

Governor's FY 2027 Budget: Articles

Staff Presentation to the House Finance
Committee
February 26, 2026

New Requested Debt – GO November 2026

Ballot #	Project	Amount	Annual Debt
1	Higher Education Facilities	\$215.0	\$17.8
2	Housing & Homeownership	120.0	9.9
3	Economic Development	115.0	9.5
4	Career & Technical Education	50.0	4.1
5	Green Economy & Clean Energy	50.0	4.1
6	Cultural Economy	50.0	4.1
	Total	\$600.0	\$49.6

\$ in millions; annual debt assumes 5% rate and 20-year term

New Requested Debt - GO

Q3: Economic Development	Amount	Annual Debt
Site Development	\$70.0	\$5.8
Growth Industry Infrastructure	\$45.0	\$3.7
Total	\$115.0	\$9.5

\$ in millions

Article 6 – Question 3

Site Development

- Question 3 has \$70M in G.O. bonds for
 - Land acquisition or assembly
 - Environmental remediation
 - Infrastructure/Utility installation
 - Site prep for pad-ready locations
 - Project investments
- “Eligible uses include but are not limited to”
 - Large-scale industrial site development projects within Quonset Business Park
 - Projects to acquire, prepare, or enhance I-195 District land
- No specific allocations

Article 6 – Question 3

Site Development

Active Quonset Capital Projects		Source
PFAS Mitigation	\$1.0	RICAP
Quonset Infrastructure	\$7.5	
Quonset Port Road	\$15.0	GO Bonds
Port of Davisville at Quonset	\$20.0	
Industrial Site Development	\$40.0	

\$ in millions

- Prior Quonset GO Projects
 - 1996 Ballot: \$72.0 million
 - 2004 Ballot: \$48.0 million

Article 6 – Question 3

Site Development

- FY 2027 EOC capital request included \$5.0M from RICAP for land acquisition
 - To acquire real estate surrounding the I-195 District in Providence to expand offerings
 - No specific plot identified by I-195 Commission
 - Not recommended by Governor
 - I-195 District = 26.5 acres
 - 7 acres dedicated as a park
 - The remaining is divided into 20 parcels
 - 14 parcels completed, under construction, or planned

Article 6, Question 3

Site Development

- Site Readiness
 - \$1.0M from general revenues annually
 - Assist municipalities in developing pad-ready industrial sites
 - Began Oct. 1, 2019
 - Through FY 2025
 - \$6M awarded to 75 projects
 - FY 2027 brings total funding to \$8M
- Award categories
 - Site Specific Improvements
 - Land clearing, studies, infrastructure, and building improvements
 - Municipal assistance
 - Land use & permitting processes, zoning & planning board member or building code official training
 - Planning and ordinance drafting assistance

Article 6, Question 3

Site Development

- Approved Plan includes \$40 million from prior bond referendum
 - Supports RI Ready program
 - Intended as a new phase of Site Readiness
 - Provides up to \$200k for predevelopment work
 - 21 sites enrolled through September 2025
 - Additional funds for offshore wind/industrial site development, reshoring jobs, & economic revitalization
 - Governor's capital budget programs remaining funds
 - \$3.9 million for FY 2026; \$13.2 million for FY 2027

Article 6 – Question 3

Growth Industry Infrastructure

- Question 3 also has \$45M in G.O. bonds
 - *“for infrastructure, facilities, projects, and investments that support Rhode Island’s ocean, defense, life sciences, data analytics and related industries.”*
 - No specific allocations
- Governor’s 2030 plan prioritizes support for certain industries
 - Ocean
 - Defense
 - Life Science
 - Data Analytics

Article 6, Question 3

Growth Industry Infrastructure

- Commerce capital request noted future initiative pending
 - Requested \$5M from RICAP for RI Life Science Hub
 - Laboratory equipment to establish an RNA Core Facility
 - Key growth sector
 - RICAP not recommended
- 2023 Assembly provided \$45.0M from ARPA SFRF to establish RI Life Science Hub
 - Quasi with board
 - Coordinates state life science initiatives
 - Funds fully obligated
 - \$24.2M remaining and in FY 2026 revised budget

