

Commonwealth of Massachusetts

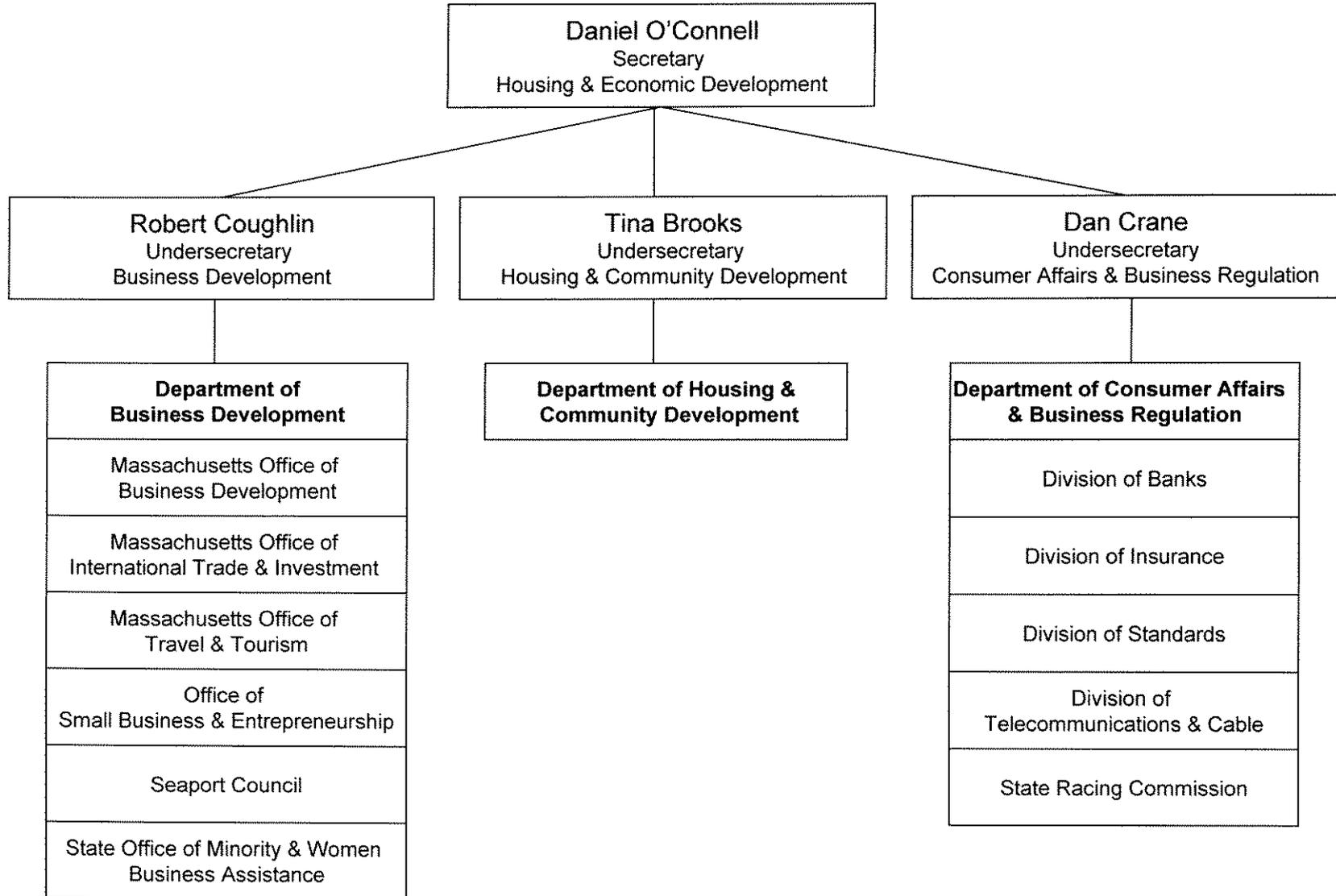
Economic Development Incentive Program (EDIP) Overview

Presented to the Acton Board of Selectmen
April 23, 2007

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4/23/07
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Executive Office of Housing & Economic Development



Business Resource Team (BRT)

What is the BRT?

