

**PRESS STATEMENT: August 16, 2010**

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**Statement by Kate Brewster,  
Executive Director of The Poverty Institute**

**Regarding the 2010 Tax Credit and Incentive Report  
*After two years state still falling short of providing complete picture***

Legislation was enacted in 2008 to require greater disclosure and accountability of several tax credits received by corporations in Rhode Island. The intent was to be able to determine whether the credits are a cost-effective way to create jobs in the Ocean State. This year's Tax Credit and Incentive Report, published today by the Division of Taxation, shows that Rhode Island's revenues were reduced by close to \$40 million due to five tax credits that 59 unique companies took advantage of during Fiscal Year 2010.

This is third time the cost of these tax expenditures has been reported. Unfortunately, the second part of the report, providing critical information about the jobs, wages, and benefits produced as a result of the credits has never been reported as required by the law.

The inability to assess the efficacy of these incentives is particularly troubling in light of a report released last week by the Political Economy Research Institute at UMASS Amherst that documents how tax credits and corporate giveaways return much less to state economies than investments in education and infrastructure. According to that report, most of the jobs used to claim tax credits would have been created without the incentive and in many cases, they simply serve to lure employment and investment from neighboring cities or states, doing little to promote growth for the region.

In difficult times like this, it is imperative that we are getting the biggest bang for our collective bucks. By depleting our resources on untested tax credits and incentives we are missing opportunities to invest in proven economic development strategies like education and infrastructure. In the coming year, state officials must overcome whatever barriers are preventing the complete reporting of information mandated in the legislation and review these credits as part of the state budget deliberations, as was intended with the law.

**About The Poverty Institute**

The Poverty Institute is a non-partisan organization that develops and promotes policies to improve the economic security of low- and modest-income Rhode Islanders and to ensure that tax and budget policies are equitable and adequate to fund vital public services. Financial support comes from foundations, corporations, and individuals. For more information visit [www.povertyinstitute.org](http://www.povertyinstitute.org).