Article 6 – Question 3

Growth Industry Infrastructure

- All SFRF funds committed per federal deadline
 - \$20.8M spent through FY 2025

Investment	Commerce & PRO Allocation	Life Science Board Approved	Pending Approval
Start Up Operations	\$1.8	\$1.8	\$ -
Ongoing Operations	3.2	3.2	-
Ocean State Labs	9.8	5.7	4.2
Small Grant Funds	0.3	0.3	-
Equity Fund	5.0	-	5.0
Investment/Funding	25.0	16.6	8.4
Total	\$45.0	\$27.4	\$17.6

\$ in millions

Article 6 – Question 3

Growth Industry Infrastructure

- 2022 Assembly approved \$70M from SFRF for Blue Economy investments
 - Ports and shipping/marine trade
 - Defense
 - Ocean-based renewables/aquaculture
 - Tourism
- Anticipated \$35M federal grant match
 - Grant not received
 - SFRF funding reallocated to other priorities

Funding Considerations

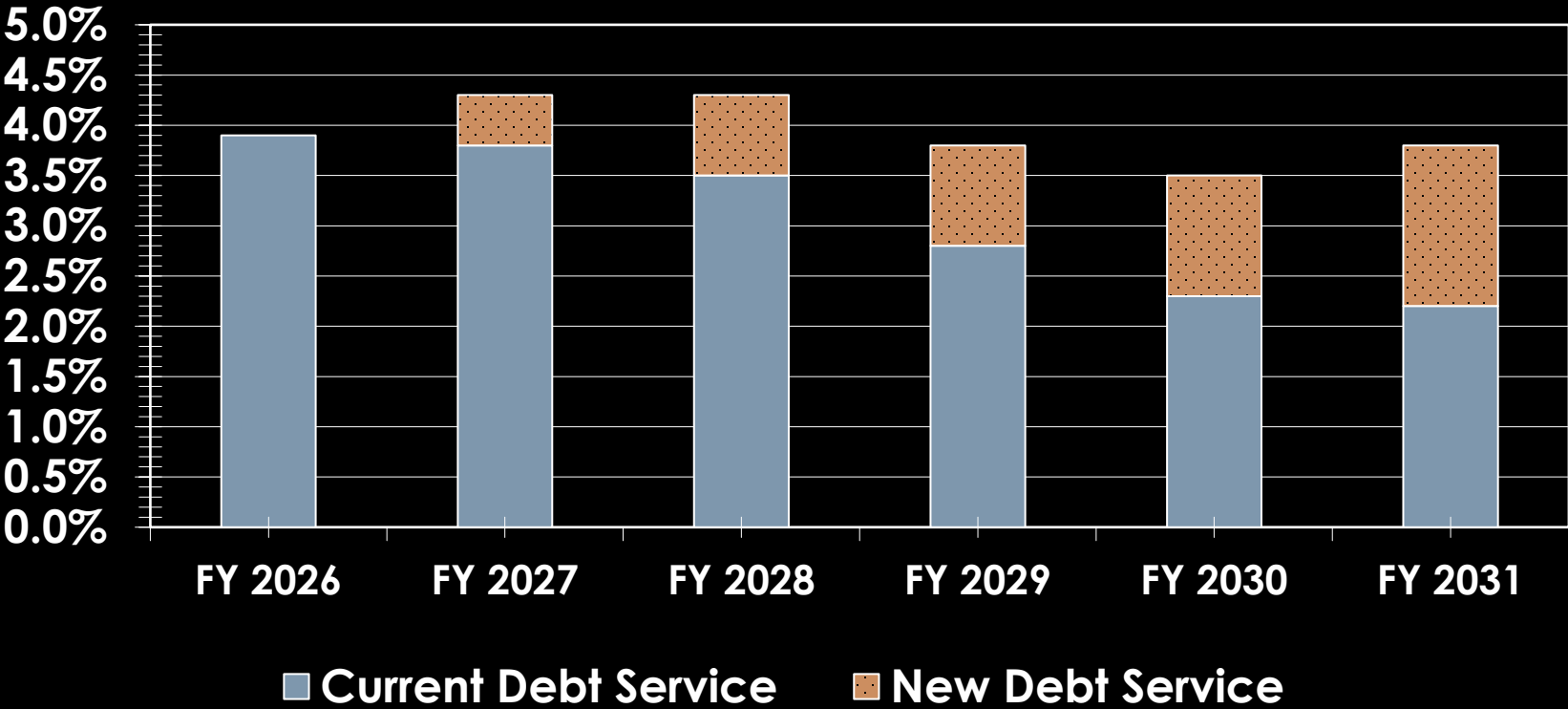
- State's overall debt structure
 - Net tax supported debt would increase by \$341.4 million to \$2,383.1 million
 - Debt as % of personal income would increase from 2.3% in FY 2025 to 2.4% in FY 2031
 - Past practice indicates it will likely change with new projects and revised economic data