A one-stop shop for companies who wish to do business in Massachusetts, lead/coordinated by the Massachusetts Office of Business Development

Our Mission:

Assist companies that wish to locate, relocate, expand, grow, or stay in Massachusetts

Massachusetts Business Resource Team



Berkshire Economic Development Corporation



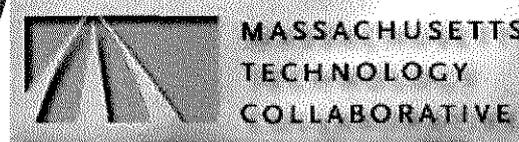
Massachusetts Department of
Workforce
Development
Division of Career Services



M O I T I
Massachusetts Office of International Trade & Investment



Western
Massachusetts
Economic Development Council



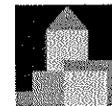
MOBD



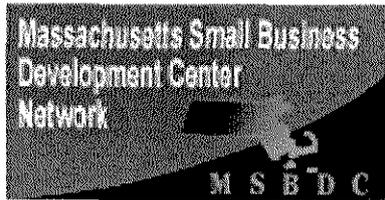
Massachusetts Biotechnology Council



MERRIMACK
VALLEY
ECONOMIC
DEVELOPMENT
COUNCIL, INC.



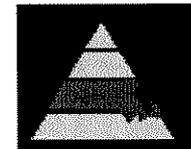
MASSDEVELOPMENT
Build. Create. Innovate.



MASS
TECHNOLOGY
LEADERSHIP
COUNCIL



**The Massachusetts
Workforce Training Fund**



**Massachusetts Alliance
for Economic
Development**

Massachusetts Board of Higher Education

BRT Partners & Roles

BRT Partner	Role
MA Office of Business Development (MOBD) MA Alliance for Economic Development (MAED) MA Office of International Trade & Investment (MOITI) MassDevelopment Mass Technology Development Corp. (MTDC) Economic Stabilization Trust (EST) Workforce Training Fund (WTF) Small Business Development Centers (SBDC) Massachusetts Technology Collaborative (MTC) Massachusetts Renewable Energy Trust MassPort MA Manufacturing Extension Partnership (MassMEP) Workforce Development Division of Career Services	EDIP, DIF, BRT Coordination Site finder services Foreign direct investment, Export counseling Financing – real estate and equipment Financing – early stage venture capital Financing – working capital Workforce training grants Small business counseling and consulting Grants, loans, convening, research Grants, loans, research in renewable energy industry Airport, Ports Oversight Lean manufacturing training & consulting Workforce Development
Public Post Secondary Institutions University of Massachusetts Board of Higher Education	Research Partnerships Workforce Pipeline Partnerships (Internships and Recruiting) Workforce Training
Trade/Industry Associations Massachusetts Biotechnology Council MassMEDIC Massachusetts Technology Leadership Council (MTLC)	Industry Advocacy Network and Relationships with Companies, Universities, Hospitals Purchasing Consortium (MBC)
Regional Economic Development Councils Boston Redevelopment Authority (BRA) Merrimack Valley EDC SouthCoast Development Partnership Western Massachusetts EDC Berkshire EDC Arc of Innovation: 495/MetroWest Corridor Partnership	Regional expertise Network with businesses, municipalities, and economic development Local site selection expertise

Program Establishment

Chapter 19 of the Acts of 1993:

“An Act Relative to Incentives for Economic Development”

Established EDIP as:

