CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
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OFFICE OF THE CITY MANAGER

MEMORANDUM

To: Robert W. Healy
City Manager

From: Michael H. Rosenberg
Assistant City Manager
for Community Development

Re: Tax and other incentives for local employers to hire & train Cambridge residents

Date: February 19, 1992

The Community Development Department is developing a comprehensive business retention, expansion and entrepreneurship strategy which will provide incentives to local businesses to participate in employment and training programs.

The overall strategy is comprised of a series of initiatives aimed at providing assistance to Cambridge industries and providing local employment opportunities for Cambridge residents while stabilizing the city's tax base. These initiatives are in various stages of development and evaluation; some are contingent upon legislative action, while others are now moving toward implementation.

There are two competing pieces of legislation before the State Legislature, H.1995 and H.2764. Both proposed bills include tax incentives for business attraction and job creation. H.1995 was filed this year by Governor Weld and Lt. Governor Cellucci. H.2764 was refiled this year by Representative Daniel Bosley. Copies of these bills are attached for your review.

The Community Development Department is tracking both pieces of legislation and will keep you informed of their progress.

The following is a summary of the key business retention, attraction and entrepreneurship program elements under development by Community Development. These initiatives can work alone or as a compliment to the above proposed state legislation.

Technician Training for Emerging Industries: This initiative is designed to assist the City attract and retain businesses and provide employment opportunities in the knowledge intensive industries that are growing in Cambridge. This initiative seeks to provide training for technician level jobs in the emerging industries, which include biotechnology, related health and medical fields, and expects to incorporate training in the future for other industries such as computer services, software development, telecommunications, etc. These industries are an important element of the Cambridge economy. This initiative will train residents for employment opportunities in these growth industries in Cambridge and is targeted at post secondary technician level training in industries which offer career mobility.

The Community Development Department is working cooperatively with the Cambridge Public Schools, Harvard University, MIT, the Mass Biotech Council, and local employment agencies. Special outreach will target minorities and may include preparatory programs. Initially, this program will train between 15 - 30 residents yearly.

Industrial Liaison: The industrial liaison initiative is a proactive outreach program aimed at contacting Cambridge companies. Staff will contact companies to become more familiar with their expansion and locational requirements. This element will let businesses know that the city is interested in them and their plans to remain and possibly expand in Cambridge.

Site Information: A comprehensive listing of available land and leasable commercial space is being compiled. This information is important for companies looking to locate or expand in Cambridge. Information will identify the type and quality of the space, asking rents or price, and square footage.

Cambridge Business Development Center (CBDC): The CBDC is an information and referral center for persons starting and expanding businesses. CBDC will help reduce the vacancies in Central Square and in the Cambridge Enterprise Collaborative (Hyde Shoe Building). The center will provide services especially tailored to neighborhood, minority and women-owned businesses.

Technology Transfer: One activity of the Cambridge Business Development Center will be to facilitate technology transfer from defense contracting to commercial applications. An advisory committee is planned which will have representation from defense contractors, universities, and the community. The objective will be to foster small companies making new applications of defense technology and to help solve problems in technology transfer. Downsizing of defense contractors in Cambridge has already been significant. If problems such as access to capital can be addressed, many new companies and jobs can be created from defense technology.

Financial Programs: The development of a full range of financial programs will set Cambridge apart from other communities thereby providing Cambridge with an important competitive advantage. Borrowers would be required to make efforts to hire and train Cambridge residents. Access to capital is a key economic concern in a tight capital market. The following is a series of current and proposed financial programs:

Cambridge Industrial Development Finance Authority (CIDFA): CIDFA is being reactivated and a new Board of Directors will be appointed by the City Manager. CIDFA is a means by which the private sector can gain access into the bond market enabling them to continue with expansion and location plans in Cambridge during a period when access to capital is limited. Typical bond issues will be for amounts in excess of $2 Million.

CIDFA can authorize and issue Tax-Exempt Industrial Development Bonds for acquisition, renovation and construction of buildings and the purchase of land and new equipment primarily for manufacturing facilities and 501(c)(3) corporations (non-profit corporations). Taxable bonds can be issued for acquisition, construction and renovation of buildings, purchase of land and equipment and refinancing existing asset-based debt for industrial, commercial, research & development and economic development projects.

CDBG Section 108 Loan Guarantee Program: The existing Community Development Block Grant Program is able to provide long and short term loans through the Section 108 Loan Guarantee Program. Section 108 funds would be used to leverage other state, federal or private funds; for projects which will bring in substantial new taxes; and, for businesses which participate in job training and employment programs.

This program allows the city to lend up to five times its yearly CDBG entitlement for a maximum of twenty years for eligible CDBG activities. A project must meet one of the three CDBG National Objectives. The program provides for the city to borrow against future CDBG commitments and reloan the money to a third party.

CDBG Float Loan Program: A CDBG Float Loan is a short term (typically one year) loan program with a maximum of $1.2 one Million available for CDBG-eligible activities which meets of the three CDBG National Objectives. Slightly higher amounts may be available for three to six month terms.

Banking Consortium Revolving Loan Fund (RLF): A RLF would assist with the small business capital needs for renovation, expansion, and equipment purchases that are not practical under the CIDFA program outlined above. Loans would be for amounts under $2 Million.

Three types of programs are being explored for a Banking Consortium RLF: 1) Micro Loans; 2) Loan Guarantees; and 3) Targeted Revolving Loans.

1. Micro Loans: Many small companies need access to small amounts of short-term working capital to purchase equipment, for product diversification, and for exporting. Presently micro-loans are not readily available from local banks.

2. Loan Guarantees: A pool of money would be committed in a pool as a guarantee for loans issued by individual banks. The guarantee would reduce the risk to the banks and encourage lending. The pool would not be lent out, but would be kept in reserve in the event of a default.

3. Targeted Revolving Loan: A pool of money would be established for targeted small businesses, i.e. minority-owned, women-owned, specific industries, for fixed-asset financing (plant acquisition, construction, renovation, or expansion; land and site improvements; and, acquisition and installation of equipment and machinery). A targeted revolving loan fund could work in conjunction with the SBA 504 Loan Guarantee program.

The following additional programs are appropriate in redevelopment areas of the city such as Alewife, East Cambridge, Kendall Square, Cambridgeport, and/or North Point.

MGL Chapter 121A Payments in Lieu of Taxes: This provision of the Massachusetts General Laws provides a way for municipalities to exempt developers from the standard real estate tax rate in order to encourage investment. The main benefit to the property owner is the predictability of tax payments as well as a reduction of payments to the municipality for fifteen to forty years. This is primarily useful to municipalities with high property tax rates.

Payments in lieu of taxes are determined by a formula outlined in the MGL.

MGL Chapter 121C Payments in Lieu of Taxes: This provision of the Massachusetts General Laws provides similar relief from property taxes as discussed above, but has some significant differences. 121C creates an Economic Development and Industrial Corporation (EDIC) which must own the land. The land is then leased to a manufacturing or industrial company. Payments in lieu of taxes are not established by a prescribed formula and therefor can be more flexible.