Funding Considerations – Debt Service

Fiscal Year	Net Tax Supported Debt Service	Pct. of Revenues
2026	\$239.2	3.9%
2027	\$258.4	4.3%
2028	\$260.0	4.3%
2029	\$243.1	3.9%
2030	\$234.6	3.7%
2031	\$250.4	3.8%

\$ in millions

Debt Service as Percent of Useable Revenues



Article 3 – Economic Development

- Summary of Changes
 - Increases limit on Rebuild RI tax credits
 - Extends sunsets on 9 programs
 - One year to Dec 31, 2027

Article 3	
Section 8	Rebuild RI
Sections 9 – 15 & 18	Sunset Extensions

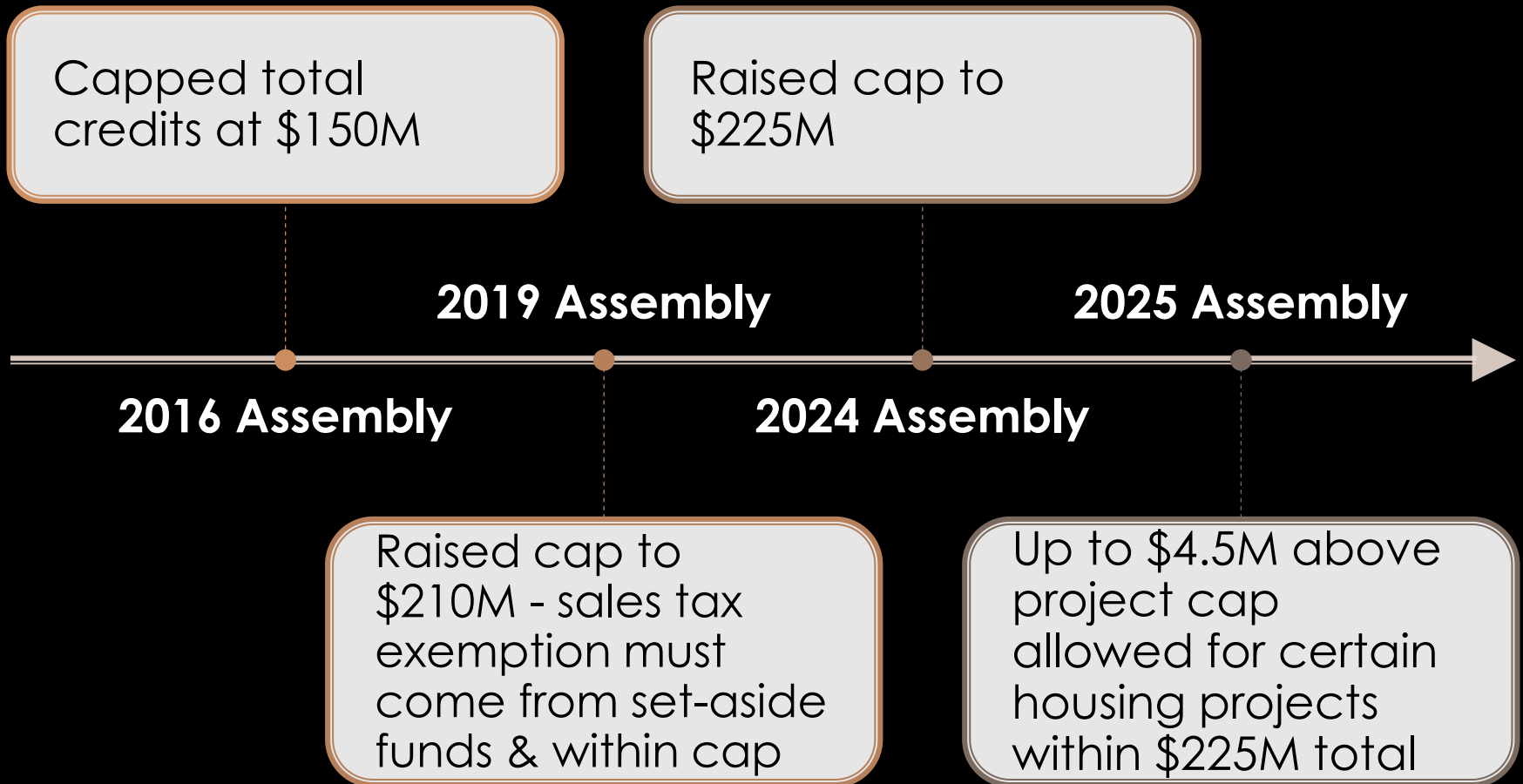
Article 3 – Economic Development

- 15 Commerce programs authorized in FY 2016 budget
 - 5 tax incentive programs
 - 10 other programs, investments & initiatives
 - Partially funded from debt restructuring
- 2016 – 2025 Sessions
 - Added & made revisions
 - Extended sunsets
 - Recaptured unused funds
- Governor extends again – funds some

Rebuild RI Tax Credit: Current Law

- Credits for real estate development
 - Redeemed over 5 years
 - May include sales tax exemption
 - Lesser of 20% of total costs or “funding gap”
 - 30% up to \$15.0 million project cap if
 - Meets criteria for rehabilitation, sustainability, affordability, reuse, or targeted industry