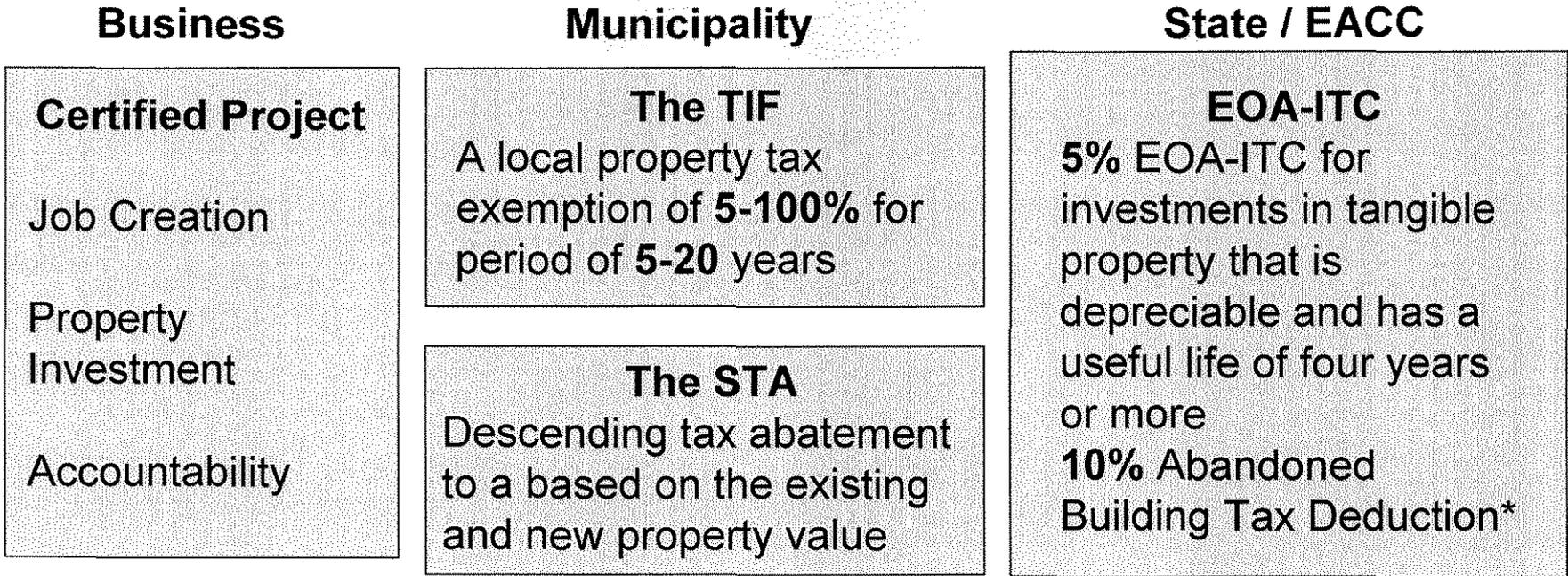
a program designed to promote increased business development and expansion in Economic Target Areas (ETAs) of the Commonwealth, to be administered by the Economic Assistance Coordinating Council (EACC)

Program Results (FY94-FY06)

- 197 out of 351 municipalities are ETA communities
- 1147 Certified Projects
- 64,005 jobs created
- \$17,201,418,989 in private investment

Economic Development Incentive Program (EDIP)