The above economic development initiatives represent a broad range of measures designed to secure quality jobs for Cambridge residents and to retain our businesses. We are working closely with the State's Executive Office of Communities & Development on many of these initiatives and will provide you with further information as we move ahead.

attachments (2)

ATTACHMENT I

HOUSE . . . . No. 1995

The Commonwealth of Massachusetts

THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE DEPARTMENT
STATE HOUSE • BOSTON 02133

WILLIAM F WELD
GOVERNOR

ARGEO PAUL CELLUCCI
LIEUTENANT GOVERNOR

January 17, 1992

To the Honorable Senate and House of Representatives:

We are filing for your consideration "An Act Authorizing The Creation Of Economic Opportunity Areas." This legislation enables cities and towns to designate, subject to state approval, distressed sites or sections within their jurisdiction as "Economic Opportunity Areas." Economic Opportunity Areas would function to encourage new business activity, create new jobs and serve as a catalyst for economic revitalization by attracting employers and investors to those areas of the Commonwealth hardest hit by the recession and largely bypassed during the flourishing economy of the last decade.

State and local governments would open the window of economic renewal by providing tax relief and inducements to qualified businesses located and operating within such Economic Opportunity Areas. State tax incentives include a loss carry-forward provision and credits for exports, jobs, investments and the renovation of underutilized or abandoned business property. Local tax abatement includes a six year phase-in of property taxes. Additionally, state and local regulatory and statutory business procedures and services would be coordinated and streamlined for corporations within Economic Opportunity Areas.

Economic Opportunity Areas offer a strong package of incentives to cities and towns seeking to attract new business development to their communities. This legislation provides the environment in which such development can occur and we therefore urge its swift passage.

Respectfully submitted,

William F. Weld

William F. Weld
Governor

Argeo Paul Cellucci

Argeo Paul Cellucci
Lieutenant Governor

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Two.

AN ACT AUTHORIZING THE CREATION OF OPPORTUNITY AREAS.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is to encourage economic revitalization through job creation, community development, and the elimination of blighted urban areas, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. DEFINITIONS

In this act, the following words shall have the following meanings:

(a) "Incidence of Poverty" shall mean the poverty rate, as defined by the Bureau of the Census, using the most recent census data available, for purposes of identifying poverty areas.

(b) "Office" shall mean the Executive Office of Communities and Development.

(c) "Secretary" shall mean the Secretary of Communities and Development.

(d) "Economic Opportunity Area" shall mean any area which meets the criteria of this act, which is nominated by one or more local governments in which it is located for designation as an "Economic Opportunity Area", and which the Secretary, in cooperation with the Secretary of Economic Affairs, and after consultation with the Secretary of Administration and the Secretary of Labor, designates as an Economic Opportunity Area.

(e) "Related Persons" shall mean persons who are engaged in Economic Opportunity Area Businesses under common control.

(f) "Economic Opportunity Area Business" shall mean a corporation conducting an active trade or business within an Economic

Opportunity Area, which has been approved by the Secretary as an Economic Opportunity Area Business, and in which:

(1) at least 80 percent of its gross income in each calendar year is attributable to the active conduct of trade or business within the Economic Opportunity Area; and

(2) less than 10 percent of the property constitutes stocks, securities, or property held for use by customers; and

(3) less than 10 percent of the property constitutes collectibles, unless such collectibles constitute property held primarily for sale to customers in the ordinary course of the active trade or business; and

(4) a substantial amount of the property, whether owned, leased, or rented, is located within the Economic Opportunity Area in which the business is located; and

(5) a substantial number of its employees work within the Economic Opportunity Area.

A trade or business shall cease to be an Economic Opportunity Area Business if:

(i) the designation of the Economic Opportunity Area in which the trade or business is conducted is revoked, or

(ii) more than 50 percent of the trade's or business' property is owned or services are performed by Related Persons other than Economic Opportunity Area Businesses or corporations organized under Chapter 121A.

No business facility shall be eligible to receive the benefits provided for a facility located in an Economic Opportunity Area if such facility has relocated from another city or town within the commonwealth unless the Secretary finds that the relocation of the business facility will represent a net expansion of business operations and employment. For the purposes of subparagraph (f), relocation shall mean the transferring of personnel or employment positions from one or more existing locations to another location.

(g) "Economic Opportunity Area Employee" shall mean an individual:

(1) who is employed by an Economic Opportunity Area Business; and

(2) who is performing services during the taxable year that are related directly to the conduct of an Economic Opportunity Area Business; and

(3) who is performing a substantial amount of his or her services within an Economic Opportunity Area; and

(4) whose employer is not the federal, state, or local government, or any political subdivision thereof.

(h) "Economic Opportunity Area Property" shall mean any tangible personal or real property located within an Economic Opportunity Area and used by the person responsible for paying the taxes of an Economic Opportunity Area Business. In no event shall any financial property or intangible interest in property be treated as constituting Economic Opportunity Area Property, whether or not such property is used in the active conduct of an Economic Opportunity Area Business.

The treatment of property as Economic Opportunity Area Property shall terminate immediately upon the first sale or exchange of such property. Thereafter, the local government of the area where the Economic Opportunity Area is located may redesignate property as Economic Opportunity Area Property.

(i) "Economic Development Plan" shall mean a detailed plan, as may be approved from time to time by a municipality, as provided in Chapter 121C, for one or more economic development projects within an Economic Opportunity Area. The plan shall be consistent with local objectives respecting appropriate land uses and shall be sufficiently complete to indicate the boundaries of the area. It shall identify such land acquisition, such demolition, removal and rehabilitation of structures, and such development, redevelopment and general public improvements as may be proposed to be carried out within such area, including zoning and planning changes, if any, proposed land uses, maximum densities and building requirements. However, no Economic Development Plan shall propose zoning changes to or from business or residential uses or provide for any office building other than one wholly incidental to a manufacturing or industrial use within the Economic Opportunity Area without the specific approval of the city or town within which the Economic Development Project lies.

(j) "Economic Development Project" shall mean:

(1) a project to be undertaken in accordance with an Economic Development Plan for acquisition of land and the improvements thereon, if any, within an Economic Opportunity Area and for clearance and development of the land so acquired; or

(2) a project for the rehabilitation or conservation of an Economic Opportunity Area, or for the demolition, removal, or rehabilitation of improvements on land within an Economic Opportunity Area whenever necessary to eliminate unhealthful, unsanitary or unsafe conditions, lessen density, mitigate or eliminate traffic congestion, reduce traffic hazards, or eliminate obsolete or other uses detrimental to the public welfare; or

(3) a project involving any combination of the foregoing types of projects.

An Economic Development Project may include improvements necessary for carrying out the objectives of the Economic Development Project, together with such site improvements as are necessary for the preparation of any site for uses in accordance with the Economic Development Plan, and making any land or improvements acquired in the area of the project available for redevelopment or rehabilitation by private enterprise, including sale, initial leasing or retention for industrial or manufacturing uses in accordance with the Economic Development Plan. An Economic Development Project may also include the construction of any of the buildings, structures, or other facilities for industrial or manufacturing uses contemplated by the Economic Development Plan and the repair, removal or rehabilitation of any of the buildings, structures or other facilities located in the area covered by the Economic Development Plan which, under such plan, are to be repaired, moved or rehabilitated.

(k) "Economic Opportunity Area Loss" shall mean any loss incurred by an Economic Opportunity Area Business as a result of the operation of a trade or business within an Economic Opportunity Area.

