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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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PROCEEDINGS AT HEARING IN RE:
COMMITTEE ON FINANCE
CITY OF PROVIDENCE
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Finance Committee Hearing
Providence City Hall
Providence, Rhode Island
February 26, 1996
6:00 P.M.

BEFORE:
COUNCILWOMAN EVELYN V. FARGNOLI, CHAIRWOMAN
JOHN H. ROLLINS, VICE CHAIRMAN
MICHAEL R. CLEMENT, CITY CLERK

ALLIED COURT REPORTERS
115 PHENIX AVENUE
CRANSTON, RHODE ISLAND 02920
401/946-5500

1 (HEARING COMMENCED AT 6:00 P.M.)

2 MR. CLEMENT: I call the hearing to order.

3 MS. FARGNOLI: We will now open the hearing
4 for an ordinance establishing a tax exemption for
5 Jutras Woodworking, Incorporated, of 103 Dike Street,
6 Providence, Rhode Island. We have Councilman, Vice
7 Chairperson of the Finance Committee, John Rollins,
8 in attendance and Councilwoman Josephine DiRuzzo.

9 Please sign up if you would like to be heard to
10 give testimony concerning this tax exemption. We
11 have with us also Mr. Thomas Rossi of the City of
12 Providence Assessment Office in attendance. I think
13 we should wait at least five more minutes should
14 anyone come forward that wishes to testify.

15 Also in attendance is Mr. Joseph Abbate of
16 the Department of Planning. Mr. Abbate, if you would
17 like to testify you may sign up.

18 (BRIEF RECESS)

19 MS. FARGNOLI: The first speaker to offer
20 testimony is Councilwoman Josephine DiRuzzo who'd
21 like to change places with Joseph Abbate. Will the
22 Clerk also note that the assistant city solicitor,
23 Pat McLaughlin, is in attendance.

24 MR. ABBATE: Thank you. I'd like to thank

1 the Council for allowing us to address the tax
2 stabilization as being proposed this evening. This
3 is a proposal that's been submitted on behalf of the
4 department. This is a company that's -- we have
5 worked with for quite sometime.

6 Jutras Woodworking is a company that
7 manufactures quality wood products. They've been
8 operating in the Olneyville section since 1980.
9 Under the old Providence Industrial Development
10 Corporation we provided a loan to this corporation
11 when they originally were establishing this operation
12 in the Olneyville area. Since that time, they've
13 continued to expand. They have repaid the loan from
14 the old Providence Industrial Development
15 Corporation.

16 They came to us, and at the time they told us
17 that they were forced to expand their operation. In
18 the facility that they were in, they couldn't
19 function in an efficient way. They were looking for
20 some zoning change, looking for some assistance in
21 acquiring some additional property. They had
22 acquired the property, and quite sometime ago they
23 had asked if the City could help them in some way
24 with regard to financial assistance or through some

1 sort of a tax abatement.

2 We had advised them about the enabling
3 legislation and that they would have to petition the
4 City Council for a tax abatement. This process has
5 taken some time. I believe they are in the process
6 of expanding their operation.

7 If they weren't allowed -- and as a
8 consideration, and they knew that this here
9 stabilization would have to come to the City Council,
10 and given the fact that they knew that it had to come
11 to the City Council, they somewhat took a risk in
12 staying there and continuing to operate there, rather
13 than to look to move somewhere else.

14 This business, as many other businesses, are
15 faced with the burden of taxes, inventory taxes. And
16 quite frankly the stable -- the opportunity to at
17 least apply for the stabilization is what at least
18 kept them here. They presently have approximately
19 eight to nine employees. With this expansion they
20 will be able to increase their employment by five
21 additional people.

22 I think that the City Council has a difficult
23 role to be addressing tax abatements and tax
24 stabilizations for businesses, given the climbing tax

1 base that the City has seen in the last few years. I
2 think that the City Council has to realize and also
3 consider the businesses that we've lost in the last
4 five to ten years, most notably those businesses that
5 have a high inventory, that are faced with staying
6 here and doing business with a high inventory where
7 they're competing against other businesses in other
8 cities and other states and other towns surrounding
9 us, and that have abated this tax and waived this
10 tax.

