

Overview of State Programs, Incentives & Tax Credits for Business

August 21, 2008

Massachusetts
It's all here.

Business Resource Team (BRT)

What is the BRT?

A one-stop shop for companies who wish to do business in Massachusetts, lead/coordinated by the Massachusetts Office of Business Development

Our Mission:

Assist companies that wish to locate, relocate, expand, grow, or stay in Massachusetts

Web site: www.mass.gov/bizteam

Massachusetts Business Resource Team



MOBD



Massachusetts Board of Higher Education

Massachusetts Alliance
for Economic
Development

Overview of State Tax Credits, Incentives & Programs

- Life Science Incentives
- Tax Incentives
- Workforce Training Grants & Services
- Other State Resources

Life Science Incentives

Emerging Technology Fund

- Low interest loans or guarantees
- \$2 million maximum for facilities
- \$500,000 maximum for equipment
- \$1.5 million maximum for loan guarantees
- Participation cannot exceed 25% of total project costs
- Web site: www.massdevelopment.com



Life Science Incentives

Jobs Creation Incentive Payment

- Biotech and medical device companies creating 10 or more manufacturing jobs in one calendar year
- Receive 50% of employee salaries times MA income tax rate (currently 5.3%)
- Payable to company over following three years in equal installments

Life Science Incentives

Capital gap financing for early stage/expanding high-tech companies (MTDC)

- Must be located in, or agree to locate in, Massachusetts.
- Business must be technology-based, and its principal products or services must be sufficiently innovative to provide a competitive advantage.
- The business expansion must produce a significant growth in employment.
- Must be able to demonstrate company has been unable to secure sufficient venture capital from conventional sources on affordable terms to finance its expansion.
- Must be able to show the prospect of a high rate of return on MTDC's venture capital investment.

Web site: www.mtdc.com

Tax Incentives

Tax Exemptions for Manufacturers

- Eligible for a 3% investment tax credit (ITC)
- Manufacturers (& R&D companies) are exempt from Sales and Use tax for equipment purchases connected with the manufacturing process or research.
- Manufacturers are exempt from local personal property tax.
- Massachusetts does not levy an “inventory tax”.
- Must obtain manufacturer classification (or R&D company) from DOR
- Web site: www.mass.gov/dor

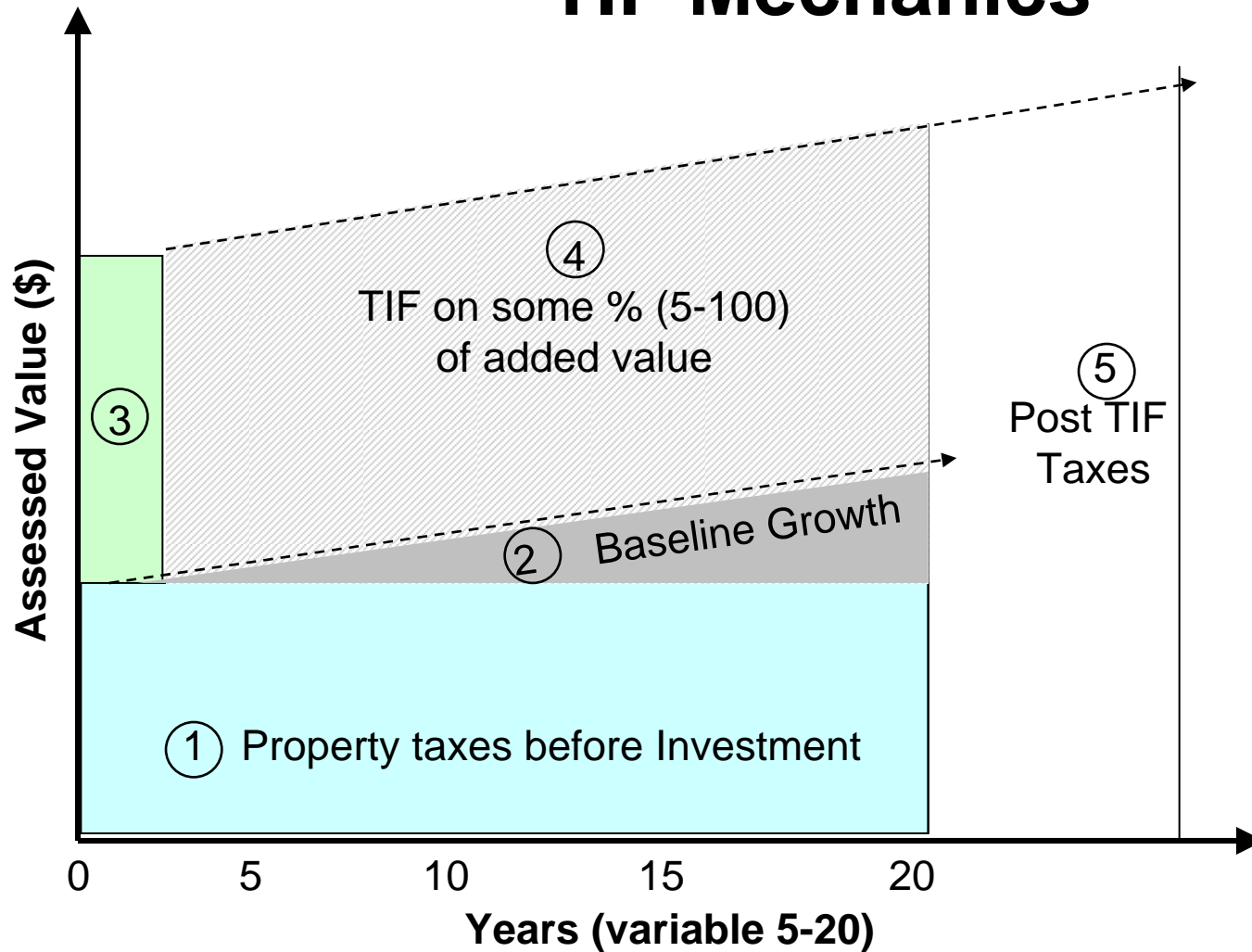
Tax Incentives

Economic Development Incentive Program

- The Economic Development Incentive Program (EDIP) is the primary economic development tool used to support business expansion and drive job creation in MA
- The EDIP Program is a three-way partnership between the expanding company, the municipality, and the state of MA
 - the municipality offers a tax-exemption on the incremental assessed value created from the company investment
 - the state grants a 5% investment tax credit
 - the company commits to a job creation schedule