SECTION 2. ADMINISTRATION OF THE ACT

The Secretary, in cooperation with the Secretary of Economic Affairs, after consultation with the Secretary of Administration and the Secretary of Labor, shall exercise the following powers and duties:

(a) to promulgate rules and regulations and to prescribe procedures to effectuate the purposes of this act; and

(b) to establish additional criteria for determining what areas qualify as Economic Opportunity Areas; and

(c) to review applications submitted by the cities and towns under this act and to designate qualified areas as Economic Opportunity Areas.

The Secretary, in cooperation with the Secretary of Economic Affairs, shall have the following powers and duties:

(a) To assist cities and towns in implementing this act and in obtaining the waiver or modification of state and federal rules within Economic Opportunity Areas;

(b) To assist cities and towns in obtaining state and federal resources and assistance for Economic Opportunity Areas and for qualified businesses operating within Economic Opportunity Areas;

(c) to provide appropriate coordination with other state programs, agencies, authorities and public instrumentalities, including, but not limited to, the Massachusetts Industrial Finance Agency, the Massachusetts Port Authority, and the Massachusetts Technology Development Corporation, to enable activity within Economic Opportunity Areas to be more effectively promoted by the commonwealth;

(d) to monitor the implementation and operation of this act;

(e) to conduct a continuing evaluation of Economic Opportunity Areas and Economic Opportunity Area Businesses; and

(f) to submit reports to the Legislature evaluating the effectiveness of this act and making suggestions for improvements, which may include legislative reconmendations, by March 1 of each calendar year for as long as this act remains in effect.

SECTION 3. NOMINATION OF ECONOMIC OPPORTUNITY AREAS

Any city or town may nominate any area within that city or town to be designated an Economic Opportunity Area, provided that the nominated area meets the following requirements:

(a) the area is within the jurisdiction of the government of the city or town; and

(b) the boundaries of the area are contiguous; and

(c) the nominated area contains vacant land and/or unused or underutilized industrial facilities; and

(d) the nominated area meets such other requirements as may be established by regulations promulgated by the Secretary, in cooperation with the Secretary of Economic Affairs, after consultation with the Secretary of Administration and the Secretary of Labor. If more than one government seeks to nominate an area as an Economic Opportunity Area, any reference to, or requirement of, this section shall apply to all such governments.

(e) the nominated area meets at least one of the following four specific criteria:

(1) an unemployment rate that is 125% higher than the average unemployment rate in the commonwealth during the prior calendar year; or

(2) the loss of at least 10% of its population during the ten year period from 1980 to 1990; or

(3) an Incidence of Poverty 125% higher than the average Incidence of Poverty in the commonwealth; or

(4) a loss of at least 2,000 jobs over the previous four years.

SECTION 4. APPLICATION FOR AREA DESIGNATION

Any city, by vote of the city council and approval by the mayor, or town, by vote at the town meeting, may adopt an ordinance or by-law authorizing such city or town to prepare and submit an application to the Secretary for designation as an Economic Opportunity Area. Such application shall be prepared in a manner and form prescribed by regulations promulgated by the Secretary and shall contain the following:

(a) a map of the area comprising the proposed Economic Opportunity Area, which identifies the nominated area and indicates existing streets, highways, waterways, natural boundaries and other physical features;

(b) a plan by which the city or town will provide property tax relief to an Economic Opportunity Area Business at least in the following amounts:

Year 1: 100% reduction in assessed value
Year 2: 80% reduction in assessed value
Year 3: 60% reduction in assessed value
Year 4: 40% reduction in assessed value
Year 5: 20% reduction in assessed value
Year 6: 0% reduction in assessed value

(c) a plan, for approval by the Secretary, or such other person as the Secretary shall designate, which provides for streamlined zoning and licensing procedures for Economic Opportunity Area Businesses within the designated area;

(d) a plan, for approval by the Secretary, or such other person as the Secretary shall designate, which demonstrates infrastructure support for Economic Opportunity Area Businesses and Economic Opportunity Area Property, including the provision of transportation access and egress, water and sewer hook-ups, and lighting and other utilities;

(e) a plan, for approval by the Secretary, or such other person as the Secretary shall designate, which describes training programs that will be made available to employees performing services for an Economic Opportunity Area Business within the nominated area;

(f) a plan which provides for an increase in the level of efficiency of local services delivered within the Economic Opportunity Area;

(g) a plan for involvement by private entities and community development organizations in the economic revitalization of the nominated area, including a commitment from private entities to provide jobs and job training for employees and residents who work, or will work, in the Economic Opportunity Area Business within the nominated area; and

(h) either an Economic Development Plan for utilizing the economic development tools provided by one or more of Chapters 121A, 121C and 40D of the General Laws in order to implement an Economic Development Project or, if no plan is provided, an explanation for its omission.

SECTION 5. DESIGNATION OF ECONOMIC OPPORTUNITY AREAS

The Secretary, in cooperation with the Secretary of Economic Affairs, shall have the authority to designate an unlimited number of Economic Opportunity Areas within the commonwealth, provided that the Secretary shall not make any designation under this act unless:

(a) the local government nominates such area as an Economic Opportunity Area in accordance with the requirements of this act;

(b) the area meets the requirements set forth in this act; and

(c) the state and local governments of the jurisdiction in which the area is located agree in writing that during the period in which the nominated area is designated as an Economic Opportunity Area, such governments will follow a specified course of action designed to reduce burdens borne by employers and employees in such area, provide the benefits specified in section 2 and ensure that the intent of this act is fulfilled.

The Office must evaluate and either grant or deny an application submitted by a city or town nominating an area for designation as an Economic Opportunity Area within 60 days of the date the application is received by the Office. If a nomination is accepted, the nominated area that is the subject of the application shall be designated an Economic Opportunity Area.

An Economic Opportunity Area shall retain its designation for fifteen years from the date it is designated, unless such designation is revoked prior to the expiration of fifteen years. If a city or town wishes to request the revocation of an Economic Opportunity Area's designation, the city or town may submit notice of that fact to the Office together with justification for its request. The Secretary, in consultation with the Secretary of Administration and the Secretary of Labor, and after obtaining the advice and consent of the Secretary of Economic Affairs, may revoke the designation of an Economic Opportunity Area if the Secretary determines that a local government in which the area is located is not complying substantially with the agreed course of action for the area.

After evaluation and review, the Office shall have the authority, with the recommendation of the city or town within which the area is located, to renew the designation of an area as an Economic Opportunity Area on or before the date such designation has expired.

SECTION 6. PROVISION OF STATE TAX INCENTIVES

Any Economic Opportunity Area Business may deduct Economic Opportunity Area Losses under Chapter 63 of the General Laws at any time during the ten years following the loss, but in no event may a corporation deduct Economic Opportunity Area Losses later than ten years following the expiration or revocation of the designation as an Economic Opportunity Area.

Any Economic Opportunity Area Business shall be entitled to a tax credit under Chapter 63 equal to three percent (3%) of the value of products manufactured by an Economic Opportunity Area Business within an Economic Opportunity Area and exported out of the United States.

