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## **Valuable Mass. Economic Development Incentives Program exists for expanding companies**

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Business taxpayers seeking to expand their operations by purchasing a new building or making extensive capital improvements to a new leased facility may be eligible for valuable tax incentives pursuant to the Economic Development Incentive Program (EDIP) to offset future Mass. corporate income tax. These incentives include EDIP investment tax credits (ITCs), a 10% abandoned building deduction and/or local personal property tax reductions.

The Mass. Economic Assistance Coordinating Council (EACC) administers the EDIP. Pursuant to the program, taxpayers apply for ITCs equal to a sliding scale percentage of eligible capital costs. As you would expect, there are numerous hurdles and requirements that participants must meet to be approved, e.g., mandated levels of job creation and/or retention, the taxpayer must generate substantial sales from outside Mass. and remain subject to annual EACC reporting. In addition, general credit carry forward and recapture provisions apply.

### **Three Types of Projects Eligible**

Three types of projects are eligible for the program: (i) an expansion project, (ii) an enhanced expansion project and (iii) a manufacturing retention project. An expansion project must be located in an economic opportunity area (EOA), an area designated by EACC of particular need and priority for economic development (there are over 200 EOAs in Mass.), an enhanced expansion project can be located anywhere in Mass. while a manufacturing retention project must be located in a gateway municipality (there are approximately 24 gateway municipalities in Mass.).

EACC may award ITCs of up to 10% of qualifying property for an expansion or enhanced expansion project but up to 40% for a manufacturing retention project (a portion of which may be refundable). Prior EOAC law limited ITCs to only 5% of the cost of qualifying property. EACC can award up to 25 million of ITCs annually.

EACC may also approve applications for participants seeking the abandoned building renovation deduction (ABRD) and/or local real and personal property tax benefits. The ABRD is equal to 10% of the cost of renovating an abandoned building, i.e., a building that has been at least 75% vacant for two years.

Because the application process is complex, requiring both EACC and town approvals, it is critical that eligible participants retain an experienced business advisor and accountant to navigate the process. We have worked with Business Development Strategies Inc. of Medway, Mass., on various projects that have been awarded substantial ITCs and real and personal property tax benefits.

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