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RIEDC approves tax incentive for Electric Boat's \$55 million expansion

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The Rhode Island Economic Development Corp. (RIEDC) board of directors approved a tax incentive measure, 'Project Status,' that will help submarine builder Electric Boat create at least 450 new jobs as part of the company's \$55 million expansion at its Quonset Point facility.

"Electric Boat is one of our largest and most important employers. I commend them for their continued commitment to hire more people and expand operations in Rhode Island," said governor Donald Carcieri. "With the expansion of Electric Boat, the soon-to-be completed NOAA facility, and the commitment by Deepwater Wind to construct its manufacturing headquarters, Quonset Point has become one of our most active and important centers for traditional and green manufacturing, innovation and science, and commerce."

Electric Boat, a division of General Dynamics Corp., has a \$14 billion U.S. Navy contract to build eight Virginia-class submarines. The company's Quonset Point expansion will help it to eventually deliver two submarines per year. The upgrades include expansion of an existing building, the construction of a new building and the purchase of manufacturing equipment.

At least 450 new jobs will be added during the first three years of the project. Electric Boat's sales tax exemption will be capped at slightly more than \$1 million - an amount equal to the estimated income tax revenue generated in those first three years. Rhode Island will keep receiving additional income tax revenue from the newly created jobs for years after the sales tax exemption expires.

Electric Boat was the first tenant at Quonset Point, establishing its presence in 1973 with approximately 100 jobs. The company currently employs about 2,000 people at its Quonset plant, plus another 1,500 Rhode Islanders at its headquarters and shipyard in Groton, Conn.

Electric Boat is committed to hire from within the state. The company will work closely with the Rhode Island Department of Labor and Training to ensure qualified Rhode Islanders fill the new positions.

As an RIEDC project, Electric Boat will receive a Rhode Island sales tax rebate on construction materials and equipment, furniture, fixtures, machinery, computers and facility equipment not already exempt from sales tax under other provisions of state law. The rebate will be applied once Electric Boat meets all of the job creation requirements. To be considered for RIEDC-approved project status, a project must result in wages exceeding the median annual wage by five percent.

"Economic growth is about creating good paying jobs. Tax incentives like the one we were able to facilitate for Electric Boat play a critical role in making sure those jobs are created here in Rhode Island," said Keith Stokes, executive director of RIEDC. "The defense industry is made up of more than 100 companies and employs more than 16,000 people in our state. We are pleased to add a few hundred more at Quonset Point."