

## Town of Shelburne Economic Development Incentives

### **Background:**

To stimulate business growth and foster jobs creation, Massachusetts has created the Economic Development Incentive Program (EDIP), designed to attract and retain businesses in certain economic target areas. The Massachusetts Office of Business Development administers the EDIP.

### **Definitions:**

The **Economic Assistance Coordinating Council (EACC)** is a public-private body comprising of 11 members. The EACC is co-chaired by the director of Economic Development and the director of Housing and Community Development. The EACC is responsible for designating Economic Target Areas (ETAs), Economic Opportunity Areas (EOAs) and **Certified Projects** - i.e. the three components of the **Economic Development Incentive Program (EDIP).**

The EDIP includes a special tax incentive program (Tax Incentive Financing, **TIF**) which allows towns to offer lower property taxes in exchange for new investment, job creation and business synergies. The EACC must approve all local TIFs.

A **Certified Project** is a business that is expanding its existing operations, relocating its operations, or building new facilities and creating permanent jobs. Certified Projects must be approved by both the Town and the EACC. Certified projects may receive state tax incentives, including:

- A 5 percent investment tax credit for qualifying tangible, depreciable assets (5 percent of the cost or other basis for federal income tax purposes for tangible personal property and other tangible property that is depreciable and has a useful life of four or more years).
- A 10 percent tax deduction for costs associated with the renovation of an abandoned building (a building that has been at least 75 percent vacant for the previous two years).

In addition to the State programs, businesses may qualify for property tax relief under a **TIF**, based on the value added from new employees, new construction, infrastructure improvements or other investments which enhance a town's overall economic health.

In Shelburne, Certified Projects should be within the town's three economic target areas. Property tax relief may extend from 5 to 15 years depending on the number of jobs created, the size of new investment and the synergies of the new or expanded business.

### **Shelburne Economic Target Areas:**

- 1) The area zoned industrial,
- 2) The Rt. 2 corridor,
- 3) The Shelburne Falls village area between Rt. 2 and the Deerfield River,
- 4) While the target areas are of prime interest, Shelburne may consider TIFs located in other areas.

**Certified Projects** should meet the following economic development goals:

1. Improve the economic condition of the Town,
2. Increase the tax base,
3. Expand employment opportunities, especially high-paying jobs,
4. Complement existing businesses and attract new ones,
5. Encourage redevelopment of older industrial areas,
6. Renovate or redevelop existing buildings and underutilized sites,
7. Promote regional collaboration.

Schedule A lists in greater details Shelburne's specific criteria for **Certified Projects**.

## **TIF Application and Approval Process for Shelburne**

Set forth below are systems, procedures and considerations for evaluating TIF Applications. Changing economic conditions, business considerations or Shelburne town needs may support alternative structures or concessions for TIFs. The TIF Evaluation Committee or the Select Board should vary this process as circumstance dictate. The Finance Committee will also evaluate TIF Applications and offer views and a recommendation. Final authority for negotiating the TIF with the applicant rests with the Select Board.

The **TIF Evaluation Committee** will consider all TIF applications and make recommendations to the Select Board and to Town Meeting. In preparing its recommendations, the committee will meet with the applicant, review the application material, request any additional information as may be necessary to evaluate the proposal and its impact on Shelburne, analyze the costs and benefits and then formulate a recommendation to the Select Board. The TIF Evaluation Committee will consist of one member from the Board of Assessors, one from the Zoning Board of Appeals, the Town Administrator, one member of the Greater Shelburne Falls Business Association and two members from the Finance Committee.

In considering applications, any member of the TIF committee who has, or may have a business or personal conflict with the proposal or the applicant shall disclose that conflict and will, if the remaining member of the committee consider appropriate, withdraw from discussion and/or voting.

Before the TIF Committee will consider an application, the applicant must supply confirmation from the Tax Collector that full taxes have been paid on the subject property. Tax reduction is available only on the incremental investment in a property. Tax relief may range from 5% to 100% of the new investment, may be in increasing or decreasing percentages each year and may extend for 5 to 15 years. Other criteria include number and quality of jobs added, amount of new investment, nature of new business, synergies with existing businesses, environmental impact and overall benefit to the Shelburne community.

Schedule B lists potential tax relief for new jobs created, but other factors listed above like job quality, investment amount, economic impact, business synergies and redevelopment of older properties will also effect the level of tax relief. Shelburne reserves the right to alter these guidelines from time to time in the best interests of the Town of Shelburne.

Any costs which Shelburne boards or committees may incur in reviewing and analyzing the proposed project will be at the applicant's expense.

After the TIF Evaluation Committee recommendation, the project must receive approval from Shelburne's Selectboard (with advice of council as necessary,) Shelburne's Town meeting and the EACC.

### **The following is a summary of the steps involved:**

- 1) The applicant meets with the Town Administrator to review the application process.
- 2) The applicant submits a letter of interest to the Town Administrator for distribution to the TIF Evaluation Committee and the SB.
- 3) The applicant meets with the TIF Committee to present the project, respond to initial questions, identify additional necessary information, and present a timeline.
- 4) The applicant submits to the TIF Evaluation Committee (with a copy to the Town Administrator) a **Certified Project** application setting forth a description of the project, which should include –
  - a. The scope of the project,
  - b. the type, timing, and amount of new investment,
  - c. maps of the project and surrounding area,
  - d. number, quality and quantity of jobs created,
  - e. a business plan showing adequate financial resources and the project's long term viability,
  - f. any empty or old buildings being removed or brought back into use,
  - g. synergies with other town businesses,
  - h. a summary of overall benefits of the project to Shelburne.

