

# BUSINESS INCENTIVES PRACTICE

## MAJOR INCENTIVE PROGRAMS MASSACHUSETTS

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### BUSINESS INCENTIVES PRACTICE

The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

#### SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

#### RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



### KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

MASSACHUSETTS’ RECENTLY AWARDED INCENTIVES (USD M)			
COMPANY	INVESTMENT	JOBS	INCENTIVES
Amazon	\$54.0	500	\$14.9
Martignetti Companies	\$100.0	800	\$5.1
Potpourri Group	\$14.0	130	\$3.7
LogMeln	\$37.7	450	\$3.4
Archgrove Hospitality	\$10.6	15	\$0.8
Hoff’s Kitchen Co.	\$19.5	70	\$1.5
Easypak	\$7.5	15	\$0.6
Golden Fleece Manufacturing	\$16.0	70	\$6.5
SMC	\$14.0	100	\$0.5
Amazon.com	\$20.0	125	\$3.5
Metrigraphics	\$10.2	29	\$1.7
Kennametal	\$4.7	70	\$0.7

## OVERVIEW OF MAJOR MASSACHUSETTS INCENTIVE PROGRAMS

### ECONOMIC DEVELOPMENT INCENTIVE PROGRAM (EDIP)

EDIP is a tax incentive program designed to foster fulltime 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. EACC meets quarterly.

### MASSACHUSETTS INVESTMENT TAX CREDIT (ITC)

The Massachusetts Investment Tax Credit (ITC) offers a 3% credit for qualifying businesses against their Massachusetts corporate excise tax. The credit is to be used for the purchase and lease of qualified tangible property used in the course of business operations. The Massachusetts Investment Tax Credit is available to manufacturers, certain research and development corporations and corporations engaged primarily in agriculture or commercial fishing.

The ITC is 3% of the cost (or other basis for federal income tax purposes) of qualifying tangible property acquired, constructed, reconstructed, or erected during the taxable year, after federal tax deductions are taken on the property. Qualifying property includes tangible personal property and other tangible property, including buildings and structural components of buildings acquired by purchase. The ITC also applies to property used by a lease under an operating lease. An operating lease is defined as any agreement to rent, lease, or license the right to use personal property, other than agreements that are considered purchases for federal tax purposes. (Property acquired under a capital lease qualifies for the credit as well). Unused credits may be carried over to subsequent years.

### RESEARCH AND DEVELOPMENT TAX CREDIT

Massachusetts offers a tax credit for research and development investment for both manufacturers and R&D companies. This tax credit

# Massachusetts shows an average deal value of \$1.30 million with 67 new jobs created per deal

was designed to reduce obstacles to R&D investment and spur growth and innovation. The first credit category is designed for Qualified Expenses which are defined as any research expense incurred which would qualify for the Federal R&D tax credit. This credit is computed at 10%. The second credit is available to Basic Research Payments and is computed at 15%. This credit is available for any costs related to donations and contributions made to research organizations such as hospitals and universities.

## OTHER MASSACHUSETTS INCENTIVE PROGRAMS

- Brownfields Redevelopment Fund
- Green Loan Program
- Emerging Technology Fund
- Community Service 501 (C)(3) Loan Fund
- MA Cultural Facilities Fund (CFF)
- Small Farm Loan Program
- Tech Dollars
- New Market Tax Credits (NMTC)
- Life Sciences Tax Incentive Program
- Tax Increment Financing
- Workforce Training Fund

For more information, contact:

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