

Vacant Downtown Storefronts Program Guidelines

Program Overview. Section 5 of chapter 288 of the Acts of 2018 amended the Economic Development Incentive Program to permit the use of EDIP tax credits to encourage new occupancy of vacant downtown storefronts. These guidelines describe how the EACC will consider applications for EDIP awards under this program.

This initiative will make refundable EDIP tax credits available to applicant businesses approved by the Economic Assistance Coordinating Council (EACC). A recipient of tax credits must submit personal income tax or business excise tax to the Massachusetts Department of Revenue (DOR). The tax credits reduce the recipient's tax liability to the Commonwealth; to the extent the tax credit award exceeds the tax liability, the difference will be refunded to the taxpayer. The tax credits can be claimed by the business upon their next filing of a tax return with the Commonwealth.

Recipients are encouraged to attend one of the Massachusetts Department of Revenue (DOR) free Small Business Workshops (SBW). SBWs are designed for new business owners who are unfamiliar with business tax requirements.

Tax Credit Awards. The amount of tax credits awarded will match municipal support for businesses moving into vacant storefronts, and may be up to \$10,000 in refundable tax credits. A business may only receive one award from this program. No municipality may receive more than two (2) awards for the vacant storefront program annually.

Eligible Municipalities. A business applying for tax credits must be proposing to move into a vacant storefront located in the downtown or commercial district of an eligible municipality. An eligible municipality is one which has received EACC certification of a Vacant Storefront District at a prior EACC meeting.

Municipal Application for Certification of a Vacant Storefront District. In order to receive EACC certification to be eligible for the Vacant Storefronts Program a municipality must submit a petition with the following information to the EACC:

- A map of the downtown or main business or commercial area(s) (the district) with streets delineated, including a list of vacant storefronts, their addresses and GIS loc. id. parcel identifier. For purposes of this program, a storefront is deemed "vacant" if no tenant has occupied the space in the preceding 12 months.
- A municipal application for the district which details goals for the district's development. It must include: (a) the name and contact information of an employee from either the city, or a local non-governmental organization, who will be responsible for recruiting businesses into vacant storefronts. (b) An outreach plan that includes strategies for finding, identifying, and attracting businesses into vacant storefronts, to be implemented by the responsible employee.

- A letter of support from the Municipal Chief Executive or Chief Elected Official addressing the municipality's plan to set up or maintain a local vacant storefront program, and the amount of funds that will be dedicated to supporting this program. These funds may come from the municipality, from local nonprofit organizations *e.g.*, Chamber of Commerce, Business Improvement District (BID) funds, Transformative Development Initiative (TDI) technical grant resources, Community Preservation Act (CPA), or Federal sources *e.g.*, Community Development Block Grants (CDBG), Historic Preservation Fund (HPF) grants. This list is not all inclusive and other sources will be considered.

Eligible Applicants. Businesses locating in a vacant, first-floor storefront¹ within the municipally-delineated district are eligible to apply to the Vacant Downtown Storefronts program. Locations are considered vacant if they have been unoccupied for at least 12 months.

- Temporary pop-up shops do not count against the 12 month vacancy timeline if:
 - The space is offered to the pop-up at, or below, cost; and
 - The pop-up shop is open for less than 2 calendar months; and
 - The space hosts no more than two pop-up shops in each calendar year.
- Preference will be given to applications which generate significant pedestrian traffic or otherwise complement existing businesses in the district; the EACC shall retain the discretion to deny awards where the premises will be occupied primarily by the business owner or employees rather than customers or visitors (*i.e.*, professional offices).
- The Owner or Landlord of the vacant storefront may be eligible to apply for a business they open in a building they own.

Business Applications for Certification of a Vacant Storefront Tax Project. It is expected that an eligible municipality will work with a business that is applying for the tax credits. The application to the EACC must include:

- A letter of support from the Municipal designee addressing: (1) how the potential applicant/tenant will be adding value to the local business community environment; (2) how it fills a need or void in the downtown or central business district; (3) the potential synergy with other existing downtown businesses; (4) the amount awarded by the municipality to the business.
- If the business has been in operation for less than two years, the application must include a business plan. Priority will be given to those businesses that have had their business plan reviewed by the: Small Business Administration (SBA); SCORE; an organization funded by the Massachusetts Growth Capital Corporation (MGCC) to provide technical assistance to small businesses; a Community Development Corporation (CDC); the Massachusetts Small Business

¹ Defined as a first-floor space zoned for commercial activity and occupied by a use accessible to the general public.

Development Center (SBDC); or other outside, non-affiliated, service providers. Applications should include a letter from the reviewing organization if applicable.

- A Certificate of Good Standing from the Massachusetts Department of Revenue (DOR). If the business is not currently in operation they must submit a personal Certificate of Good Standing from the DOR; or, if they are conducting business but in another state, they must submit a Certificate of Good Standing from the state in which they are currently operating.
- A projected date for commencement of occupancy of the storefront, and a commitment by the applicant to occupy the space for a term of not less than two years.

Evaluation of applications. Applications will be considered on a competitive basis taking into account factors such as the potential synergy with other downtown businesses; commitment to storefront improvements; whether the municipality has made local plans or investments to revitalize the downtown; the amount of matching funds provided by the municipality to the business applicant.

The EACC may withhold approval of an application or require a municipality to resubmit a modified petition, if the storefront is not located in a high-need area; if the municipality does not offer reasonable support for the program; if the business will not fill a need or void in the district; if the submission does not fulfill the matching fund requirement; if it determines that the petition does not demonstrate the municipality's ability to effectively attract interest in vacant downtown storefronts; or if the EACC determines that the application is not consistent with the purposes of the program for any other reason.

Applications for tax credits will be presented to the EACC for consideration during the Council's quarterly meetings.

Program Conditions. Tax credits will cease if the tenant discontinues operations or moves the business. The Massachusetts Department of Revenue will have the ability to recapture any tax credits claimed if the business does not occupy the storefront for at least two years.

Reporting Requirements. Municipalities in which tenants have received tax credit awards will be required to submit annual reports to MOBD that detail which businesses are still in operation, along with the number of jobs created by businesses, the number of square feet occupied by recipients, the number of remaining vacant storefronts within the designated district and, if applicable, any new vacant storefronts along with their addresses and GIS loc. id. parcel identifier added to the district.