Any Economic Opportunity Area Business shall be allowed a credit as hereinafter provided against the excise tax due under Chapter 63. The amount of the credit shall be determined by multiplying one thousand dollars by the increase in the number of full-time Economic Opportunity Area Employees employed by the Economic Opportunity Area Business during a taxable year, computed in accordance with the definitions set forth in Section 31C of Chapter 63.

Any Economic Opportunity Area Business shall be entitled to a credit of five percent (5%) against the tax imposed on corporations under Chapter 63. Such credit shall be based on the total amount of investment made in Economic Opportunity Area Property. Such credit may be applied each year such business operates within an Economic Opportunity Area. The commonwealth shall not be required to refund any money to any Economic Opportunity Area Business in the event that the credit allowed under this section exceeds the total amount of tax owed by such Economic Opportunity Area Business.

Any Economic Opportunity Area Business is entitled to a one-time deduction under Chapter 63 of ten percent (10%) of the total cost of renovations made to a previously underutilized or abandoned building within an Economic Opportunity Area, if the Economic Opportunity Area Business occupies, or will occupy, such building and the building has been renovated by the Massachusetts Government Land Bank.

SECTION 7. FOREIGN TRADE ZONE

Any part of a city or town which has been designated an Economic Opportunity Area in accordance with this act is hereby authorized to make application to the foreign trade zone board established by an act of Congress entitled "An act to provide for the establishment, cooperation and maintenance of foreign trade zones in ports of entry of the United States to expedite and encourage foreign commerce, and for other purposes", for a grant to said city or town for the privilege of establishing, operating and maintaining a foreign trade zone within its Economic Opportunity Area.

SECTION 8. OTHER PROVISIONS

Each department of state government in the commonwealth shall endeavor to provide coordinated one-stop licensing for all businesses located within an Economic Opportunity Area in order to expedite the process of obtaining commonwealth licenses, permits, certificates, approvals, registrations, charters and other requirements of law.

Upon the written request of any city or town which nominated an Economic Opportunity Area, a state agency is authorized, in order to further job creation, community development or economic revitalization objectives within the Economic Opportunity Area, to waive or modify all or part of any rule it has authority to promulgate, as such rule pertains to the carrying out of projects, activities or undertakings within the Economic Opportunity Area.

In considering a request under this section, the agency shall weigh the extent to which the proposed waiver or modification is likely to further job creation, community development, or economic revitalization within the Economic Opportunity Area against the effect the change is likely to have on the underlying purposes of the applicable rule in the geographic area which would be affected. The agency shall approve the request whenever it finds, in its discretion, that the public interest which the proposed waiver or modification would serve in furthering such job creation, community development, or economic revitalization outweighs the public interest in maintaining the rule unchanged.

The agency shall not approve any request to waive or modify a rule if that waiver or modification would:

(1) violate a statutory requirement, or

(2) be likely to present a significant risk to the public health, including environmental or occupational health or safety or environmental pollution.

Agencies shall discharge their responsibilities under this subsection in an expeditious manner and shall make a determination on requests not later than 90 days after their receipt.

To facilitate reaching its decision on any requested waiver or modification, the agency may seek the views of interested parties, determine how such views are to be obtained, and determine to what extent, if any, such views should be taken into account in considering the request.

No waiver or modification of a rule under this section shall remain in effect with respect to an Economic Opportunity Area after the Economic Opportunity Area designation has expired or has been revoked.

SECTION 9. The provisions of this act are severable and if any of its provisions shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions.

ATTACHMENT II

Refiled as H.2764

HOUSE . . . . No. 5868

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, June 29, 1991.

The committee on Commerce and Labor, to whom was referred the petition (accompanied by bill, House, No. 2234) of Daniel E. Bosley and other members of the General Court relative to incentives for economic development, reports recommending that the accompanying bill (House, No. 5868) ought to pass.

For the committee,

DANIEL E. BOSLEY.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-One.

AN ACT RELATIVE TO ECONOMIC DEVELOPMENT.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 23A of the General Laws is hereby amended by inserting after section 3 the following two sections: —

Section 3A. As used in Section 3B, the following words shall have the following meanings, unless a contrary intent is clearly indicated:

"Economic Assistance Coordinating Council", a Council established under the Massachusetts Office of Business Development for the express purpose of certifying eligible proposals for the Economic Development Incentive Program.

"Economic Development Incentive Program", a program designed to promote increased business development and expansion in economically troubled areas of the Commonwealth. The program would be administered by an "Economic Assistance Coordinating Council" within the Executive Office of Economic Affairs. The program is comprised of the Tax Incremental Financing Program, the Property Tax Abatement Program and the Community Economic Development Initiative Program.

"Economically Troubled Area", an area of the commonwealth that has lost at least twenty percent in total manufacturing employment over the past fifteen years; and that the unemployment rate of such area exceeds the state-wide average or is in an area of pervasive unemployment, economic distress or fifty percent of the residents of an area have incomes of below eighty percent of the state's average as determined by the coordinating council.

"Eligible Proposal", a proposal for a new or expanding business within an economically troubled area of the commonwealth which would provide long-range employment opportunities to and would serve to utilize the skills and experience of the local workforce; that has the ability to compete in national and international markets: and that would locate in areas of the state that have lost at least twenty percent in total manufacturing employment over the past fifteen years or is in an area of pervasive unemployment, economic distress or fifty percent of the residents of an area have incomes of below eighty percent of the state's average as determined by the coordinating council.

"Expanding Business", a business currently sited and operating within Massachusetts that seeks to expand its workforce by twenty-five employees or more.

"New Business", a business that seeks to locate in the Commonwealth of Massachusetts.

Section 3B. There shall be an Economic Assistance Coordinating Council established under the Massachusetts Office of Business Development within the Executive Office of Economic Affairs. Said Council shall consist of nine members; one member shall be the secretary of manpower affairs or his designee, one shall be the secretary of communities and development or his designee, one member shall be the secretary of labor or his designee, one shall be the commissioner of the Massachusetts office of business development or his designee, one member shall be the director of the Industrial Services Program or his designee, and four members shall be appointed by the governor, all of whom shall be knowledgeable in public policy, and international and state economic and industrial trends.

The council is responsible for establishing the following guidelines for certifying proposals for eligibility for the "Economic Development Incentive Program" by:

(1) Targeting industries of regional importance to Massachusetts now and in the future;

(2) Identifying industry segments that hold promise with respect to:

(a) utilizing the skills of the local workforce;

(b) future employment growth potential; and

(c) the ability of the business to effectively compete nationally and internationally.

(3) Recommending the siting of the proposed business be located in a city or town where a twenty percent loss in total manufacturing employment has occurred in the past fifteen years;

(4) Recommending priority be given to business proposals that

seek to locate in areas where increased business development is vital to achieve economic stability;

(5) Recommeding priority be given to business proposals that are located in Labor Market Areas (as defined by the Dept. of Commerce, Bureau of the Census) that have a higher unemployment rate than the statewide average;

(6) Recommending priority be given to business proposals that agree to conduct outreach in the area in which they are located, conduct employment and training and give priority to hiring local residents;

(7) Recommending priority be given to business proposals which take into account local commitment and resources for business expansion; and

(8) Recommending priority be given the municipalities whose banking community is involved in a banking pool as a function of the Community Reinvestment Act. Regulations for said pool will be established by legal counsel.

