

The Rhode Island Enterprise Zone Program was designed to offer tax incentives to businesses that expand their workforce in hopes of creating job opportunities in economically distressed areas. Although the program contains ten different enterprise zones, our research has focused on Cranston, Providence (enterprise zones Port of Providence and Providence II), West Warwick, and Woonsocket/Cumberland. In addition, we have also examined Warwick, the town in which Rhode Island Center for Law and Public Policy (RICLAPP) is located. In order to gain a better understanding of these areas, we began our research by gathering data about the demographics and local economy from a variety of sources, such as the U.S. Census and several municipality resources. Important information included socio-economic status, race, age, and education demographics, housing data, and important local industry. After acquiring this information, we created a report for each area, and have thus used this information to get a more in depth idea of what sort of programs would prove most effective based on the current lay of land.

After completing our research on general demographic information, we narrowed our focus to the enterprise zones themselves. Figuring out the population that these zones are meant to serve is crucial for developing an effective policy. In this pursuit, we found out what census tracts comprise each Enterprise Zone and looked up their census information. Unfortunately, this information is from 2000, and thus the population has probably changed somewhat since the data was recorded. However, the data we found gives us a general sense of who lives in the Enterprise Zones and what kind of education and skill level they possess. Overall, the populations in these areas are low skilled (most do not have a high school diploma or equivalent) and living in a state of poverty. The areas contain a high concentration of minority populations as well.

In our research, we also examined other states' Enterprise Zone programs to compare them to Rhode Island's plan. Rhode Island's Enterprise Zone program is mainly comprised of tax incentives for new businesses that establish themselves in the Enterprise Zone areas. However, other states provide more direct grants and conditional loans to new businesses in their Enterprise Zones. For example, Virginia, New Jersey and Pennsylvania follow these models in addition to providing tax incentives. For example, New Jersey charges half the sales tax at stores that are established inside the zones. Pennsylvania provides \$50,000 planning grants for new businesses as a one-time loan to help them get started with extra capital. These plans are far more comprehensive and provide more constructive and supportive environments for economic development, and far exceed Rhode Island's commitment to its Enterprise Zone development.

Overall, we have determined that Rhode Island's enterprise zones are areas with low levels of education, low levels of employment, high poverty rates and a high level of minority residency. In order to ameliorate the high poverty rate, new jobs that can be done by the current residents need to be moved into the Enterprise Zones. During our last meeting, multiple possible solutions were discussed. Past solutions such as tax credits for targeted job creation have proven unsuccessful. We have determined that the most pressing need for job creation is capital. Small businesses are the most likely to create jobs and tax credits will not allow local residents to establish small businesses. As a result, we believe that small-business loans are the first and a potentially effective first step. The Enterprise Zones might be eliminated from the Rhode Island budget, so in the next phase of our project we are also hoping to brain storm alternative economic development plans.

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