ECONOMIC ASSISTANCE COORDINATING COUNCIL
MASSACHUSETTS OFFICE OF BUSINESS DEVELOPMENT
EXECUTIVE OFFICE OF HOUSING AND ECONOMIC DEVELOPMENT
COMMONWEALTH OF MASSACHUSETTS

Economic Development Incentive Program (EDIP)
Program Guidelines

Issued by:
Economic Assistance Coordinating Council
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These guidelines are issued by the Economic Assistance Coordinating Council pursuant to the authority granted under M.G.L. 23A Section 3B. The guidelines are provided to the public and potential applicants for their information only, and are merely intended to provide illustrative guidance to the application process. The EACC reserves the right to amend, modify, or otherwise alter these guidelines as required, without notice. Applicants to the EDIP should refer to the application form, pertinent regulations and MOBD Regional Directors for further information. Nothing in these guidelines shall restrict the EACC’s authority as granted by the EACC and EDIP legislation.

Table of Contents

1. Program Description
2. Definitions
3. Eligible Projects
4. Application Process and Deadlines
5. Application Review
6. Award Process
7. Monitoring Process
8. MOBD Regional Contacts
9. Statutory and Regulatory References
1. **Program Description:**
The Economic Development Incentive Program (EDIP) is a tax incentive program designed to foster full-time job creation and stimulate business growth throughout the Commonwealth. Participating companies may receive state and local tax incentives in exchange for full-time job creation, manufacturing job retention, and private investment commitments.

As of January 1, 2010, the Economic Assistance Coordinating Council (EACC) may certify three categories of project for companies that generate substantial sales outside of the Commonwealth and are seeking the EDIP Investment Tax Credit (ITC): full-time job creation and investment projects within Economic Target Areas, projects with exceptional employment growth across the Commonwealth and finally, projects within gateway communities that sustain and grow manufacturing jobs.

The EACC will also consider applications seeking the Abandoned Building Renovation Deduction and municipally supported local real estate tax incentive applications for projects that are not seeking an EDIP-ITC.

2. **Definitions:**
Please refer to 402 CMR 2.03 for a more detailed list of definitions.

**Certified Project** – The EACC considers applications by a business intending to develop or expand a project for designation as a "certified project," thereby allowing the business to benefit from the various tax relief programs made available by the EDIP. For information on how the length of the “certified project” may affect the value of state tax benefits, please refer to the Massachusetts Department of Revenue (DOR) Directive 09-4 Effect that the Expiration of a Project’s Certification Has on the Economic Opportunity Area Credit.

**Economic Opportunity Area or EOA** - an area of the Commonwealth, located wholly within an Economic Target Area, which is designated as such by the EACC. In order for an economic development project to apply for state and / or local benefits as a Certified Expansion Project (EP), the proposed project must be located within an EOA. To obtain EOA designation, the municipality must identify appropriate locations for economic development and request the EACC to designate these targeted development areas within the ETA as EOAs. There are no limits to the number of EOAs that may be designated within an ETA. Since an area must be designated as both an ETA and an EOA before the benefits made available under the EDIP can be realized, municipalities may request simultaneous consideration of both ETA and EOA applications by the EACC.

**Economic Target Area or ETA** - an area of the Commonwealth designated as such by the EACC. More than 200 municipalities (or parts thereof) across the Commonwealth are members of Economic Target Areas as shown on the ETA map [www.mass.gov/dbd/edip](http://www.mass.gov/dbd/edip). To obtain ETA designation, the municipality must make a request to the EACC to designate the municipality as an ETA. This designation is based on income, unemployment, and other economic characteristics of the area, and may also be appropriate where the area contains certain special features, as identified in M.G.L. c. 23A, § 3D and in 402 CMR 2.05. The number of ETAs that can exist at any one time in the Commonwealth is limited by state law, as set forth in M.G.L. c. 23A, § 3E and in special acts of the Legislature. Please contact the appropriate MOBD Regional Director (See Section 8. MOBD Regional Contacts) to discuss the process for applying to become an ETA community.

**Exceptional Opportunity Area** – At the request of a non-ETA municipality, the Director of the Department of Business Development may designate certain areas of the Commonwealth as "presenting exceptional opportunities for increased economic development," thereby permitting the designation of a TIF Zone within...
such area, allowing for the municipality to negotiate local tax incentives with a proposed economic development project.

**Full-time Employee** - an employee, as defined in 402 CMR 2.03: Employee who has been paid by an employer during its taxable year an amount equal to at least the maximum amount of "wages" with respect to which an employer is required to make contributions under M.G.L. c. 151A, § 14.

