Senate and House

Purpose: Would provide a sales tax exemption for RIIFC and RIIRBA projects bonded for manufacturers with respect to materials used in construction, reconstruction or rehabilitation of the project or used for the acquisition of furniture, fixtures, and equipment, excepting motor vehicles. Places a \$10M cap on project amounts.

Funding requested: No new funding. Requires fiscal note to assess impact on revenues.

Rebuild Rhode Island Expansion Submitted by Senate and House

Purpose: Expand the eligibility of Rebuild Rhode Island tax credits for new or expanding manufacturing facilities by lowering the square footage and project cost thresholds required to qualify.

Funding Requested: No new funding.

H-5833 IRC-199 Rep: Stephen Ucci Submitted:

Purpose: Request the General Assembly to re-couple our tax code with the benefits provided by IRC Section 199. In 2004, Congress enacted the Domestic Production Activity Deduction as part of the American Jobs Creation Act to help diminish some of the inequities faced by American Manufacturers. This deduction, now permanently codified as Internal Revenue Code (IRC) 199. Provides a tax benefit to US-based manufacturers by allowing us to deduct a percentage of our domestic production activities from federal taxable income. Section 199 also serves to partially level the playing field for US companies competing against foreign manufacturers who received export incentives under value added tax regimes. Further, Section 199 provides an incentive for manufacturers to expand production on US soil.

Funding Requested: No new funding:

Cost Impact/Loss of Revenue: \$3million approximate