

**ARTICLE 12 AS AMENDED**

RELATING TO ECONOMIC DEVELOPMENT

SECTION 1. Section 42-64-36 of the General Laws in Chapter 42-64 entitled "Rhode Island Commerce Corporation" is hereby amended to read as follows:

**42-64-36. Program accountability.**

(a) The board of the Rhode Island commerce corporation shall be responsible for establishing accountability standards, reporting standards and outcome measurements for each of its programs to include, but not be limited to, the use of tax credits, loans, loan guarantees and other financial transactions managed or utilized by the corporation. Included in the standards shall be a set of principles and guidelines to be followed by the board to include:

(1) A set of outcomes against which the board will measure each program's and offering's effectiveness;

(2) A set of standards for risk analysis for all of the programs especially the loans and loan guarantee programs; and

(3) A process for reporting out all loans, loan guarantees and any other financial commitments made through the corporation that includes the purpose of the loan, financial data as to payment history and other related information.

(b) The board shall annually prepare a report starting in January 2015 which shall be submitted to the house and senate. The report shall summarize the above listed information on each of its programs and offerings and contain recommendations for modification, elimination or continuation.

(c) The commerce corporation shall prepare a report beginning January 1, 2019 which shall be submitted to the house and senate within a period of thirty (30) days of the close of each quarter. The report shall summarize the information listed in subsection (a) of this section on each of its programs and offerings, including any modifications, adjustments, clawbacks, reallocations, alterations or other changes, made from the close of the prior fiscal quarter and include comparison data to the reports submitted pursuant to §§ 42-64.20-9(b), 42-64.21-8(a) and (8)(c), 42-64.22-14(a), 42-64.23-5(d), 42-64.24-5(d), 42-64.25-12, 42-64.26-6, 42-64.27-4, 42-64.28-9, 42-64.29-7(a), 42-64.31-3, 44-48.3-13(b) and (13)(c), chapters 64.20, 64.21, 64.22, 64.23, 64.24, 64.25, 64.26, 64.27, 64.28, 64.29, 64.30, 64.31, 64.32 of title 42 and § 44-48.3-13.

1           (d) The board shall coordinate its efforts with the office of revenue [analysis](#) to not duplicate  
2 information on the use of tax credits and other tax expenditures.

3           SECTION 2. Section 42-64.20-10 of the General Laws in Chapter 42-64.20 entitled  
4 "Rebuild Rhode Island Tax Credit" is hereby amended to read as follows:

5           **42-64.20-10. Sunset.**

6           No credits shall be authorized to be reserved pursuant to this chapter after ~~December 31,~~  
7 ~~2018~~ [June 30, 2020](#).

8           SECTION 3. Section 42-64.21-9 of the General Laws in Chapter 42-64.21 entitled "Rhode  
9 Island Tax Increment Financing" is hereby amended to read as follows:

10          **42-64.21-9. Sunset.**

11          The commerce corporation shall enter into no agreement under this chapter after ~~December~~  
12 ~~31, 2018~~ [June 30, 2020](#).

13          SECTION 4. Section 42-64.22-15 of the General Laws in Chapter 42-64.22 entitled "Tax  
14 Stabilization Incentive" is hereby amended to read as follows:

15          **42-64.22-15. Sunset.**

16          The commerce corporation shall enter into no agreement under this chapter after ~~December~~  
17 ~~31, 2018~~ [June 30, 2020](#).

18          SECTION 5. Section 42-64.23-8 of the General Laws in Chapter 42-64.23 entitled "First  
19 Wave Closing Fund" is hereby amended to read as follows:

20          **42-64.23-8. Sunset.**

21          No financing shall be authorized to be reserved pursuant to this chapter after ~~December 31,~~  
22 ~~2018~~ [June 30, 2020](#).

23          SECTION 6. Section 42-64.24-8 of the General Laws in Chapter 42-64.24 entitled "I-195  
24 Redevelopment Project Fund" is hereby amended to read as follows:

25          **42-64.24-8. Sunset.**

26          No funding, credits, or incentives shall be authorized or authorized to be reserved pursuant  
27 to this chapter after ~~December 31, 2018~~ [June 30, 2020](#).