**Gateway Municipality** – a municipality with a population greater than 35,000, a median household income below the Commonwealth’s average and educational attainment rates that are below the Commonwealth’s average, as measured by the most recent American Community Survey (ACS) of the U.S. Bureau of the Census.

**Manufacturing Activity** – the process of substantially transforming raw or finished materials by hand or machinery, and through human skill and knowledge, into a product possessing a new name, nature and adapted to a new use. In determining whether a process constitutes manufacturing, the EACC will examine the facts and circumstances of each case.

**Substantial Sales Outside of the Commonwealth** – on an annual basis, at least 25%, or an otherwise reasonable percentage as determined by the EACC, of a controlling business’s products or services generated at the facility are sold in the regular course of the controlling business’s trade or business to customers located outside of the Commonwealth; provided that, with respect to a facility that serves principally as a corporate headquarters or as a regional administrative office for the controlling business, the above threshold shall be deemed satisfied if at least 25%, or an otherwise reasonable percentage as determined by the EACC, of the controlling business’s products or services, wherever generated, are sold in the regular course of the controlling business’s trade or business to customers located outside of the Commonwealth.

**Middle Tier Community** – a municipality with a median household income below the Commonwealth’s average and educational attainment rates that are below the Commonwealth’s average, as measured by the most recent American Community Survey (ACS) of the U.S. Bureau of the Census.

3. **Eligible Projects:**

The EACC may certify three categories of project for expanding companies that generate substantial sales outside of the Commonwealth, are retaining and / or creating full-time permanent jobs and are seeking the EDIP Investment Tax Credit (ITC). In consultation with MOBD, the EACC will determine a project’s appropriate category.

- **Certified Expansion Project:** A full-time job creation and investment project within an Economic Target Area.
- **Enhanced Expansion Project:** A project with exceptional employment growth of 100 new full-time jobs or more, anywhere in the Commonwealth.
- **Manufacturing Retention & Job Growth Project:** A project within a gateway community that creates at least 25 new full-time manufacturing jobs and/or retains at least 50 full-time manufacturing jobs.

**Certified Expansion Project (EP):**
In return for full-time job creation and private investment commitments, the EACC may certify Expansion Projects (EP) within Economic Target Area communities and award up to a 10% EDIP- Investment Tax

11/21/2013
Credit (ITC) to support the project. EP are most similar to those EDIP Projects certified prior to January 1, 2010, however EP must have substantial sales outside of the Commonwealth. A municipally driven, three-stage process is required for an EP (the first two stages may have been completed ahead of the project application):

- The city or town must be an ETA community,
- The proposed project location must be within an EOA, and
- The project must receive municipal approval of local tax incentives (either Tax Increment Financing (TIF) or a Special Tax Assessment (STA)) and municipal approval of the Certified EP prior to being considered by the EACC.

**Enhanced Expansion Project (EEP):**
The EACC may certify Enhanced Expansion Projects (EEP) that will create at least 100 new full-time, permanent jobs in the Commonwealth within two years of receiving an EDIP-ITC incentive and be retained for at least 5 years. EEP that will strengthen the Massachusetts economy and contribute to the Commonwealth’s fiscal health may be considered for an EDIP-ITC incentive of up to 10% eligible capital investment. The project may also seek local tax incentives if proposed in an ETA community or if a non-ETA community supports an Exceptional Opportunity.

**Manufacturing Retention & Job Growth Project (MRP):**
The EACC may certify Manufacturing Retention & Job Growth Projects (MRP) that will create at least 25 new manufacturing jobs and / or maintain at least 50 full-time, permanent manufacturing jobs for at least 5 years in a gateway community. The project must receive municipal approval of the MRP prior to being considered by the EACC and may also seek local tax incentives from the city or town.

**Other Projects:**
The EACC may also approve applications that can provide the following incentives for projects not necessarily seeking an investment tax credit:

- **Abandoned Building Renovation Deduction:** A corporate excise deduction or a personal income tax deduction equal to 10% of the cost of renovating an abandoned building, defined as being at least 75% vacant for 24 months or more, within an EOA.
- **Local Tax Incentives:** A municipally supported project seeking the real property tax benefits available under a tax increment financing plan and the tax exemption for personal property situated at a parcel receiving a tax increment financing exemption; or, as an alternative, a special real property tax assessment schedule.

4. **Application Process and Deadlines**
Potential certified project applicants must work with their MOBD Regional Director (see Section 8. MOBD Regional Contacts) from the earliest point possible to discuss project parameters and eligibility for consideration under the Economic Development Incentive Program.