Three-way partnership between business, municipality, and state



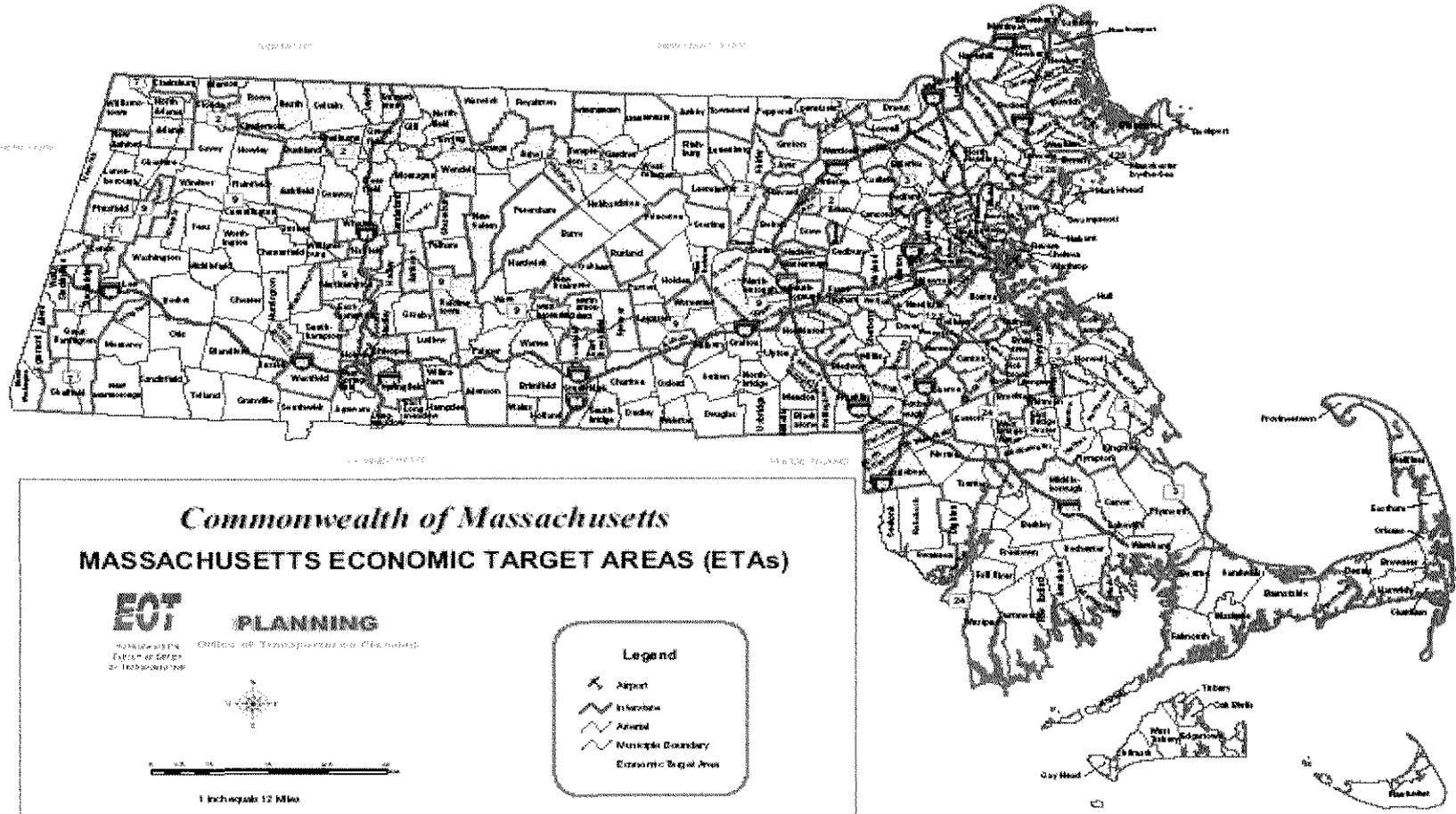
* When applicable

EDIP Design

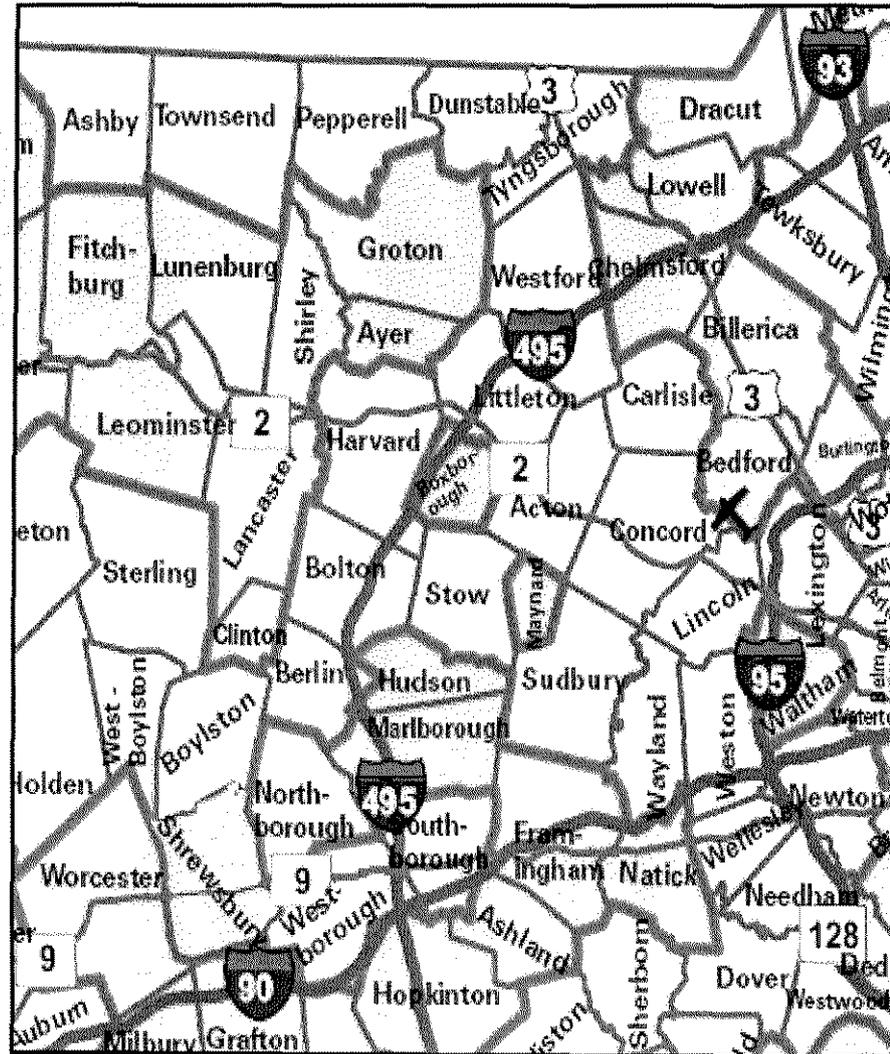
EDIP is a locally-driven process:

- Municipality makes application for ETA designation with EACC
- Municipality designates Economic Opportunity Area (usually tax parcel specific) and requests EACC Approval
- Municipality and business negotiate Tax Increment Financing agreement /Special Tax Agreement and request Project Certification from EACC
- Everything must first be approved at the local level before it is acted on by the EACC

ETA Communities



ETA Communities



Commitment of the Business

Job Creation and Capital Investment

Participating businesses (Certified Projects) must:

- Create at least one net, new, full time, permanent job with benefits in Massachusetts
- Provide capital investment
- Furnish job creation and investment totals annually to the Commonwealth or face “decertification”

EDIP –Commitment of the Municipality

The TIF

A local property tax exemption of **5-100%** provided by the municipality on the *value added* to the property by the business for a period of **5-20** years.