28          SECTION 7. Section 42-64.25-14 of the General Laws in Chapter 42-64.25 entitled "Small  
29 Business Assistance Program" is hereby amended to read as follows:

30          **42-64.25-14. Sunset.**

31          No grants, funding, or incentives shall be authorized pursuant to this chapter after  
32 ~~December 31, 2018~~ [June 30, 2020](#).

33          SECTION 8. Section 42-64.26-12 of the General Laws in Chapter 42-64.26 entitled "Stay  
34 Invested in RI Wavemaker Fellowship" is hereby amended to read as follows:

1           **42-64.26-12. Sunset.**

2           No incentives or credits shall be authorized pursuant to this chapter after ~~December 31,~~  
3 ~~2018~~ [June 30, 2020.](#)

4           SECTION 9. Section 42-64.27-6 of the General Laws in Chapter 42-64.27 entitled "Main  
5 Street Rhode Island Streetscape Improvement Fund" is hereby amended to read as follows:

6           **42-64.27-6. Sunset.**

7           No incentives shall be authorized pursuant to this chapter after ~~December 31, 2018~~ [June](#)  
8 [30, 2020.](#)

9           SECTION 10. Section 42-64.28-10 of the General Laws in Chapter 42-64.28 entitled  
10 "Innovation Initiative" is hereby amended to read as follows:

11           **42-64.28-10. Sunset.**

12           No vouchers, grants, or incentives shall be authorized pursuant to this chapter after  
13 ~~December 31, 2018~~ [June 30, 2020.](#)

14           SECTION 11. Section 42-64.29-8 of the General Laws in Chapter 42-64.29 entitled  
15 "Industry Cluster Grants" is hereby amended to read as follows:

16           **42-64.29-8. Sunset.**

17           No grants or incentives shall be authorized to be reserved pursuant to this chapter after  
18 ~~December 31, 2018~~ [June 30, 2020.](#)

19           SECTION 12. Section 42-64.31-4 of the General Laws in Chapter 42-64.31 entitled "High  
20 School, College, and Employer Partnerships" is hereby amended to read as follows:

21           **42-64.31-4. Sunset.**

22           No grants shall be authorized pursuant to this chapter after ~~December 31, 2018~~ [June 30,](#)  
23 [2020.](#)

24           SECTION 13. Chapter 42-64.32 of the General Laws entitled "Air Service Development  
25 Fund" is hereby amended by adding thereto the following section:

26           **42-64.32-6. Sunset.**

27           [No grants, credits or incentives shall be authorized or authorized to be reserved pursuant](#)  
28 [to this chapter after June 30, 2020.](#)

29           SECTION 14. Section 44-48.3-14 of the General Laws in Chapter 44-48.3 entitled "Rhode  
30 Island New Qualified Jobs Incentive Act 2015" is hereby amended to read as follows:

31           **44-48.3-14. Sunset.**

32           No credits shall be authorized to be reserved pursuant to this chapter after ~~December 31,~~  
33 ~~2018~~ [June 30, 2020.](#)

34           SECTION 15. Section 42-64.25-6 of the General Laws in Chapter 42-64.25 entitled "Small

1 Business Assistance Program" is hereby amended to read as follows:

2 **42-64.25-6. Micro-loan allocation.**

3 Notwithstanding anything to the contrary in this chapter, [not less than](#) ten percent (10%)  
4 [and not more than twenty-five percent \(25%\)](#) of program funds will be allocated to "micro loans"  
5 with a principal amount between two thousand dollars (\$2,000) and twenty-five thousand dollars  
6 (\$25,000). Micro loans will be administered by lending organizations, which will be selected by  
7 the commerce corporation on a competitive basis and shall have experience in providing technical  
8 and financial assistance to microenterprises.