No assistance shall be granted by the Council to any enterprise relocating from any place within the commonwealth to a designated area; provided, however, expansion into a designated area shall not be deemed as relocation.

No assistance shall be granted by the Council unless a municipality has an established master or study plan relative to economic developnent. Such document shall be at least one page in length and contain the goals of the municipality relative to development.

An assistance director shall be appointed by the agency for the purpose of administering the recommendations of the Council.

The Council shall annually sumbit to the governor, the chairman of the senate and house ways and means committees, and the joint committee on commerce and labor, within ninety days after the end of its fiscal year, a complete and detailed report setting forth its operation and accomplishments, including all projects certified under the Economic Development Incentive Program.

SECTION 2. The General Laws are hereby amended by inserting after chapter 40M, the following chapter:

CHAPTER 40N.

The purpose of this chapter is to make two additional financing mechanisms available to economic development projects. Whereas the utilization of both mechanisms on the same project would tend to be self-defeating, the Economic Assistance Coordinating Council under the Massachusetts Office of Business Development shall certify projects utilizing only one of the mechanisms contained in this chapter. Provided, however, projects utilizing property tax abatement must be certified by the council and such certification need not be granted in order for municipalities to utilize tax incremental financing.

Section 1. In this chapter, unless a different meaning clearly appears from the context, the following words shall have the following meanings:

"Assessment Based", the aggregate taxable valuation of all taxable real property in a tax increment area as of the base date. The assessment base shall be increased or decreased annually as a result of a change in the tax exempt status of property within the area. The amount to be added to the assessment base of the area as a result of previously tax exempt real property within the area becoming taxable shall be equal to the assessed value of the real property as most recently assessed or, if the assessment was made more than one year prior to the date of transfer rendering the property taxable, the value shall be assessed at the time of such transfer. The amount to be subtracted from the assessment base of the area as a result of previously taxable real property within the district becoming tax exempt shall be equal to the assessed value of said property. If the assessed value of property located within the tax increment area is reduced by reason of a court-ordered abatement, stipulated agreement, or voluntary abatement, the reduction shall be applied to the assessment base of the district when the property upon which the abatement is made has not been improved since the date of creation of the area, and to the assessnent increment of the area in each year thereafter when the abatement relates to improvements made after the date of creation.

"Base Date", the last assessment date, of the tax, immediately preceding the adoption of the project plan.

"Project", a project to be undertaken in accordance with a project plan: (1) for acquisition of the land and improvements thereon, if any, within the project area and for assembly and clearance of the land so acquired; or (2) for development, redevelopment, revitalization or conservation of the project area through rehabilitation of buildings or other improvements or through acquisition by gift, purchase or eminent domain of land and improvement thereon, if any, and demolition, removal or rehabilitation of any such improvements whenever necessary to provide land for projects necessary for the economic development of a specific area or that have been as certified as eligible economic development projects by the Economic Assistance Coordinating Council; (3) a project involving a combination of the foregoing types of projects. A project may include the provisions of financial and other assistance in the relocation of persons and organizations displaced by the project, the planning and construction, reconstruction or rehabilitation of public facilities and financing pursuant to clause (m) of section two of this chapter.

"Project area", the area designated by the city or town council in which the project is to be carried out. The project area may consist of one or more parcels or lots of land, whether or not contiguous, or one or more buildings or structures, whether or not adjacent, on one or more parcels of land. The project area may, but need not, be within the tax increment area.

"Project plan", a plan certified by the city or town in the manner provided in section three, for a project. The project plan shall set forth an estimate of project costs and the amounts and sources of funds to be used to defray such costs and shall include provisions for tax increment financing of project costs in whole or in part. The tax increment financing provisions of the plan shall set forth: (1) the estimated amount of indebtness to be incurred pursuant to this chapter; (2) an estimate of the tax increment to be generated as a result of the project; (3) a projection of the tax revenues to be derived from the tax increment area in the absence of the project plan; (4) the method of calculating the tax increment, together with any provisions for adjustment of the method of calculation; and (5) the board or officer of the city or town designated responsible for calculating the tax increment. Funds may be provided to carry out the plan from any lawful source, including the issuance of bonds under this chapter, but may be provided by the issuance of general obligation bonds for any purpose for which general obligation bonds could not be issued in the absence of this chapter. The plan may include such other provisions as may be deemed necessary in order to carry out the tax increment financing of the project. The project plan shall: (1) be consistent with such comprehensive plan for the city or town as is then applicable; (2) be sufficiently complete to indicate the location and boundaries of the project area and of acquisition, demolition, removal and rehabilitation and such developnent, redevelopment and general public improvements as are proposed to be carried out within the project are; and (3) indicate the proposed method for relocation of such persons or organizations as may be displaced as result of carrying out the project.

"Project revenues", any receipts of a city or town with respect to a project, including, without limiting the generality of the foregoing, tax increments, repayments of loans made under clause (m) of section two, investment earnings, proceeds of insurance or disposition of property and proceeds of borrowing under this chapter.

"Tax Increment", the tax levied on the real and personal property situated in or otherwise assignable for the purposes of property taxation to a tax increment area to the extent that such tax is attributable to an excess of the aggregate taxable valuation of such property over its assessment base.

The portion of the tax levy attributable to the increased valuation after the base date shall be calculated using the same classification factors as were used as of the base date, or without classification factors if property was not classified for tax purposes as of the base date. If the base date is earlier than the date as of which the commissioner of revenue makes the certification required by subsection (c)of section two A of chapter fifty-nine, the project plan may provide for such further adjustment in calculating the tax increment as may be deemed appropriate to reflect changes of practice after the base date with respect to the valuation of property in order to achieve assessment at full and fair cash valuation. In calculating the tax increment, there shall be excluded from the tax portion levied for the purpose of paying the principal of an interest on bonds, notes and other evidences of indebtedness which are general obligations of the city or town. The portion of the tax increment used to pay principal of or interest on indebtedness incurred pursuant to this chapter shall be included in the amounts to be deducted from the total levy for the purposes of chapter one hundred fifty-one of the acts of nineteen hundred and seventy-nine.

"Tax increment area", a tax increment area designated in a project plan adopted pursuant to section two. The tax increment area may consist of one or more parcels or lots of land, whether or not contiguous, or one or nore buildings or structures, whether or not adjacent, on one or more parcels of land; provided, however, that upon adoption of the project plan the aggregate increment areas within the city or town do not exceed twenty-five percent of the taxable valuation of all property subject to taxation in the city or town.