Rebuild RI Tax Credit: Current Law

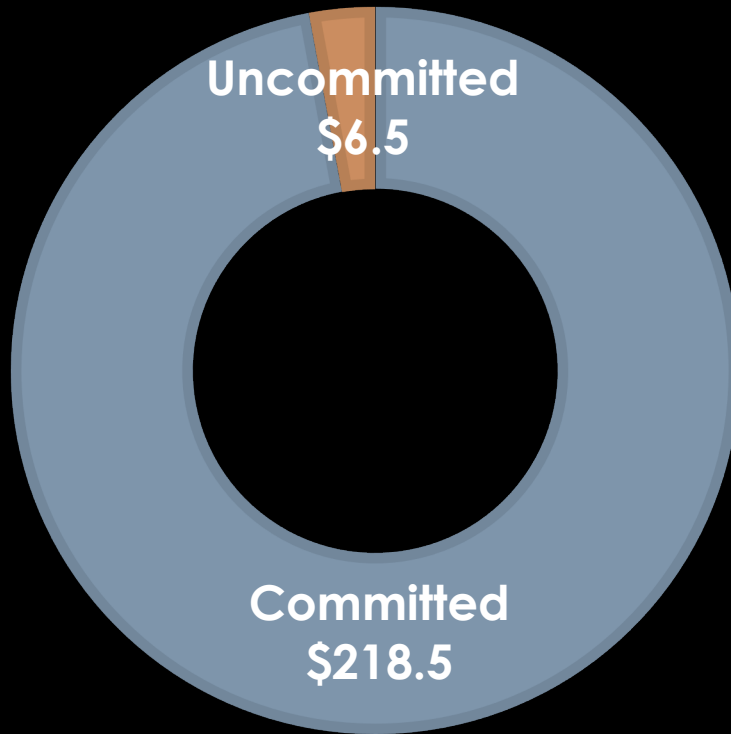


Rebuild RI Tax Credit: Current Law

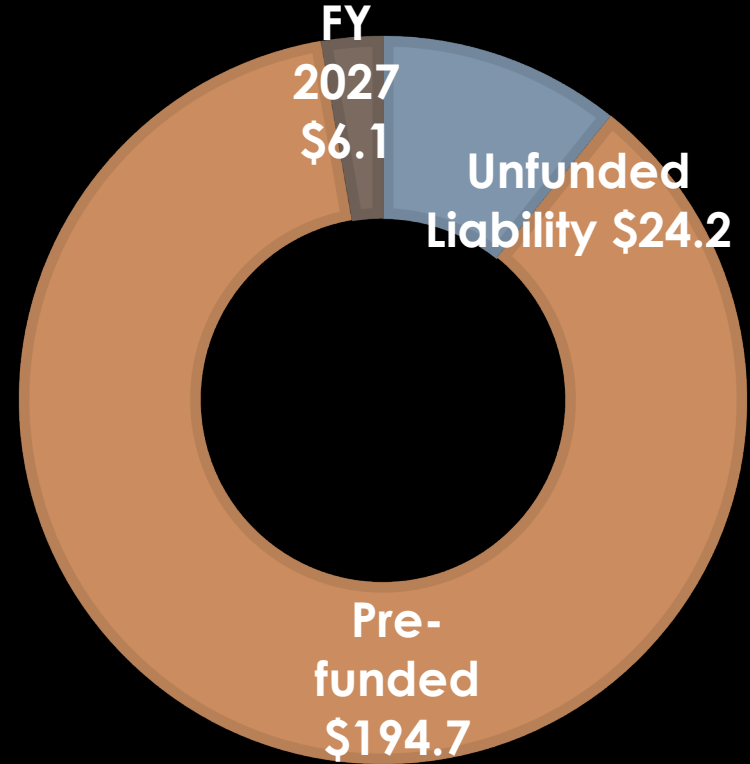
- Approved credits total \$218.5 million
 - Inclusive of \$31.5 million in sales tax exemptions
 - Program sunsets December 31, 2026
- Prefunding tax credits taken over time
 - \$10.1 million enacted for FY 2026
 - Currently \$184.6 million set-aside from prior appropriations

