



The Commonwealth of Massachusetts  
Office of the Inspector General

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Members of the Economic Development Incentive Board  
City Hall  
77 Park Street  
Attleboro, MA 02703

Dear Board Members:

The Office of the Inspector General is fully supportive of your efforts to improve economic conditions and to create jobs in Attleboro. My staff has reviewed parts of Attleboro's TIF (Tax Increment Financing) economic development program and offers the following comments on a pending TIF agreement now before the Economic Development Incentive Board.

This agreement is between Texas Instruments Inc. and Attleboro. If approved, this tax incentive will amount to more than \$9 million in state and local tax breaks. For these tax breaks, Texas Instruments is offering to create 100 new jobs in Attleboro. The main objective of the TIF program is job creation. The estimated tax breaks equal about \$90,000 per new job created.

For this significant investment in public funds, this office recommends that Attleboro ensure that it will get what it is, in effect, paying for. Although the proposed agreement calls for 100 new jobs, Texas Instruments' 2004 annual report states that layoffs and staff reductions will continue in Attleboro through 2006.

According to the annual report, 433 employees in Attleboro will be laid off, relocated, or offered retirement in 2005 and 2006. The TIF agreement should ensure that jobs are not lost to layoffs at a company that the public is subsidizing for new job creation. We recommend that Attleboro have an ironclad and well-defined commitment for job creation from Texas instruments and clear recourse for Attleboro if job creation and retention promises are not met.

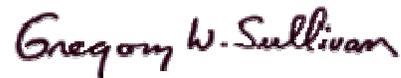
Also, we recommend that Attleboro re-value the property in question by taking into account any sales data or improvements made to the property before the baseline value

for the TIF tax breaks is set. This will help to ensure that Attleboro will receive fair and equitable tax revenue from the property if the tax break is granted. This will also help to ensure that the tax breaks are based on property value increases that result from the investments made under the TIF agreement.

The decision to approve this TIF application rests with Attleboro. We encourage Attleboro to ensure that tax breaks are granted with sufficient safeguards to protect the public interest and with the expectation that the city will receive a strong return on its investment. Once signed, inadequately defined tax break agreements are difficult to undo. Most importantly, the city needs to require the same or greater oversight than it gives to other expenditures of public funds.

Thank you for considering this matter and for the assistance of city officials during our review.

Sincerely,

A handwritten signature in dark ink that reads "Gregory W. Sullivan". The signature is written in a cursive, slightly slanted style.

Gregory W. Sullivan  
Inspector General

*Members of the Economic Development Incentive Board:*

Honorable Kevin J. Dumas, Mayor  
Honorable Barry K. LaCasse, Council President  
Honorable Frank Cook, Chair, Council Finance Committee  
Honorable Ethel M. Sandbach, City Treasurer  
Gary G. Ayrassian, Director of Planning and Development  
Stanley Nascewicz, City Assessor