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Rhode Island’s Approach to Opportunity Zones: Outline

• Easy Access to Investment
• Innovation Ecosystem
• Enhanced State Tax Treatment
• Co-Investing
• Site Readiness
• Additional Information
  • Rhode Island’s Zones
  • Federal Regulations
Easy Access to Investment in Rhode Island’s OZs

Website: RhodelIslandOpportunity.com
Innovation Ecosystem

- Rhode Island has created innovation ecosystems to support high-potential ventures
- The emerging Providence Innovation and Design District, located in an Opportunity Zone, is home to:
  - Cambridge Innovation Center (CIC)
  - iHub (MassChallenge, IBM, University of Rhode Island and Brown University collaboration)
  - Johnson & Johnson
  - Brown University School of Professional Studies
Rhode Island has no additional state capital gains tax and conforms to federal tax code

Legislative Proposal: No state-level taxation of gains after 7 years

• Aims to reduce the risk of investing in Rhode Island’s Opportunity Zones as compared to other states
Co-Investing

- Rebuild RI Real Estate Development Tax Credit
- Tax Increment Financing
- Qualified Jobs Employment Tax Credit
Site Readiness Partnership

• This proposal would help to ensure that sites are ready for the quick timeline that is required for an Opportunity Zone investment

• Creating a framework for municipalities to opt in as a partner in enabling and expediting development at priority sites through:
  • Training and technical assistance
  • Investments in site readiness and infrastructure
  • Opportunities for building capacity
Rhode Island’s Opportunity Zones

- 25 census tracts designated across 15 municipalities
- Rhode Island’s designated census tracts can be categorized as:
  - Downtown metro areas
  - Transit-oriented areas
  - Historic mill sites
  - Main streets
  - Waterfront and port areas
  - University and hospital districts
Ensuring Regulations Drive Investment

• Rhode Island has coordinated with other states to provide input on the proposed regulations in the past

• New Regulations
  • Important changes to the 50% gross income requirement that would allow for more investment in operating businesses
  • Clear definition of original use, definition for substantially all, and more detailed description of reinvestment of gains provide more certainty for investors
  • Further clarification needed on data collection

• In the process of determining if further comment is necessitated and how Rhode Island can continue to stay involved as the program evolves on the federal level