Section 2. Cities and towns are hereby authorized to undertake projects pursuant to duly adopted project plans. In addition to powers granted by any other law, for the purposes of carrying out a project as authorized by this chapter, a city or town shall have the following powers:

(a) to incur indebtedness as hereinafter provided and to pledge tax increments and other project revenues for repayment thereof;

(b) to designate a board or officer of the city or town to be responsible for administering the project plan;

(c) to make and enter into all contracts and agreements necessary in order to carry out the project;

(d) to receive from the federal government or the commonwealth loans or grants for or in aid of a project and to receive contributions from any other source to defray project costs;

(e) to purchase or acquire by eminent domain pursuant to the provisions for chapter seventy-nine or chapter eighty A, insofar as such provisions may be applicable, and pursuant to all preliminary requirements prescribed by law, such property or interests therein within a project area as the city or town may deem necessary in order to carry out the project; provided, however, that any taking of property by eminent domain for any purpose for which the taking by the city or town could not be made in the absence of this chapter shall be authorized by a two-thirds vote as defined in section one of chapter forty-four;

(f) to make relocation payments to such persons, businesses or organizations as may be displaced as a result of carrying out the project;

(g) to clear and improve property acquired by it pursuant to the project plan and construct public facilities thereon or contract the construction, development, redevelopment, rehabilitation, remodeling, alteration or repair of such property;

(h) to cause parks, playgrounds or schools, or water, sewer or drainage facilities or any other public improvements which it is otherwise authorized to undertake, to be laid out, constructed or furnished in connection with the project;

(i) to lay out, construct, alter, relocate, change the grade of, make specific repairs upon or discontinue public ways and construct sidewalks in or adjacent to the project area;

(j) to cause private ways, sidewalks, ways for vehicular travel, and similar improvements to be constructed within the project area for the particular use of the project area of those dwelling or working therein;

(k) to adopt ordinances or by-laws under section five of chapter forty A or repeal or modify such ordinances or by-laws or establish exceptions to existing ordinances and by-laws regulating the design, construction endues of buildings;

(l) to sell, mortgage, lease as lessor, transfer or dispose of any property or interest therein acquired by it pursuant to the project plan for development, redevelopment or rehabilitation in accordance with the plan;

(m) to loan the proceeds of any issue of bonds or notes pursuant to this chapter to a private enterprise in order to finance the cost of acquiring land for, and construction or rehabilitating and equipping industrial development facilities, as defined in section one of chapter forty D, within the project area in accordance with the plan, or to loan bond or note proceeds in order to refinance any such loan; provided that the issuing authority finds that:

(i) the intended recipient of any loan of bond proceeds is a responsible party;

(ii) the financing of the project is reasonably expected to stimulate economic growth or stability within the municipality and will, as result, confer a definite benefit on the citizens of said municipality, and any private benefit which may be derived from the project will not be so disproportionate as to override the public purpose of stimulating or stabilizing the economy of the municipality;

(iii) the project will provide employment, or security against loss of employment having a reasonable relationship to the principal amount of the bonds to be issued thereof;

(iv) the bonds, the trust agreeent and the financing documents contain reasonable provisions and comply with the provisions of this chapter;

(v) anticipated project revenues will be adequate to pay the principal of the bonds as they come due and interest thereon;

(vi) the intended recipient of any loan of bond proceeds does not do business in the Union of South Africa; and

(vii) the intended recipient of any loan of bond proceeds does not do business in Northern Ireland absent compliance with the McBride Principles;

(n) to invest project revenues as hereinafter provided;

(o) to do all things reasonably necessary or convenient to carry out the powers granted in this chapter.

Section 3. (a) A city or town may, by a majority vote as defined in section one of chapter forty-four, borrow money by the issue of special obligation bonds for the purpose of carrying out a project pursuant to a duly adopted project plan. Without limiting the generality of the foregoing, such bonds may be issued for the project costs which may include interest prior to and during the carrying out a project and for a reasonable time thereafter, such reserves as may be required by any agreement securing the bonds and all other expenses incidental to planning, carrying out and financing the project. Bonds issued hereunder shall be payable solely from project revenues and shall not be deemed to be a pledge of faith and credit of the city or town. Every bond issued hereunder shall recite on its face that it is a special obligation bond payable solely from the project revenues pledged for its repayment.

(b) The bonds of each issue shall be dated and may be made redeemable before maturity with or without premium. Subject to the authorizing vote, the officers authorized to sell the bond shall determine the date or dates of the bonds provided that the bonds shall mature within thirty years from their respective dates, their denomination or denominations, the place or places of payment of the principal and interest, which may be at any bank or trust company within or without the commonwealth, their interest rate or rates, maturity or maturities, redemption privileges, if any, and the form and other details of the bonds including any interest coupons to be attached thereto. Notwithstanding any provisions of any municipal charter or general or special law to the contrary, bonds issued hereunder may provide for annual or more frequent installments of principal in equal, diminishing or increasing amounts with the first installment of principal to be due at any time within five years from the date of the issuance of the bonds, and, subject to the authorizing vote, may provide for such rate or rates of interest as the officers authorized to sell the bonds shall deem proper, including rates variable from time to time as determined by such index, banker's loan rate or other method as may by specified in such bond. The bonds shall be signed by the mayor or city manager, as the case may be, of a city or by a majority of the selectmen of a town council form of government by the manager either manually or by fascsimile thereof. Any coupons attached thereto shall bear the facsimile signature of the city or town treasurer.

(c) In case any officer whose signature or a facsimile of whose signature shall appear on any bonds, coupons or notes issued under this chapter shall cease to be such officer before the delivery thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery.

(d) The bonds may be issued in coupon or in registered form, or both, and provision may be made for the registration of any coupon bonds as to principal alone and also as to principal and interest, for the reconversion into coupon bonds or bonds registered as to both principal and interest and for the interchange of registered and coupon bonds. Subject to the authorizing vote, the officers authorized to sell the bonds may sell the bonds in such manner, either at public or private sale, and for such price, as they may determine will best effect the purposes of this chapter.

(e) Prior to the preparation of definitive bonds, the city or town may issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds have been executed and are available for delivery. Provision may be made for the placement of any bonds which shall have become mutilated or shall have been destroyed or lost.

(f) Bonds or notes issued hereunder may be secured in whole or in part by letters or lines of credit or other credit facilities. Any such insurance, letter or line of credit or credit facility may provide for reimbursement to be made over such period of time, not to exceed two years beyond the maturity date of the bonds or notes so secured, and may provide for reimbursement to be made.

Section 4. (a) In the discretion of the officers authorized to sell the bonds, but subject to the provisions of the vote authorizing the bonds, bonds issued hereunder may be secured by one or more trust agreements between the city or town and a corporate trustees, which may be any trust company or bank having the powers of a trust company within or without the commonwealth. A trust agreement hereunder shall be in such form and executed in such manner as may be determined by such officers. A trust agreement may pledge or assign project revenues, in whole or in part, and may provide that the owners or holders of bonds issued thereunder may have lien or mortgage on any facility acquired, improved, or constructed with the procceds of the tax increment bonds. It may contain such provisions for protecting and enforcing the rights, security and remedies of the bondholders as may be reasonable and proper and not in violation of law, including without limiting the generality of the foregoing, provisions defining defaults and providing for remedies in the event thereof, which may include the acceleration of maturities, and convenants setting forth duties of, and limitations on, the city or town in relation to carrying out or otherwise administering the project or projects, the custody, safeguarding, investment and application of project revenues, the issue of additional bonds hereunder, the determination of tax increments, the fixing of fees and charges, if any, in relation to the project or projects, the collection of project revenues, the use of any surplus bond proceeds, the establishment of reserves, and the replacement of bonds or coupons which shall become mutilated or be destroyed or lost. Subject to the provisions of this chapter, moneys subject to the trust agreement shall be held, invested and applied as provided therein, provided that moneys not deposited in trust with a corporate trustee shall be in the custody of the city or town treasurer.