Tax Incentives

TIF Mechanics



- ① Taxes on original valuation
- ② Expected growth in tax, with no investment
- ③ Investment raises property value
- ④ Added value subject to TIF
- ⑤ Taxes available after TIF

Tax Incentives

Economic Development Incentive Program

- Negotiated Agreement between business and host municipality;
- 5 year minimum, 20 year maximum or anything in between;
- Business pays full tax rate on the “base value”;
- Exemption from property taxation on all or part of the increased value accrued as a result of development (the “increment”);
- Percentage of exemption may range from 5% to 100%;
- Personal property tax exemption for both existing and new property;

Tax Incentives

Single Sales Factor (state tax apportionment)

- Manufacturers and financial services companies with multi-state tax filings are eligible
- Net income subject to MA tax is determined by multiplying overall net income by the apportionment factor.
- Single sales factor apportionment is the ratio of MA sales to overall sales
- Three-factor apportionment (other states) weigh the state sales, property, and payroll as a percent of overall sales, property and payroll
- Advantageous for companies with significant property and payroll; and does not penalize companies for investing nor hiring
- Web site: www.mass.gov/dor

Tax Incentives

R&D Tax Credit

- For Manufacturers and R&D Companies
- Same R&D Expenses that qualify for Federal R&D Credit
- Eligible for 10% MA Credit (15% with MA college, university or research hospital)
- Can be used with 3% (or 5% ITC)
- Credit is permanent in MA (temporary in other states)

Web site: www.mass.gov/dor

Workforce Training Grants & Services

Workforce Express Grants

- 50 or fewer employees
- \$15,000 or less
- Stock off-the-shelf training programs
- Company and State pay 50% each

Workforce Training Fund General Program

- \$50,000 or less
 - Monthly submission
 - Your choice of training programs
- \$50,000+
 - 3 Rounds per year
 - Your choice of training programs
- State pays 100% training, Company pays “in kind” match

Web site: www.mass.gov/wtf

Workforce Training Grants & Services

Hiring Incentive Training Grants

- Training grants up to \$2,000 per employee
- \$30,000 maximum per company per year
- Newly hired employees that have been unemployed for over a year with no call back date
- Applications must be submitted within 30 days of new hire's starting date
- Web site: www.mass.gov/wtf

Safety Training Grants

- Purpose to prevent worker injuries and help lower unemployment costs
- \$800,000 in funding annually
- Wide array of training programs eligible: i.e. ergonomics, hazardous material handling, heavy lifting techniques
- Applications due March 31, 2008
- Web site: www.mass.gov/dia

Workforce Training Grants & Services

One-Stop Career Centers

Services for employers include:

- Access to qualified applicants
- Applicant pre-screening
- Posting of jobs
- Assistance with small and large-scale recruitment activities
- Help planning job fairs
- Testing and assessment of job candidates
- Targeted mailings
- Rental of conference rooms
- Labor market information

Web site: www.mass.gov/dwd (Div. of Career Centers)

Workforce Training Grants & Services

Small Business Development Centers

Experienced full-time business counselors.

Services:

- Counseling & Training
- Capital Access (SBA loans)
- Business Plan Development
- Cash Flow Analysis
- Marketing & Sales Strategies
- Financial Plan Development
- Government Contracting
- Technology Commercialization
- Web site: www.msfdc.org

Other State Resources

Site Selection

Complimentary service to identify land or industrial, office R&D, distribution/warehouse, flexible space

Customized package prepared

Get an overview of market before engaging a Real Estate Professional

Minimum 10,000 sq ft of space or 20,000 sq ft of land to develop

Web site: www.massecon.com

Other State Resources

Export Promotion

- Export planning, strategy, international business plan development
- International industry-specific trades shows
- International channel development including identification and qualification of overseas customers and partners
- Aid with International payment & financing
- Export logistics and documentation
- Export regulatory compliance

Web sites: www.mass.gov/moiti & www.mass.gov/export

Other State Resources

MA Energy Initiatives

Renewable Energy Trust (MTC)

Mass Green Energy Fund – invest equity venture capital in MA-based renewable energy companies

Sustainable Energy Economic Development (SEED) – flexible capital for early-stage companies between R&D and commercialization

Large Onsite Renewables Initiative – feasibility study grants and design & construction grants

Small Renewable Projects – rebates up to \$50,000 for design and construction

Web sites: www.mtpc.org/renewableenergy/

Contact:

Jon Mahoney

Industry Director – Life Sciences

Massachusetts Office of Business Development

Phone: (617) 788-3635

Email: jon.mahoney@state.ma.us

www.mass.gov/bizteam 1-877-bizteam



**MASSACHUSETTS
BUSINESS
RESOURCE
TEAM**

Contact:

Art Robert

**Industry Director – Renewable Energy &
Defense Technology**

Massachusetts Office of Business Development

Phone: (617) 788-3656

Email: arthur.robert@state.ma.us

www.mass.gov/bizteam 1-877-bizteam



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