11 If you look at the furniture business, most of
12 the furniture companies have moved out of the city
13 because of the high inventory tax. Most of the car
14 dealerships -- I don't think we have any new car
15 dealerships. The most recent one is Colonial Motors
16 on North Main Street to move out. I think we may
17 have one major furniture store in the city now and
18 that's Harold's Furniture. Herman's just recently
19 moved out.

20 We were just notified last week we're losing
21 another major taxpayer, Harris Lumber. I believe
22 their tax base is \$110,000 a year. When you talk to
23 them, they are moving to a location where they won't
24 be paying the high inventory taxes.

1 This is somewhat the case here. It is a company
2 that has invested in the area that we've seen a lot
3 of economic dis-investment. It's an area that
4 businesses have not been expanding in. So for those
5 reasons, we're asking that the City Council consider
6 this in a favorable way.

7 MS. FARGNOLI: Thank you, Mr. Abbate.

8 MR. ABBATE: Thank you.

9 MS. FARGNOLI: Next person to testify will
10 be Councilwoman Josephine DiRuzzo.

11 MS. DIRUZZO: Thank you, Madame Chairwoman.
12 Of course, I didn't hear one word that Mr. Abbate
13 said so I'm going to have to wing it. I'm very happy
14 to be here in support of this tax exemption. As you
15 all know, I represent the Olneyville area and I'm
16 very familiar with Jutras Woodworking Company. They
17 have been in the Olneyville area since the year 1980
18 and have operated a very lucrative business. It's
19 operated by two brothers who are very young, and I
20 know they are not talking about retiring in the near
21 future.

22 So there's no question in my mind they're going
23 to be in business for some time to come. This tax
24 stabilization and exemption request is an opportunity

1 for small businesses of this nature to improve the
2 businesses that they have because of the help that
3 the City is willing -- probably willing to give them
4 with the payment of their taxes.

5 They're not asking for any help or any exemption
6 on the present building that they're located in. All
7 they're doing is asking for some help with the new
8 building that they're putting up in Olneyville on
9 Dike Street. And in normal circumstances I have
10 never, since I've been on the City Council, been very
11 happy to approve requests for tax exemptions. But in
12 this case I am, because they operate a business in a
13 very depressed area, and we've lost a lot of
14 manufacturing businesses in the Olneyville area. The
15 most recent loss we've had is Imperial Pearl, which
16 had been in existence for a number of years.

17 So I embraced this request by the Jutras
18 brothers because not only will it expand the business
19 that they presently have in Olneyville, but they're
20 going to improve aesthetically on the area within the
21 Dike Street and Olneyville area. Not only that, but
22 they will probably employ another five people in
23 their business.

24 And as you recall the last time we met with

1 regard to this before the Finance Committee, they
2 both indicated that they would give preferential
3 treatment to Providence residents who qualify for
4 this type of work. I think that this will serve as
5 an example to other businesses in this particular
6 area to try to modernize and improve their businesses
7 and stay in this location.

8 There's no doubt in my mind that the Jutras
9 brothers, who are the owners of this business, could
10 have purchased a larger building in another part of
11 the State of Rhode Island, but because they're
12 dedicated and they're devoted to that area, they
13 chose to stay in Olneyville. So I'm really happy
14 about this, and I'm willing to support this request
15 so that we can keep them in the area, increase the
16 number of people and jobs within the Olneyville area,
17 and allow them to continue to do business in the
18 location they've been at for a good number of years.

19 Thank you very much.

20 MS. FARGNOLI: Thank you, Councilwoman. Is
21 there anyone else who would like to testify? Then I
22 will consider this public hearing closed.

23 (HEARING CONCLUDED AT 6:25 P.M.)
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I, JULIA A. PULEO, do hereby certify that the foregoing transcript is true, complete and accurate, taken at the time of the above-entitled matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of March, 1996.

Julia A. Puleo, RPR/Notary Public

JULIA A. PULEO, RPR/NOTARY PUBLIC

IN RE: PROVIDENCE COMMITTEE ON FINANCE

Date: FEBRUARY 26, 1996