Important elements in the application process, for companies, include:

i. Participate in an introductory meeting with the MOBD Regional Director.

ii. Work with the MOBD Regional Director to introduce the project to the municipality and ultimately seek local approvals, where necessary.

iii. Send a “Letter of Intent” to the municipality, and copied to the MOBD Regional Director, in which the proposed project will be located indicating an interest in applying to the Economic Development Incentive Program and providing pertinent project details.
iv. Complete and return the EDIP Preliminary Application by the published deadline. Please provide an electronic copy to the MOBD Regional Director for review and upon invitation of the Regional Director send an original hard copy: Attn: EDIP Project Manager, MOBD, 10 Park Plaza, Suite 3730, Boston, MA 02116.

v. Following review and upon the invitation of the MOBD Regional Director, complete and return the EDIP Supplementary Application. The Supplementary Application requires the submission of supportive data, analyses and a definitive project timeline. Please provide an electronic copy to the MOBD Regional Director and send an original hard copy: Attn: EDIP Project Manager, MOBD, 10 Park Plaza, Suite 3730, Boston, MA 02116.

vi. If applicable, submit local approvals and agreements to the MOBD Regional Director. All application materials must be submitted prior to the published deadlines. Incomplete applications will not be considered.

vii. Upon invitation, attend a meeting of the Economic Assistance Coordinating Council to present project details and request project certification.

The EACC plans to meet on a quarterly basis. Please check with your MOBD Regional Director for the deadline to submit application materials. The EACC reserves the right to seek additional information from applicants and to defer project consideration.

5. Application Review:
The EACC will consider project certification and make EDIP-ITC awards based on the merits of individual projects and will take into consideration the jobs impact, project location, industry and resulting economic activity. Support of sustainable manufacturing projects and investment within middle tier or gateway communities are key program objectives. Please work with your MOBD Regional Director (See Section 8. MOBD Regional Contacts) to better understand the range of ITC award that might be available.

Please note that when other state incentives are available to the project (including, but not limited to the Manufacturing / Research & Development 3% Investment Tax Credit or the Life Sciences Investment Tax Credit), the EACC will take any resulting benefits into consideration during its review.

6. Award Process:
Unless the EACC determines that additional information is required, then the EACC will generally make decisions on project certification during their scheduled meetings. Projects will receive written notification of the EDIP-ITC award after the EACC meeting, usually within 48 hours. The award will include a timeline for taking the EDIP-ITC in specific tax years. If awardees are unable to take the EDIP-ITC according to the agreed timeline then the EACC will try to accommodate the changed project timeline, however reserves the right to rescind the EDIP-ITC award.

7. Monitoring Process:
At the end of each year, certified projects are required to submit a report to the EACC and to the municipality in which the project is located. The EACC reviews each project for compliance with job and investment goals, per MGL Ch.25A and 402 CMR 2.00 and requires confirmation of the EDIP-ITC utilization schedule. Please note that failure to submit the annual report to the EACC is grounds for project decertification.

11/21/2013
8. **MOBD Regional Contacts:**

**Berkshires / Pioneer Valley**

**Mike Vedovelli, Regional Director**
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1350 Main Street, Suite 1110  
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**Central / North Central**

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**Greater Boston**

Massachusetts Office of Business Development  
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**Metro West**

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**Northeast**

**Peter Milano, Senior Regional Director**
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**Southeast / Cape & Islands**

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9. **Statutory and Regulatory References**

Please refer to the following (non-inclusive) references:

**The EACC, ETAs, EOAs and Certified Projects:**

- MGL Chapter 23A: Section 3A-3F
- [Chapter 166 of the Acts of 2009](#)
- Chapter 240 of the Acts of 2010
- 402 CMR 2.00

**The EDIP-Investment Tax Credit:**

- MGL Chapter 23A: Sections 3A-3F
- MGL Chapter 63: Section 38N
- MGL Chapter 63: Section 31A
- 830 CMR 63.38 N.1
- Department of Revenue Informational Guideline Release No. 94-201
- Department Of Revenue Directive 09-4: Effect that the Expiration of a Project’s Certification has on the Economic Opportunity Area Credit
- Department of Revenue Technical Information Release (2010)

**Tax Increment Financing:**

- MGL Chapter 40: Section 59
- MGL Chapter 59: Section 5, Paragraph 51
- 760 CMR 22.00

**Abandoned Building Renovation Deduction:**

- MGL Chapter 63: Section 38O