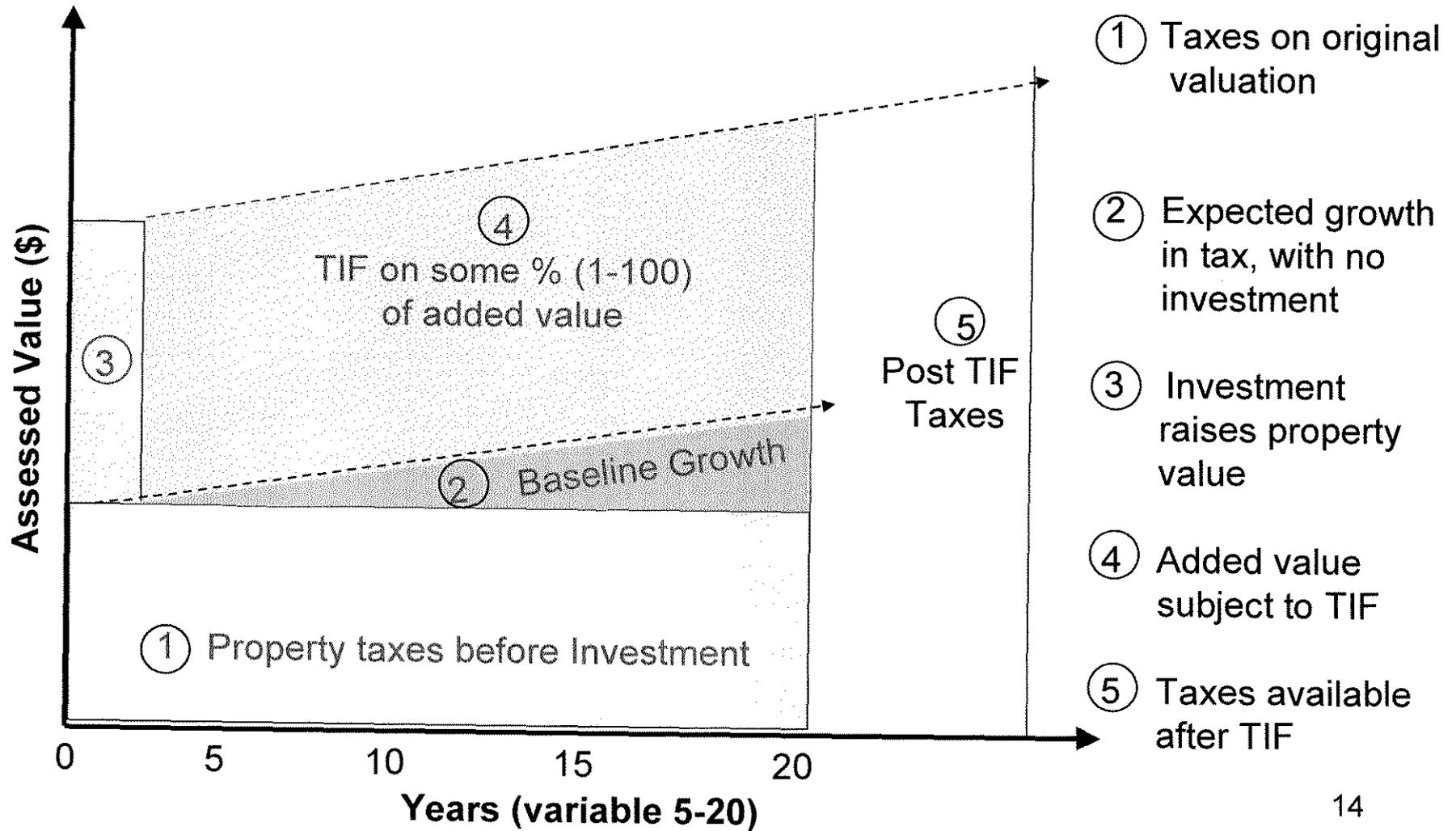
OR

The STA

A descending tax abatement based on the existing and new property value.

Year 1: 0% taxed
Year 2: Up to 25% taxed
Year 3: Up to 50% taxed
Year 4: Up to 75% taxed
Year 5: Up to 100% taxed

TIF Mechanics



EDIP –Commitment of the Commonwealth

Economic Opportunity Area Investment Tax Credit (EOA-ITC)

Participating businesses (Certified Projects) can claim a **5%** EOA-ITC for investments for tangible property that is depreciable and has a useful life of four years or more (e.g. buildings, machinery, computers, etc)

Applicable projects may also claim a **10%** Abandoned Building Tax Deduction when a facility has been at least 75% vacant for 24 months or more

EDIP - Sample Certified Project

X Company, Inc.
Looking to expand
and add jobs

- Needs 30,000 square feet in additional space
- 40 new jobs will be created with increased capacity
- Considers new building or adding to current site
- Investment of \$10 million in building and equipment