(b) It shall be lawful for any bank or trust company to act as a depository or trustee of the proceeds of bonds or of other moneys under any such trust agreement and to furnish such indemnifying bonds or to pledge such securities as may be required by the trust agreement. Any such trust agreement or resolution may set the rights and remedies of the bondholders and of the trustee, and may restrict the individual right of action by bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as current operating expenses.

Section 5. (a) Notwithstanding the provisions of chapter one hundred and six or any other general or special law to the contrary: (i) any pledge hereunder shall be valid and binding and shall be deemed continuously perfected from the time it is made; (ii) no filing need be made under the said chapter one hundred and six or otherwise; (iii) unless otherwise provided in the financing instruments, a pledge of project revenues shall be deemed to include a pledge of any accounts or general intangibles from which such revenues are derived, whether existing at the time of the pledge or thereafter acquired by the city or town, and the proceeds of such accounts or general intangibles; and (iv) the pledged project revenues accounts and general intangibles shall be subject to the lien of the pledge without delivery or segregating and the lien of the pledge shall be valid and binding against all parties having claims of contract or tort or otherwise against the city or town.

(b) A pledge of project revenues under this chapter shall constitute a sufficient appropriation thereof for the purposes of any provision for appropriation and such revenues may be applied as required by the pledge without further appropriation.

Notwithstanding the provisions of this section, administrative expenses shall be subject to appropriation.

Section 6. In anticipation of the issue of bonds under this chapter, and subject to any provisions of the vote authorizing the bonds, the officers authorized to sell the bonds may without further authorization issue temporary notes. The notes may be secured as in the case of bonds and, except as otherwise provided in this section, the provisions of sections five, six, seven and nine referring to bonds shall also be deemed to refer to the notes. The notes need not bear that seal of the city or town or a facsimile thereof. The notes shall be payable within three years from their respective dates, but the principal of and interest on notes issued for a shorter period may be refunded from time to time by the issue of other notes maturing within three years from the original date of issue of the indebtedness being refunded.

Section 7. A city or town may, when authorized by a majority vote as defined in section one of chapter forty-four, issue refunding bonds for the purpose of paying any of its bonds issued hereunder at maturity or upon acceleration of redemption. The refunding bonds may be issued at such time prior to the maturity or redemption of the refunded bonds as the city or town deems to be in the public interest. The refunding bonds may be issued in sufficient amounts to pay or provide the principal of the bonds being refunded, together with any redemption premium thereon, any interest accrued or to accrue to the date of payment of such bonds, the expenses of issue of the refunding bonds, the expenses of redeeming the bonds being refunded, and such reserves for debt service or other purposes from the proceeds of such refunding bonds as may be required by any agreement securing the bonds. The issue of refunding bonds, the maturities and other details thereof, the security therefor, the rights of holders thereof, and the rights, duties and obligations of the city or town with respect thereto shall be governed by the provisions of this chapter relating to the issue of bonds other than refunding bonds insofar as the same may be applicable.

Section 8. The bonds and notes issued under this chapter shall be payable solely from project revenues. Such bonds and notes shall not at any time be included in the debt of the city or town for the purpose of ascertaining its legal borrowing capacity, nor shall the tax increment be including in calculating total taxes assessed in paragraph (a) of Section 21C of Chapter 59 or the maximum levy limit in paragraph (f) of Section 21C of Chapter 59. Except as otherwise provided herein, such bonds and note shall not be subject to the provisions of chapter forty-four.

Section 9. Subject to any agreement securing bonds or notes issued under this chapter, the proceeds of such bonds or notes, pledged tax increments and other project revenues may be deposited or invested in such investments as may be lawful for fiduciaries in the commonwealth.

Section 10. All project revenues received pursuant to the provisions of this chapter shall be deemed to be trust funds to be held and applied solely as provided in this chapter.

Section 11. Any holder of bonds or notes issued under this chapter, or of any of the coupons appertaining thereto, and the trustee under any trust agreement securing the same except to the extent the rights herein given may be restricted by any agreement securing the same, may bring suit upon the bonds, notes or coupons and may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce all rights under the laws of the commonwealth or granted under this chapter or under any such agreement, and may enforce or compel the performance of all duties required by this chapter or by such agreement to be performed by the city or town or by any officer thereof.

Section 12. Bonds and notes issued under the provisions of this chapter are hereby made securities in which all insurance companies, trust companies, banking associations, savings banks, cooperative banks, investment companies, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or notes or other obligations of a similar nature may properly and legally invest funds, including capital deposits or other funds in their control or belonging to them. Such debt obligations are hereby made securities which may properly and legally be deposited with and received by any state or municipal office or any agency or political subdivision of the commonwealth for any purpose for which the deposit of bonds or other obligations of the commonwealth now or may hereafter be authorized by law.

Section 13. Notwithstanding any of the provisions of this chapter or any recitals in any bond or notes issued under this chapter, all such bonds and notes shall be deemed to be investment securities under chapter one hundred and six.

Section 14. The bonds and notes issued under this chapter, their transfer and the income therefrom, including any profit made on the sale thereof, shall be at all times free from taxation within the commonwealth.

Section 15. A tax increment area shall terminate at such time as all bonds issued for the area and the interest thereon have been paid in full, or sufficient funds have been irrevocably deposited in a special fund or other escrow account held in trust for all outstanding tax increment bonds issued for such area to provide for the payment of such bonds at maturity or date of redemption and interest and premium, if any, thereon, and all terms and conditions of any trust agreement or agreements have been satisfied. Upon termination, any money remaining in trust shall be returned to the city or town.

Section 16. The local government of any city or town where a development project may be designated by the Economic Assistance Coordinating Council may calculate special tax assessments for said project. The purpose of the special rates are to facilitate the new construction or renovation and rehabilitation of real taxable property. The special assessment can only be implemented after a majority vote of a city or town as defined in section one of chapter forty-four. Said assessments shall be made under the following guidelines:

(a) In the first year, no assessment of the real property shall be made;

(b) In the second year, assessments shall be made up to twenty-five percent of the actual assessed valuation of the real property;

(c) In the third year, assessments shall be made up to fifty percent of the actual assessed valuation of the real property;

(d) In the fourth year, assessments shall be made up to seventy-five percent of the actual assessed valuation of the real property; and

(e) In subsequent years, assessments shall be made up to one hundred percent of the actual assessed valuation of the real property.

For the purpose of this section, a year begins on the date of acquisition of the property, or the date on which the Economic Assistance Coordinating Council designated such areas as eligible for its program.

SECTION 3. Chapter 63 of the General Laws is hereby amended by inserting after section 31G the following sections:

Section 31H. A five percent investment tax credit can be applied to the Massachusetts corporate excise tax for businesses certified by the Economic Assistance Coordinating Council under the Massachusetts Office of Business Development.

Section 31I. A one percent tax credit can be applied to the value of exports for businesses that manufacture and export products from facilities certified by the Economic Assistance Coordinating Council.

SECTION 4. Chapter 212 of the acts of 1975 as most recently amended by chapter 130 of the acts of 1987 is hereby amended by inserting the following sentence in section 2, line 10, after the words "surplus government property":— or renovation of abandoned shell structures for commercial and industrial use only in locations approved by the Economic Assistance Coordinating Council under the Massachusetts Office of Business Development for the purposes of the Economic Development Incentive Program.

