



**Testimony Regarding H-7171, Article 10, Section 9 and Article 11  
House Finance Committee  
February 26, 2020**

Article 10, Section 9 extends the sunset date for the Wavemaker fellowship program from December 31, 2020 to December 31, 2023 and Article 11 similarly extends the sunset dates for eleven tax credit/incentive programs administered by the Commerce Corporation.

The Wavemaker Fellowship program, the Rebuild Rhode Island Tax Credit program and the Tax Increment Financing program are scheduled to be reviewed and analyzed by the Office of Revenue Analysis (ORA) during this fiscal year as required by the Economic Development Tax Incentive Evaluation Act of 2013.

The analyses by ORA will provide valuable information that the Committee should consider in deciding whether to extend the authorization of these programs. Many millions of dollars are involved and policy makers as well as the public need to know whether these expenditures yield a return on investment. The most recent report from the Commerce Corporation documents that it has approved \$111,114,233 in tax credits and \$43,096,654 in sales tax credits under the Rebuild Rhode Island Tax Credit program for 34 companies since 2016. A little over \$6 million in tax credits and \$1.8 million in sales tax credit have been disbursed so far. Nine companies have been approved for Tax Increment Financing obligating \$35.4 million in general revenue, with \$469,000 disbursed to date.

Since 2016, over 800 individuals have received Wavemaker Fellowship payments. The Commerce Corporation provides the names of the recipients, their employer, the educational program from which they graduated and the amount of the award. The analysis by DOR can shed light on which businesses have benefitted by this program and whether the Fellowship program was important in making a match between the employee and employer. We note that it would be helpful for the Commerce Corporation to collect information about the race and ethnicity of Wavemaker Fellowship recipients so we can know whether recent graduates of color are benefitting from the program.

We appreciate that the General Assembly has been closely monitoring the use of tax credits and incentives for economic development purposes. In addition to knowing the amounts that have been committed through the various Commerce Corporation programs and the intended outcomes, it is vital to know whether the expenditures are yielding 'a bang for the buck'. The reports issued by DOR are intended to provide this information and we urge policy makers to consider those reports in deciding whether to extend, modify or curtail these programs.