Rebuild RI Tax Credit: Current Law – Committed vs. Funded

COMMITMENTS



FUNDING



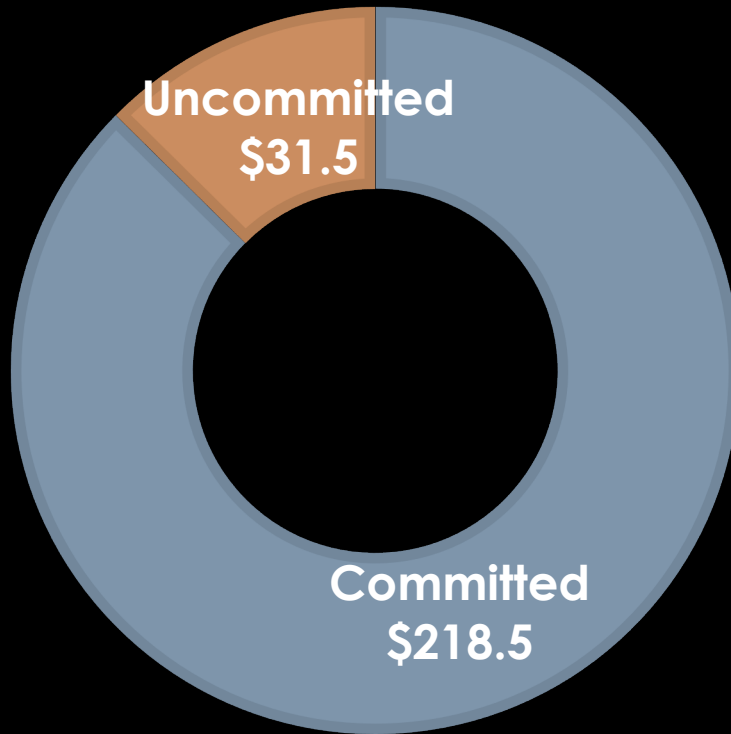
\$ in millions

Article 3, Sec. 8 – Rebuild RI Tax Credit

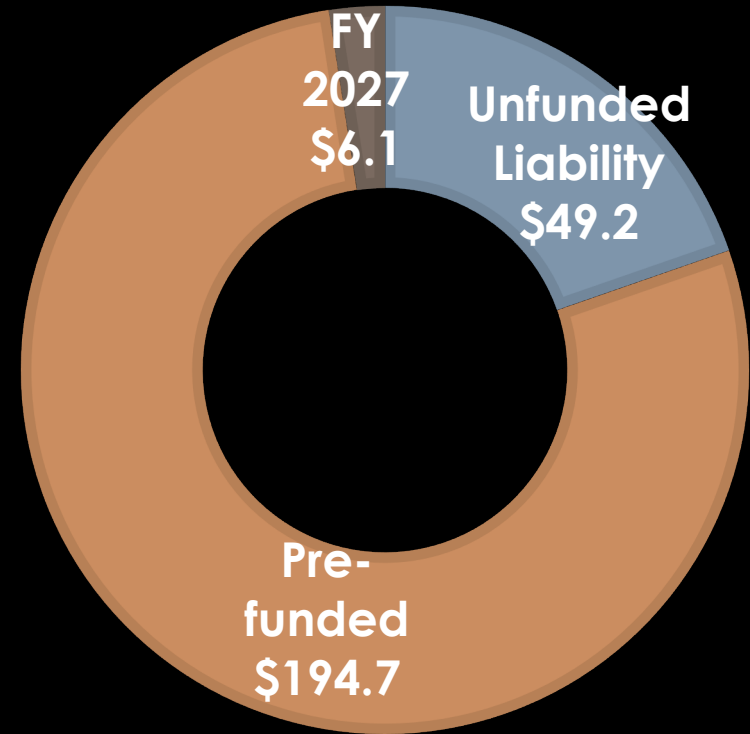
- Governor proposes \$25 million cap increase to \$250 million
 - Extends one year to Dec. 31, 2027
 - Includes \$6.1 million for FY 2027
 - Total set-aside increases to \$200.8 million
 - Annual funding based on project delays
- Out-years
 - \$6.1 million annually through FY 2035
 - Additional \$0.4 million for FY 2036 to fully fund

Rebuild RI Tax Credit: Governor – Committed vs. Funded

COMMITMENTS



FUNDING



\$ in millions

Article 3 – Sunset Extensions

Sec. 9 - 15 & 18

- Programs
 - First Wave
 - Main Street/Streetscape
 - Wavemaker
 - I-195 Redevelopment Fund
 - Innovation Initiative
- Tax Incentives
 - Tax Increment Financing
 - Tax Stabilization Incentive
 - Qualified Jobs Tax Credit

Article 3 - Economic Development

Sunset Extensions – Program Appropriations	FY 2016 – FY 2025	FY 2026 Rev	FY 2027
First Wave	\$20.3	-	-
Main Street/Streetscape	\$10.0	\$0.1	\$1.0
Wavemaker	\$21.4	\$2.6	\$1.0
I-195 Redevelopment Fund	\$30.0	-	-
Innovation Initiative	\$12.5	-	\$1.0

\$ in millions

Article 3, Sec. 9 – Tax Increment Financing

- Incentivizes growth in economically depressed communities
 - Allows developers to complete projects in qualifying communities for payments or tax exemptions of up to 75% of state revenue
 - November REC Testimony
 - 8 projects (4 PILOT)
 - \$78.2M total revenue collections expected through FY 2046
 - \$3.8M expected in FY 2026 (\$1.8M PILOT)
 - \$4.2M expected in FY 2027 (\$1.9M PILOT)

Article 3, Sec. 10 – Tax Stabilization Incentive

- Provides qualifying municipalities up to 10% of would-be property tax revenues for certain development projects
 - Funds appropriated for Rebuild RI may support these incentives
 - FY 2026 Q2 Incentives Report
 - 5 projects
 - 3 in 2018; 1 in 2021; 2 in 2024
 - \$2.3 million committed
 - \$1.2 million disbursed