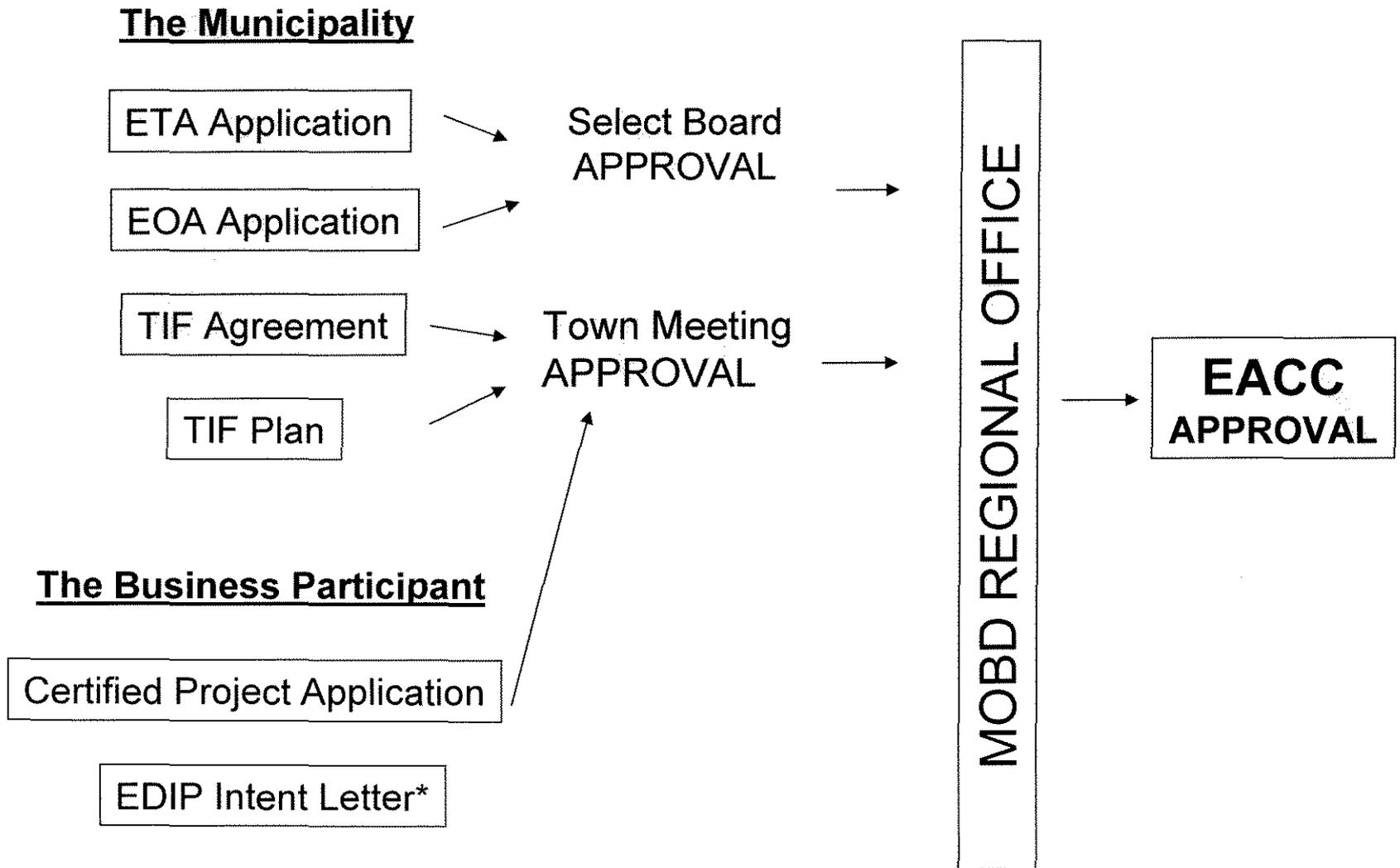
ETA Town
Wants to leverage
Investment and offers a
5 – 20 year TIF

- ETA Town wants to support company's expansion
- Designates site an Economic Opportunity Area (EOA).
- ETA Town and X Company negotiate a 5 – 20 year TIF
- Provisions: 5 – 100% Abatement
- ETA Town Meeting approves EOA, TIF, and Certified Project

**Economic Assistance
Coordinating Council
(EACC)**

- ETA Town submits for approval: EOA application, approved TIF agreement, & approved Certified Project
- EACC votes to approve each item.
- Commonwealth extends 5% EOA-ITC to X Company

The EDIP Paperwork



*Initial Correspondence for purposes of DOR determination of EOA-ITC eligibility

Accountability

- **Certified Project and TIF Agreement** document committed jobs and private investment levels
- **Annual Performance Reports** collected by municipality and EACC are submitted by the business under the pains and penalties of perjury
- **Decertification proceedings** can be initiated by either the municipality or EACC against business for non-performance

Contact Information

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Massachusetts 
It's all here.