9 SECTION 16. Sections 44-31.2-2 and 44-31.2-5 of the General Laws in Chapter 44-31.2  
10 entitled "Motion Picture Production Tax Credits" are hereby amended to read as follows:

11 **44-31.2-2. Definitions.**

12 For the purposes of this chapter:

13 (1) "Accountant's certification" as provided in this chapter means a certified audit by a  
14 Rhode Island certified public accountant licensed in accordance with chapter 3.1 of title 5.

15 (2) "Application year" means within the calendar year the motion picture production  
16 company files an application for the tax credit.

17 (3) "Base investment" means the actual investment made and expended by a state-certified  
18 production in the state as production-related costs.

19 (4) "Documentary production" means a non-fiction production intended for educational or  
20 commercial distribution that may require out-of-state principal photography.

21 (5) "Domiciled in Rhode Island" means a corporation incorporated in Rhode Island or a  
22 partnership, limited liability company, or other business entity formed under the laws of the state  
23 of Rhode Island for the purpose of producing motion pictures as defined in this section, or an  
24 individual who is a domiciled resident of the state of Rhode Island as defined in chapter 30 of this  
25 title.

26 (6) "Final production budget" means and includes the total pre-production, production, and  
27 post-production out-of-pocket costs incurred and paid in connection with the making of the motion  
28 picture. The final production budget excludes costs associated with the promotion or marketing of  
29 the motion picture.

30 (7) "Motion picture" means a feature-length film, documentary production, video,  
31 television series, or commercial made in Rhode Island, in whole or in part, for theatrical or  
32 television viewing or as a television pilot or for educational distribution. The term "motion picture"  
33 shall not include the production of television coverage of news or athletic events, [reality television](#)  
34 [show\(s\)](#) nor shall it apply to any film, video, television series, or commercial or a production for

1 which records are required under 18 U.S.C. § 2257, to be maintained with respect to any performer  
2 in such production or reporting of books, films, etc. with respect to sexually explicit conduct.

3 (8) "Motion picture production company" means a corporation, partnership, limited  
4 liability company, or other business entity engaged in the business of producing one or more motion  
5 pictures as defined in this section. Motion picture production company shall not mean or include:

6 (a) Any company owned, affiliated, or controlled, in whole or in part, by any company or  
7 person who or that is in default:

8 (i) On taxes owed to the state; or

9 (ii) On a loan made by the state in the application year; or

10 (iii) On a loan guaranteed by the state in the application year; or

11 (b) Any company or person who or that has discharged an obligation to pay or repay public  
12 funds or monies by:

13 (i) Filing a petition under any federal or state bankruptcy or insolvency law;

14 (ii) Having a petition filed under any federal or state bankruptcy or insolvency law against  
15 such company or person;

16 (iii) Consenting to, or acquiescing or joining in, a petition named in (i) or (ii);

17 (iv) Consenting to, or acquiescing or joining in, the appointment of a custodian, receiver,  
18 trustee, or examiner for such company's or person's property; or

19 (v) Making an assignment for the benefit of creditors or admitting in writing or in any legal  
20 proceeding its insolvency or inability to pay debts as they become due.

21 (9) "Primary locations" means the locations that (1) At least fifty-one percent (51%) of the  
22 motion picture principal photography days are filmed; or (2) At least fifty-one percent (51%) of the  
23 motion picture's final production budget is spent and employs at least five (5) individuals during  
24 the production in this state; or (3) For documentary productions, the location of at least fifty-one  
25 percent (51%) of the total productions days, which shall include pre-production and post-  
26 production locations.

27 (10) "Rhode Island film and television office" means an office within the department of  
28 administration that has been established in order to promote and encourage the locating of film and  
29 television productions within the state of Rhode Island. The office is also referred to within as the  
30 "film office".

31 (11) "State-certified production" means a motion picture production approved by the  
32 Rhode Island film office and produced by a motion picture production company domiciled in  
33 Rhode Island, whether or not such company owns or controls the copyright and distribution rights  
34 in the motion picture; provided, that such company has either:

1 (a) Signed a viable distribution plan; or

2 (b) Is producing the motion picture for:

3 (i) A major motion picture distributor;

4 (ii) A major theatrical exhibitor;

5 (iii) Television network; or

6 (iv) Cable television programmer.