Article 3, Sec. 11 – First Wave

- First Wave Closing Fund
 - Provide flexibility to “critical” relocation or expansion projects
 - Suggestions on fund uses but no strict limits
 - Working capital, property development
 - To resolve negotiating issues, financing gaps & competition with other states
- \$20.3M provided
 - \$18.8M committed
 - 10 projects awarded funding through January 2026
 - \$1.3M disbursed
 - Governor does not propose new funding
 - One-year sunset extension only

Article 3, Sec. 12 – I-195 Redevelopment Fund

- I-195 Redevelopment Fund
 - Provides developers with financing for capital investment in I-195 District
 - \$30.0M provided
 - \$28.8M committed
 - 17 projects awarded funding as of January 2025
 - \$19.8M for Wexford Science and Technology project
 - \$6.7M for 12 projects through I-195 Commission
 - \$23.9M disbursed
 - Governor does not propose new funding
 - One-year sunset extension only

Article 3, Sec. 13 – Wavemaker Fellowship

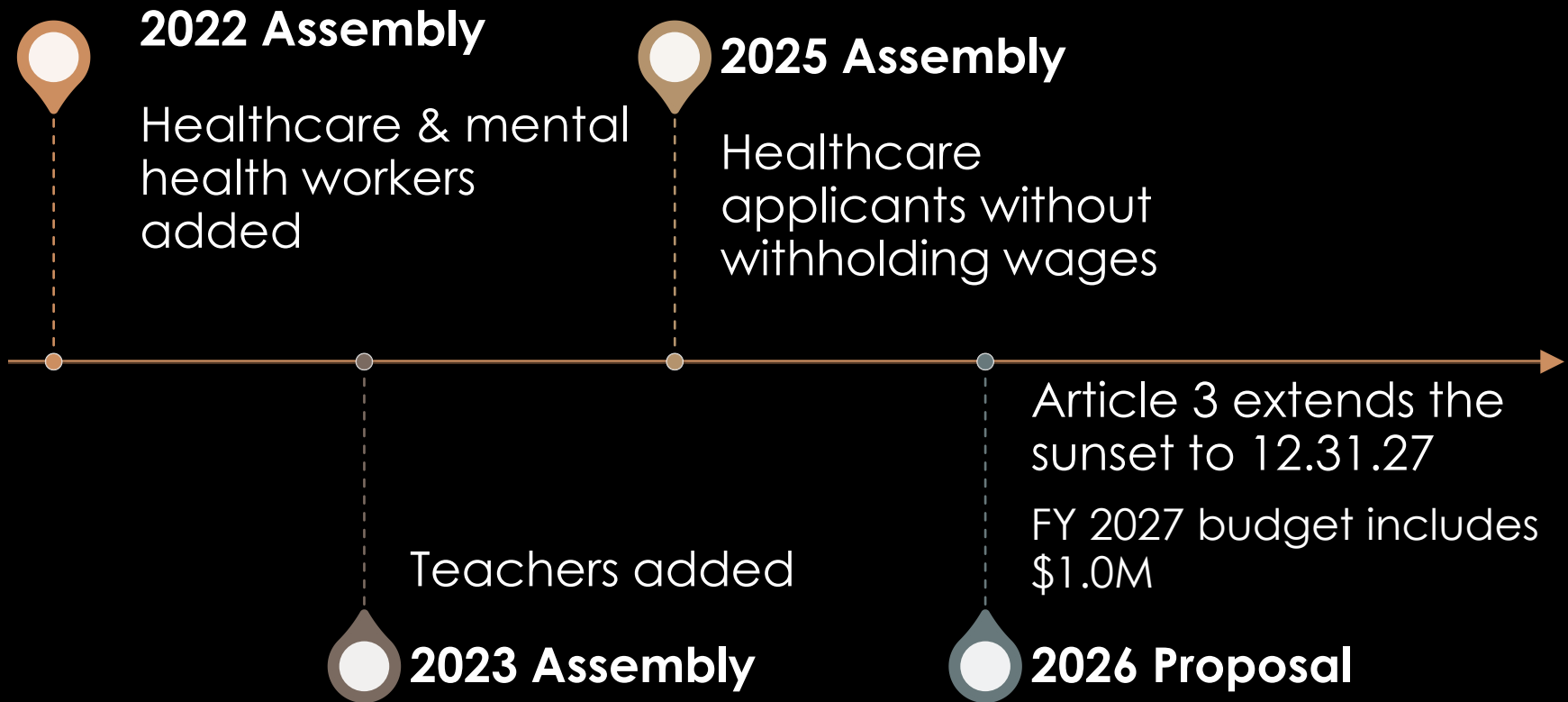
- Tax credits - up to 4 years of college loan repayment assistance
 - Amount of credits/candidate/year based on degree & actual loans
 - Implemented as 2-year awards
 - Funds/credits withheld if the recipient becomes noncompliant
 - Annual recertification required

