



Economic Development Incentive Program Frequently Asked Questions

- **What is the primary purpose of the Economic Development Incentive Program (EDIP)?**
 - The Economic Development Incentive Program (EDIP) is a tax incentive program designed to foster job creation and stimulate business growth throughout the Commonwealth. Participating companies may receive state and local tax incentives in exchange for job commitments and private investment commitments.
- **What are the most significant changes in the new statute?**
 - The statutory changes to the EDIP-ITC program allow the Economic Assistance Coordinating Council (EACC) the flexibility to award tax incentives based on number of jobs the business intends to create or retain.

Previously, the EACC had no flexibility in awarding a fixed 5% Investment Tax Credit (ITC) to businesses that had been approved by a municipality so that a business that proposed to create just one job might receive the same tax incentive as a business proposing to create hundreds of jobs.

The revised legislation also requires that all projects generate substantial sales outside of Massachusetts, thereby guaranteeing that certified projects that receive tax incentives will increase economic activity in the state. In addition, the state may now provide, **in limited circumstances**, an investment tax credit to projects creating significant new employment, even if no local TIF has been approved.

If a company will not be seeking the state's investment tax credit, the EACC will consider a community's locally driven TIF or STA separately.

Projects can be certified as Expansion Projects (**EP**), Enhanced Expansion Projects (**ECP**), and Manufacturing Retention Projects (**MRP**). Details can be found in the summary table link on www.mass.gov/dbd/edip

- **Is the program still locally driven?**
 - Of the 3 types of project (Expansion Project, Enhanced Expansion Project and Manufacturing Retention Project), both Expansion Projects and Manufacturing Retention Projects require local approval. Expansion Projects are very similar to the original EDIP in that they involve either Tax Increment Financing (**TIF**) or a Special Tax Assessment (**STA**).
- **What if a company does not generate substantial sales outside of MA?**
 - TIF or STA only projects will not have an out-of-state sales requirement and will still be considered by the EACC. Companies that generate outside sales have a greater opportunity to grow jobs and contribute to the Commonwealth's economic health.

- **Does a TIF only project have to create new jobs?**
 - The TIF statute and regulations focus on private investment rather than job creation.
- **With a TIF, does a project only receive a local real estate tax benefit?**
 - The company and the municipality can negotiate the personal property tax exemption within all TIF agreements.
- **What if a company is predicting substantial sales outside MA over the next two years but does not have substantial sales as of the date of application?**
 - Each application will be reviewed based upon its own merits
- **Can a project receive an EDIP ITC and a 3% Manu ITC on the same property?**
 - Not on the same property.
- **What constitutes “qualified” property?**
 - Please refer to 830 CMR 63_38N: Eligible property includes tangible personal property and other tangible property, including buildings and structural components of buildings, acquired, constructed, reconstructed or erected during the taxable year and used exclusively in a certified project in an economic opportunity area in Massachusetts and tangible personal property leased pursuant to an operating lease and used exclusively by the lessee in Massachusetts in a certified project in an economic opportunity area throughout the entire lease term, subject to the following requirements: (a) the property must not be taxable under M.G.L. c. 60A (relating to motor vehicles); (b) the property must be depreciable under Section 167 of the Code and have a useful life of four years or more; and (c) Buildings and structural components of buildings must be acquired by purchase as defined under Section 179(d) of the Code.
- **How is “facility” defined as it relates to a project?**
 - Facility is defined as the physical location, in real property, which may include multiple buildings, owned or leased by a business of a commercial, manufacturing or industrial activity, division or component controlled by that business, or any real estate project which involves the construction or renovation of real property to serve such purpose, or any combination of the foregoing, at which are employed, or are projected to be employed, permanent full-time employees of the controlling business.
- **How long are expansion and enhanced expansion projects given to achieve job targets?**
 - Enhanced Expansion Projects are required to create 100 new jobs within two years. Expansion projects must start their five year jobs growth within the first two years.
- **How long must new or retained jobs be kept and what constitutes a material variance?**
 - Agreement requirements for new or retained jobs are 5 years for all three programs. Certification may be revoked and the EACC may take back any incentives award in the past or future if the business falls 50% below their employment projections.

- **Is there an annual cap on EDIP?**
 - The annual cap is \$25 million.
- **How many times per year will the EACC meet?**
 - EACC plans to meet four times per year. Refer to www.mass.gov/dbd/edip for meeting schedule
- **Will the amount available be equally distributed to accommodate the quarterly meeting schedule?**
 - Every effort will be made to ensure equitable distribution.
- **Who will decide the level of ITC?**
 - The EACC has the authority and discretion as it relates to the level of ITC for projects.
- **In June 2009, DOR provided a Directive that substantially impacts the value of the state investment tax credit to “Certified Projects” of 12 years or less. Did the 2009 legislation change this?**
 - Matters relating to the June 2009 DOR Directive were not part of the statutory changes to EDIP.
- **Will there be an opportunity for public comment?**
 - The promulgation of emergency regulations requires a public comment period or a public hearing within 90 days of filing said regulations with the Secretary of the Commonwealth.
- **Can a Master TIF with a developer yield an EDIP Investment Tax Credit incentive?**
 - All projects will be analyzed based on their merits and ability to meet the statute and program regulations. However, it is unlikely that a developer will qualify for the ITC. Tenants of the building may well qualify for a separate certified project that could include an EDIP investment tax credit award.
- **What about projects that had local approval of a TIF or STA prior to the legislative changes. Will they be treated under the old rules?**
 - Projects seeking approval from the EACC after January 1, 2010 will be subject to the amended statute and regulations.
- **Will we know in advance of the EACC meeting what level of ITC a project will receive?**
 - All incentive awards will be based on a number of factors including available budget. Applicants will be informed in writing shortly after the EACC meeting.
- **Who determines the amount of the ITC?**
 - The EACC determines the amount of ITC.
- **Where can I find information about program changes etc?**
 - www.mass.gov/dbd/edip is the primary source of written information. Please work with MOBD Regional Directors to analyze project eligibility and submit applications.