- 5) Concurrently the applicant should obtain from the Board of Assessors certification of the current tax base for the proposed property and any existing buildings.
- 6) The Applicant may propose a preliminary tax relief structure including number of years and percentage tax relief in each year. This proposal should show the current tax assessment, the amount of new investment in each year, the requested tax relief in each year and the remaining taxes due. All taxes are calculated at the current tax rate. The tax relief will start when the assessed value reflects the full value of the new investment, and will run for the term of the TIF.
- 7) The TIF Evaluation Committee will review the full application, requests any necessary additional data, evaluate the benefits and costs to Shelburne of the proposal and then makes a recommendation to the Shelburne Select Board.
- 8) The Finance Committee will also evaluate the TIF's impact on the town's financial health and provide a recommendation to the Select Board.
- 9) The applicant then submits the application to the Select Board for its approval and then to Town Meeting, for its approval.
- 10) If the application is denied the applicant may modify the application and resubmit it. If the Select Board denies the subsequent application, the applicant may petition Town Meeting for approval.
- 11) In the event the TIF Evaluation Committee and the Select Board arrive at significantly different conclusions, the Committee and the Select Board will meet to attempt to resolve their differences. In the case were they continue to disagree, if the applicant wishes to proceed, the Select Board may include the TIF on the warrant and add its recommendation. Then the TIF Committee may present its recommendations and reasoning. Alternatively the applicant may petition Town Meeting directly and present its proposal. Then Town Meeting will decide.
- 12) After receiving local approvals, the applicant submits the entire package to the Massachusetts EACC for its approval. The EACC has 90 days to make a decision.
- 13) After EACC approval all projects are subject to annual review and monitoring to ensure compliance with the terms of the agreement. State law requires the applicant to submit an annual report to the Shelburne Select Board and the EACC. The form for reporting may be found at:  
<http://www.mass.gov/hed/economic/eohed/bd/econ-development/reporting/>
- 14) Failure to submit a yearly annual report to the Shelburne Select Board and the EACC is grounds for project decertification. Also the EACC will decertify any projects not meeting the employment or investment terms.

**Resources:**

<http://www.mass.gov>

Massachusetts Office of Business Development  
Tax Increment Financing

<http://www.mass.gov/hed/economic/eohed/bd/econ-development/>

Massachusetts Office of Housing and Development  
Economic Development Incentive Program (EDIP)

[selectboard@townofshelburne.com](mailto:selectboard@townofshelburne.com)

Terry Narkewicz, Town Administrator  
Town of Shelburne  
51 Bridge Street  
Shelburne Falls, MA 01370  
(413) 625-0300

[EDIPAnnualReport@state.ma.us](mailto:EDIPAnnualReport@state.ma.us)

EDIP Annual Reporting  
Massachusetts Office of Business Development  
(617) 973-8536

Schedule A  
**Local Tax Incentive Criteria**

The Town of Shelburne seeks to advance EDIP projects that stimulate economic development in the community by assisting those endeavors that promote long-term economic vitality, leverage a substantial private investment, foster business growth and job creation opportunities, and promote local economic development goals. The determination for granting local tax incentives will be based on how well a project would advance the following objectives.

- 1) **Quality Job Creation** – including the number and types of full and part-time jobs, wages paid and actual net number of new jobs created.
- 2) **Sizeable Capital Investment** – new investment including type and potential synergies (plant, equipment, new construction vs. rehabilitation).
- 3) **Type and Quality of Business Growth** – including retention / expansion of existing firms and new investment by firms outside the Town as well as start-up businesses.
- 4) **Industry Sector Focus** – promotion of manufacturing, technology, research and development, corporate office or other industrial/commercial sectors is a priority for the Town. Retail, warehouse and distribution centers are not seen as a priority, and, therefore, are less likely to receive significant tax relief.
- 5) **Town Tax Rate Enhancement** – the ratio of the tax incentive to the capital investment and job creation, including net new tax revenue due to the Town after exemptions.
- 6) **Redevelopment** – facilitating the rehabilitation of deteriorated properties, older facilities and/or the expansion of existing industrial facilities.
- 7) **Local Economic Impacts** – including synergies with existing businesses, the potential to attract other new business investment and enhancement to employment opportunities.

Attachment B  
**Potential Tax Reduction for Qualified Projects**  
(may vary with economic conditions and town needs)

Category #1:

For projects which create 10 + jobs – Year 1 – 100%  
Year 2 – 75%  
Year 3 – 50 %  
Year 4 – 30 %  
Year 5 – 15%

Category # 2:

For projects which create 5 - 10 jobs – Year 1 – 75%  
Year 2 – 60%  
Year 3 – 45%  
Year 4 – 25%  
Year 5 – 10%

Category # 3:

For projects which create 1- 5 jobs – Year 1 – 50%  
Year 2 – 40%  
Year 3 – 30%  
Year 4 – 20%  
Year 5 – 5%