Max Credits Per Year		
Associate's	Bachelor's	Grad/Post Grad
\$1,000	\$4,000	\$6,000

Article 3, Sec. 13 – Wavemaker Fellowship

- Eligible applicants must work full-time for **OR** have accepted offer from company in specific fields
 - Selection is employer-blind & applicant-blind
 - Employer must be RI-based
- 70% of credits must be reserved for permanent RI residents or attendees of a RI college or university
 - FY 2026 application period closed in November

Article 3, Sec. 13 – Wavemaker Fellowship



Article 3, Sec. 13 – Wavemaker Fellowship

- Program has supported 8 cohorts
 - June 2025 cohort has 58 healthcare fellows
 - \$1.0 million recommended for FY 2027
 - Around \$10.1 million is currently available
 - Unclear value deferred due to loan forbearance

Appropriations				
FY 2016–FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
\$10.2	\$3.2	\$4.0	\$4.1	\$2.6
Fellowships Awarded				
1,053	121	262	153	-

\$ in millions

Article 3, Sec. 14 – Main Street Streetscape

- Enhancement of sidewalks, signage, facades, & lighting for local business districts
 - Grants or loans up to 30% of available funds
 - Match expected
 - Not required
 - Awards made to date
 - 23 municipalities
 - 9 community orgs
- Program changes
 - 2023 Assembly allowed technical assistance
 - 2025 Assembly established a Main Street Coordinating Program eligible for funding

Article 3, Sec. 14 – Main Street Streetscape

- Projects are historically slow to progress
- FY 2027 budget includes \$1.0 million
 - 12-month sunset extension: Dec. 31, 2027

Main Street Streetscape		
Year	Awards	Disbursed
FY 2016 – FY 2024	\$8.1	\$3.1
FY 2025	1.8	-
Total	\$10.0	\$3.1

\$ in millions

Article 3, Sec. 15 – Innovation Initiative

- Innovation Vouchers
 - Support research & development internally or from institutions of higher ed. & other providers
 - Awards \$5k-\$75k to small businesses
 - < 500 employees
 - Network Matching Grants
 - targeted industries for tech assistance access to capital & physical space
 - Innovation Incentive
 - Up to \$5k for patent application costs
-
- Governor proposes new funding of \$1M for FY 2027
 - GBA#2 corrects drafting error on appropriation
 - One-year sunset extension

Article 3, Sec. 18 – New Qualified Jobs

- Reduce businesses' tax liability for new full-time jobs added/ preserved
 - Only those that would not exist w/o credit
 - Attestation required
 - Up to 10 yrs of credits
 - Must meet job creation & wage thresholds
 - \$2,500 to \$7,500 per FTE
 - Depends on business
 - Up to 75% of income tax withheld
- FY 2026 Incentives Report - Q2
 - 23 active agreements
 - Total credits awarded: \$64.3M (3,354 committed jobs)
 - Total credits certified: \$8.7M (2,017 created jobs)
- 2024 Division of Taxation Report
 - Avg Annual Salary: \$36,956

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