

Rhode Island Commerce Corporation
Qualified Jobs Incentive Tax Credits – Economic Impact Analysis
Regent Craft, Inc. Application

Introduction

The Rhode Island Commerce Corporation (the “Corporation”) may issue Rebuild Rhode Island and Qualified Jobs Incentive tax credits, and funding from the First Wave Closing Fund, to Regent Craft, Inc. (“the Company”), a developer and manufacturer of electric “seaglidors,” which are able to float on the water, operate as hydrofoils or fly at low altitudes over water. The Company, which was founded in Burlington, Massachusetts in 2020, moved its headquarters to North Kingstown in 2022, and is planning to expand its engineering staff at a new facility in North Kingstown, and subsequently to begin manufacturing at the same location.

The Company has requested Rebuild Rhode Island tax credits, and an exemption from payment of state sales and use taxes on purchases of materials use in construction, valued at \$3.0 million, and an allocation of \$1.0 million from the First Wave Closing Fund.

The Company would also be eligible to claim Qualified Jobs Incentive credits as of January 1, 2025 for new full-time employees hired during 2024 and in subsequent years. The Company would commit to hiring at least 40 new employees in Rhode Island in 2025, increasing to at least 200 in 2029 and at least 300 in 2031. The Company would thereafter be required to maintain a minimum of 300 full-time jobs in Rhode Island (over and above any jobs created prior to 2025) through at least 2034.

Assuming the Company reaches the targets cited above during the first six years of its eligibility period, it could through 2034 qualify for credits with an estimated total value of \$11,212,500.

This analysis was prepared by Appleseed, a consulting firm with twenty-five years’ experience in economic impact analysis.

Jobs Analysis

Initial capital costs

In 2024 and 2025, the Quonset Development Corporation, in collaboration with a private partner, is planning to a new 260,000 square-foot, \$45.6 million facility in North Kingstown, which would be leased to the Company. In addition, the Company would invest approximately \$10 million in tenant improvements at the new facility.

Table 1: Facility development and construction (in \$ millions of 2025 dollars)

	Cost
Hard costs	\$34.0
Soft costs	\$7.3
Insurance, interest and closing costs	\$4.3
Tenant improvements	\$10.0
Total	\$55.6

After excluding certain costs (such as interest) that do not directly affect Rhode Island's economy, and using the IMPLAN input-output modeling system, a modeling tool commonly used in economic impact analyses, Appleseed estimates (as shown in Table 2) that \$53.3 million in construction spending will directly and indirectly support:

- 385 job-years¹ of employment in Rhode Island in construction and related industries, with nearly \$28.15 million in earnings (in 2025 dollars);
- \$65.30 million in statewide economic output; and
- A one-time increase of \$35.23 million in Rhode Island's GDP.

These impacts are summarized below in Table 2. The project's *direct impact* is the impact of the company's direct spending on design and construction. Its *indirect impact* is the effect of spending by contractors for goods and services (insurance, construction materials, etc.) purchased from other Rhode Island businesses.

Table 2: Direct, indirect and total impact of development and construction (income, value-added and output in thousands of 2025 dollars)

	Job-years	Earnings	Value added	Output
Direct	315	\$23,107.1	\$26,785.7	\$49,339.1
Indirect	70	\$5,039.9	\$8,443.8	\$15,896.9
Total	385	\$28,146.0	\$35,229.5	\$65,296.0

We further estimate that the projected direct expenditure of \$53.3 million on development and construction would directly and indirectly generate approximately \$2.314 million in State tax revenues, including:

- \$1.073 million in sales and use taxes paid on materials used in construction
- \$839,000 in state personal income taxes paid by Rhode Island workers employed on the project, or whose jobs are indirectly attributable to the project
- \$347,000 in state sales taxes paid on those workers' taxable household spending

¹ A job-year is equivalent to a job lasting one year. It could for example represent the work of two people who are each employed for six months; or the work of one person who is employed half-time for two years.

- \$55,000 in state business taxes.

Most of the activity reflected in Table 2 will occur in 2024 and 2025.

The estimated wage rates for selected construction jobs are shown below in Table 2, using the median hourly wage for these occupations in Rhode Island as of May 2023.

Table 3: Anticipated wages during construction

Occupation	RI median hourly wage ²
Architect	\$36.97
Construction manager	\$48.94
Carpenter	\$29.34
Electrician	\$31.85
Plumber	\$36.34
Operating engineer	\$36.74
Painter	\$29.74
Laborer	\$23.87

Fringe benefits associated with these jobs are expected paid in accordance with industry norms, with the cost of such benefits generally ranging between 22 and 28 percent of wages. Workers who fill these jobs are expected to be drawn primarily from the Providence-Warwick and Norwich-New London-Westerly New England City and Town Areas (NECTAs).

