



CVS got half of RI's tax credits in '10

TV studios, banks round out top five

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Ted Nesi

PROVIDENCE, R.I. (WPRI) - CVS Caremark Corp. received more than half of the \$40 million in business tax breaks that the state handed out in the fiscal year that ended June 30, the state disclosed on Monday.

The Woonsocket-based pharmacy giant got a total of \$22.3 million in tax breaks in fiscal 2010, up from \$12.8 million the year before, according to an Eyewitness News analysis of data from the R.I. Division of Taxation.

CVS' largest break was a \$16.7 million credit under the Jobs Development Act, a law enacted in 1994 that reduces a company's income tax bill for increasing employment.

The company also saved \$5.5 million in sales taxes for materials used in construction and got smaller credits of \$147,043 for training and \$17,010 for providing child care. (The last two credits are not included in the \$40 million statewide total.)

CVS is the 18th-largest company on the Fortune 500, with nearly \$100 billion in revenue last year, and is one of Rhode Island's largest employers, with 6,250 workers in the state, according to the R.I. Economic Development Corporation and company data.

Disclosure, not analysis

A total of 67 corporate taxpayers received tax breaks in fiscal 2010, down from 88 in fiscal 2009, the Division of Taxation said. That number includes multiple subsidiaries of large companies such as Fidelity Investments and Citizens Bank. The actual number of individual businesses that got breaks was 59.

The Jobs Development Act accounted for \$21.3 million of the \$40 million in business tax breaks granted last year, followed by sales tax exemptions for construction projects at \$9.4 million, and film and TV production credits at \$8.1 million.

Another \$715,187 went to 40 companies that hired workers in areas classified by the government as economically distressed. And \$200,000 went to two technology companies with approval from the R.I. Science and Technology Advisory Council.

The General Assembly began requiring the annual report on tax breaks in 2008 in order to track which companies receive the credits and incentives.

The report “is not intended to provide an analysis as to the effectiveness of the tax credit programs, [but] is simply aimed at disclosing the amount of tax credits received by taxpayers,” Tax Administration David M. Sullivan said when the first report was released.

Hiring led to credits

CVS got the Jobs Development Act credits because it added or maintained the equivalent of nearly 1,000 full-time employees in Rhode Island during fiscal 2010, spokesman Michael DeAngelis said in an e-mail.

Separately, the company added the equivalent of about 900 full-time jobs for which it did not receive tax benefits, he said. Its total payroll in Rhode Island is now 6,250, which is the equivalent of 4,400 full-time workers, he said.

"CVS Caremark expects to continue adding good jobs to its Rhode Island employment base," DeAngelis added.

‘Brotherhood,’ banks helped

After CVS, the largest recipient of tax breaks was Brotherhood Productions Inc. of Burbank, Calif., which got \$5.1 million for filming the television series “Brotherhood” here. The show was canceled in 2008 after three seasons.

Rounding out the top five recipients were Bank of America, with \$4 million in tax breaks; Fidelity Investments, with \$3.5 million; and the studio Paige Productions Inc. of Burbank, Calif., with \$2.2 million.

Paige is an ABC Studios subsidiary that is producing "Body of Proof," a new show premiering this fall that began filming in Rhode Island last month, said Steven Feinberg, executive director of the R.I. Film & Television Office. The tax credit's size shows the company spent more than \$8 million here in fiscal 2010, he said.

The smallest tax credit went to the Providence restaurant Rick’s Roadhouse, which is owned by Chow Fun Food Group. Rick’s got a \$943.25 credit for creating jobs in distressed areas.

Credits’ impact unclear

A second part of the report assessing the number of jobs and the value of wages and benefits attributable to the credits has never been compiled by state officials, Kate Brewster, executive director of the nonprofit Poverty Institute, said in a statement.

The Carcieri administration has said it is prohibited from publishing that section of the report because of confidentiality laws. Officials in the Revenue Department worked with lawmakers to amend the statute during this year’s session, but the bill was not passed, Amy Kempe, Carcieri’s spokeswoman, told Eyewitness News.

A study released last week by Jeffrey Thompson, an economist with the University of Massachusetts Amherst’s Political Economy Research Institute, argued Rhode Island and other New England states should redirect funds from corporate tax breaks to spending on infrastructure, education and other public goods.