SECTION 5. A one-time deduction of ten percent based on net income can be applied to the Massachusetts corporate excise tax if the business occupies previously abandoned building that has been renovated by the Massachusetts Government Land Bank for companies certified by the Economic Assistance Coordinating Council under the Massachusetts Office of Business Development.

SECTION 6. Section 11 of chapter 23D of the General Laws is hereby amended by inserting after the word "plan" in line 6 the following sentence: — "The Trust shall further be empowered to provide assistance to firms in specific mature industries for the purpose of technological investment or upgrading of management operations in order for the business to maintain future economic stability.

SECTION 6A. Subsection (1) of Section 13 of Chapter 23D of the General Laws is hereby amended by inserting after subsection (1) the following subsection (1a): — "The business within a specific mature industry requires assistance for the purpose of technological investment or upgrading of management operations in order for the business to maintain future economic stability;".

SECTION 6B. For the purpose of implementing the provisions of sections one and two of this act, not less than $500,000 shall be appropriated under line item 3724-3037.

SECTION 7. Chapter 40F of the General Laws is hereby amended by adding the following section: —

Section 6. The commissioner is hereby directed, subject to appropriation or the issuance of bonds for said purpose, to establish a program for financial assistance to those public or non-profit agencies which provide industrial development services to local municipalities in the commonwealth.

Funds may be granted to any public or non-profit agency which has been in operation for two consecutive years prior to application for funds under this section.

Upon application of the public or non-profit agency, the department may loan or grant money to that local agency, upon such terms and conditions as it may prescribe, for the purpose of industrial park planning and development, if necessary, for constructing a speculative building on land owned or held under long term lease by the local agency and for the purchase of land in connection with the foregoing. Before the local agency receives such funds for such purposes from the department it may be required to give to the department security for the funds. The security shall be in such form and amounts as the commissioner may determine and shall, in each instance, include a first mortgage on the land, or the leaseholder, building, and appurtenances financed by such funds. Loan by the department to local agencies for the construction of speculative buildings shall be repaid in full, including interest and other charges, within ninety days after the building is occupied.

Issuance of Loans for Speculative Buildings.

Before issuing any loan under this section for construction of a speculative building and the purchase of land in connection therewith, the department shall determine that: —

1. The project is within the scope of this chapter, will be of public use and benefit, and may reasonably be expected to create new employment opportunities;

2. The proposed site for the speculative building will be located on adequate land owned or to be acquired by the local agency or leased by the local agency on terms satisfactory to the authority;

3. An adequate access road from a public highway is provided to the proposed site and that such utilities as water, sewer, and power facilities are available, or will be available when the speculative building is completed.

4. The project plan complies with all applicable environmental, zoning, planning and sanitary laws and regulations of the municipality where it is to be located and of the state of Massachusetts;

5. The local agency is responsible and has presented evidence to demonstrate its ability to carry out the project as planned; and

6. Evidence has been presented demonstrating the feasibility of the site as a location for industry, and additional evidence has been presented that an adequate supply of labor is available.

The funds received by any one agency shall be based on, but not limited to, the following criteria: —

1. Geographical size and population served by such agency;

2. Unemployment and wage level history of the area served;

3. Amount of matching funds from non-state governmental sources;

4. Assurance that the funded proposal will be in addition to the work currently being done by the agency and that the agency will maintain a continued effort for the funded program;

5. Demonstrated effectiveness of the agency;

6. The lack of significant private development in the area. The department shall not put funds into an area where the building will be in competition with similar buildings available from private owners.

Loans to local agencies under this section shall be made provided that if the funds for any such loan are derived from the issuance of bonds to the state treasurer, the loan shall bear interest at a rate not less than the rate on notes.

In the case of appropriation, such loans shall be interest free.

In order to provide monies in the industrial development fund for loans to local agencies under this section the department may issue notes for purchase by the state treasurer as provided in this chapter.

SECTION 7A. Issuance of notes and Purchases by the state Treasurer.

a. The department may issues notes to the state treasurer in an amount outstanding at any one time not exceeding five million dollars to enable the department to make loans to local agencies under this section. Each obligation shall bear interest at a rate determined by the state treasurer, taking into consideration the current average rate on outstanding marketable obligations of the state as of the last day of the month preceding the issuance of the obligation of the borrower, provided that if the treasurer borrows money with which to purchase notes issued by the department he shall set the interest rate on the notes at not less than the rate the state is required to pay on the money borrowed. The state treasurer shall purchase notes of the department issued hereunder and may borrow money by the issue of bonds or notes and pledge the full faith and credit of the state, or use any available funds over which the state has exclusive control for this purpose. Bonds and notes authorized in the preceding sentences shall be issued pursuant to the provisions of the appropriate statutes and shall not exceed an aggregate of five million dollars at any one time outstanding.

b. Notes issued to the state treasurer hereunder shall mature not later than five years from their dates, but may be extended or renewed for such additional periods as the state treasurer may approve.

c. Notes given by the department to the state treasurer under the provisions of the section shall be secured by assignment of a first mortgage given by the local agency to the state.

SECTION 8. Item 9000-1820 of chapter 150 of the acts of 1990 is hereby amended by adding the following four paragraphs: —

A Technology Extension Service Program shall be established and administered by the Massachusetts Small Business Development Centers established pursuant to PL 96-302 of 1980, and by PL 98-395 of 1984.

The purpose of the Technology Extension Service Program is to provide a technical information service to existing Massachusetts companies in the following areas: 1) Technological investment and modernization; 2) Market identification and technology management; 3) Materials usage; and 4) Business management and maximization of the firms productivity.

The Small Business Development Centers shall conduct outreach to designated industrial sectors to select and encourage small companies to seek the assistance of the Technology Extension Service.

The program shall be funded through a fee for service program. The share of the cost to private sector firms shall be determined by the following formula: (1) Firms in Phase I of the Program = thirty percent share; (2) Firms in Phase II of the Program = fifty percent share. For the purposes of this section, the term "Phase I" shall be defined as: the first three visits to the Technology Extension Service by a private sector firm; the term "Phase II" shall be defined as: the fourth and subsequent visits to the Technology Extension Service by a private sector firm.

SECTION 9. Chapter 6A of the General Laws is hereby amended by inserting after section four the following new section:

Section 4A. Each secretary shall establish one office of licensing and permits that shall be charged with the issuing of all permits and licenses within that executive office; excluding licenses and registrations issued pursuant to chapter one hundred twelve.

The commissioner of administration and finance shall develop a master application form and procedure to be used by all executive offices in the issuance of licenses and permits.

SECTION 10. Five years after the effective date of this legislation and every five years thereafter, the coordinating council herein shall evaluate the relative effectiveness of this program, and make recommendations if necessary. The findings shall be made available to the House and Senate Ways and Means Committees and the Joint Committee on Commerce and Labor.

/5.

CITY OF CAMBRIDGE
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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

February 24, 1992

To The Honorable, The City Council:

Please find attached a report received from Michael H. Rosenberg, Assistant City Manager for Community Development, relative to tax and other incentives for local employers to hire and train Cambridge residents, for your information.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
attachment

Consent Agenda # 15 F-76

Report on tax and other incentives for local employers to hire and train Cambridge residents.

In City Council,

February 24, 1992

Placed on file