Annual operations

As noted above, the Company plans to employ a minimum of 40 new full-time workers at its Rhode Island location in 2025, rising to at least 60 in 2026, at least 100 in 2027, at least 200 in 2029 and at least 300 in 2031. Table 3 summarizes the categories in which the Company expects to create these jobs, and the anticipated median salary for each category.

Table 3: Projected minimum employment, 2031

Job category	New positions (as of 2031)	Median salary
Engineers	147	\$180,000
Manufacturing	58	\$85,000
G&A/sales/executives	95	\$153,075
Total	300	\$153,075

² Rhode Island Department of Labor and Training, Occupational Employment Statistics, May 2023

Based on data provided by the Company, Appleseed estimates that in 2031, its ongoing operations in Rhode Island would directly and indirectly account for:

- 526 jobs in Rhode Island;
- \$60.40 million in annual earnings (in 2031 dollars);
- \$191.60 million in statewide economic output; and
- An increase of \$91.49 million in Rhode Island's annual GDP.

These impacts are summarized below in Table 4. The *direct impact* of the Company's operations reflects its direct employment, its direct spending on wages and salaries, the value its operations add to Rhode Island's GDP, and the total value of the goods and services it produces. Its *indirect impact* is the effect of the Company's spending on purchases of goods and services from other in-state businesses on employment, earnings, value-added and output in Rhode Island.

Table 4: Direct, indirect and total annual impact of ongoing operations (income, value-added and output in millions of 2031 dollars)

	Jobs	Earnings	Value added	Output
Direct	300	\$44,241.0	\$66,142.9	\$144,055.1
Indirect	226	\$16,160.6	\$25,343.1	\$47,542.9
Total	526	\$60,401.7	\$91,485.9	\$191,598.0

In addition to the impacts on employment, earnings, output and state GDP cited above, the Company's new operations in Rhode Island would by 2031 result in a projected increase of approximately \$2.687 million in annual state tax revenues, including:

- \$1.597 million in state personal income taxes paid by workers newly employed by the Company in its expanded Rhode Island operations; or by Rhode Island workers whose jobs are indirectly attributable to the Company's expanded Rhode Island operations;
- \$888,000 in state sales taxes paid on those workers' taxable household spending; and
- \$202,000 in state business taxes.

Hiring

The Company recruits new employees through its website and through leading business and engineering schools. Descriptions of available jobs are posted on the Company website, along required educational qualifications and experience. Applications are submitted online.

Benefits

Benefits available to new employees include health care, dental and vision plans with 100 percent of premiums paid by the Company; health savings accounts; an employee equity incentive plan; a 401k retirement plan; subsidized training for aircraft pilot and boat captain licensing; paid family leave and paid time off; flexible work hours; and catered daily lunch.

Impact

The state fiscal impact of the requested tax credits is estimated to be approximately \$14.21 million in forgone state revenue, and \$1.0 million in direct spending. Direct and indirect economic and fiscal benefits of the proposed project include the estimated increase in annual state GDP of \$91.49 million in 2031, the estimated associated job creation, and a gross increase of approximately \$21.04 million in personal income, sales and business tax revenues during construction and during the ten-year commitment period beginning in 2025. These benefits are detailed in the foregoing analysis.

In addition to the economic and tax revenue impacts cited above, development and operation of the Company's headquarters, R&D, manufacturing and distribution facilities in North Kingstown would benefit Rhode Island in other ways, including:

- Highlighting Rhode Island's attractiveness as a location for businesses that are actively engaged in the transition from carbon-based fuels to electricity
- Highlighting the state's role as a leader in development of the "blue economy"
- Creating a foundation for the Company's possible future growth beyond the 300 direct jobs to be added by 2031
- Attracting highly-skilled designers, engineers, managers and manufacturing workers to Rhode Island
- Creating opportunities for collaboration between the Company and Rhode Island's engineering, design and technical schools

Beyond the fiscal impact noted above, there is no anticipated financial exposure to the state. Various features of the Rebuild Rhode Island and Qualified Jobs Incentive programs mitigate risk to the state; and the value of Qualified Jobs Incentive tax credits would be determined on the basis of the number of workers actually employed and the wages actually paid by the Company.