7 (12) "State-certified production cost" means any pre-production, production, and post-  
8 production cost that a motion picture production company incurs and pays to the extent it occurs  
9 within the state of Rhode Island. Without limiting the generality of the foregoing, "state-certified  
10 production costs" include: set construction and operation; wardrobes, make-up, accessories, and  
11 related services; costs associated with photography and sound synchronization, lighting, and related  
12 services and materials; editing and related services, including, but not limited to: film processing,  
13 transfers of film to tape or digital format, sound mixing, computer graphics services, special effects  
14 services, and animation services, salary, wages, and other compensation, including related benefits,  
15 of persons employed, either directly or indirectly, in the production of a film including writer,  
16 motion picture director, producer (provided the work is performed in the state of Rhode Island);  
17 rental of facilities and equipment used in Rhode Island; leasing of vehicles; costs of food and  
18 lodging; music, if performed, composed, or recorded by a Rhode Island musician, or released or  
19 published by a person domiciled in Rhode Island; travel expenses incurred to bring persons  
20 employed, either directly or indirectly, in the production of the motion picture, to Rhode Island (but  
21 not expenses of such persons departing from Rhode Island); and legal (but not the expense of a  
22 completion bond or insurance and accounting fees and expenses related to the production's  
23 activities in Rhode Island); provided such services are provided by Rhode Island licensed attorneys  
24 or accountants.

25 **44-31.2-5. Motion picture production company tax credit.**

26 (a) A motion picture production company shall be allowed a credit to be computed as  
27 provided in this chapter against a tax imposed by chapters 11, 14, 17 and 30 of this title. The amount  
28 of the credit shall be ~~twenty five percent (25%)~~ thirty percent (30%) of the state certified production  
29 costs incurred directly attributable to activity within the state, provided that the primary locations  
30 are within the state of Rhode Island and the total production budget as defined herein is a minimum  
31 of one hundred thousand dollars (\$100,000). The credit shall be earned in the taxable year in which  
32 production in Rhode Island is completed, as determined by the film office in final certification  
33 pursuant to subsection 44-31.2-6(c).

34 (b) For the purposes of this section: "total production budget" means and includes the

1 motion picture production company's pre-production, production and post-production costs  
2 incurred for the production activities of the motion picture production company in Rhode Island in  
3 connection with the production of a state-certified production. The budget shall not include costs  
4 associated with the promotion or marketing of the film, video or television product.

5 (c) Notwithstanding subsection (a), the credit shall not exceed ~~five million dollars~~  
6 ~~(\$5,000,000)~~ seven million dollars (\$7,000,000) and shall be allowed against the tax for the taxable  
7 period in which the credit is earned and can be carried forward for not more than three (3)  
8 succeeding tax years. Pursuant to rules promulgated by the tax administrator, the administrator may  
9 issue a waiver of the ~~five million dollars (\$5,000,000)~~ seven million dollars (\$7,000,000) tax credit  
10 cap for any feature-length film or television series up to the remaining funds available pursuant to  
11 section (e).

12 (d) Credits allowed to a motion picture production company, which is a subchapter S  
13 corporation, partnership, or a limited liability company that is taxed as a partnership, shall be passed  
14 through respectively to persons designated as partners, members or owners on a pro rata basis or  
15 pursuant to an executed agreement among such persons designated as subchapter S corporation  
16 shareholders, partners, or members documenting an alternate distribution method without regard to  
17 their sharing of other tax or economic attributes of such entity.

18 (e) No more than fifteen million dollars (\$15,000,000) in total may be issued for any tax  
19 year beginning after December 31, 2007 for motion picture tax credits pursuant to this chapter  
20 and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title. Said  
21 credits shall be equally available to motion picture productions and musical and theatrical  
22 productions. No specific amount shall be set aside for either type of production.

23 SECTION 17. This Article shall take effect upon passage.

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