

Amesbury Economic Incentive Program Guidelines

PROGRAM OVERVIEW AND GOALS

The City of Amesbury has established local guidelines for the Amesbury Economic Incentive Program (AEIP) to address blighted, distressed, underutilized and slow development areas. Due to past development, there are sites throughout the City that contain abandoned or contaminated facilities or require site improvements that are often in excess of financial feasibility. Other areas are characterized by limited infrastructure or commercial operations that are no longer economically viable. These sites can decrease assessed property values, reduce municipal revenue and are a drain on municipal services. To attract private investment into these areas, the City has adopted an Economic Incentives Program, which has been authorized through the Massachusetts legislature. The goals of the Amesbury Economic Incentive Program are to:

- Stimulate private capital investment in commercial and industrial properties resulting in a substantive increase in net taxable property value.
- Encourage qualifying existing businesses to expand in the City of Amesbury.
- Attract new businesses that are compatible with the City of Amesbury.
- Foster redevelopment of vacant or underutilized commercial properties.
- Provide private funds to leverage public improvements that are mutually beneficial and necessary for the City and business community.
- Diversify the tax base and reduce the burden on residential properties.
- Stimulate the creation of jobs paying above the area median income for Amesbury.
- Increase the expediency at which redevelopment occurs by changing the financial options to development in a manner that favorably alters the financial feasibility.

TYPES OF INCENTIVES

The below programs are excerpted from the Commonwealth of Massachusetts. While these are both incentives that could be explored with the City of Amesbury, this document will focus on the TIF process.

- a. **Tax Increment Financing (TIF) Exemption** – A percentage exemption on the increased value of a parcel resulting from an expansion or improvement. Exemptions can be from 5% to 100% of the increased value for a period of between 5 and 20 years. The base or existing value before improvements are taxed at the full assessed value. TIF agreements are negotiated between the City and the Certified Project candidate. All certified manufacturers are exempt from personal property taxes by State law regardless of TIF status.
- b. **Special Tax Assessment** – STAs are a negotiated Agreement between a business and municipality that applies to the entire assessed value of a parcel, not just the increment. Current, as well as future, local tax revenues are exempted. Unlike TIF Agreements, no Personal Property Taxes may be exempted under an STA Agreement. STAs have 5-year minimum and 20-year maximum terms and must minimally comply with the following 5-year schedule:
 - Year One: not less than 50% of total property taxes exempted
 - Year Two: not less than 25% of total property taxes exempted
 - Year Three: not less than 25% of total property taxes exempted

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- Year Four: not less than 5% of total property taxes exempted
- Year Five: not less than 5% of total property taxes exempted

Businesses may elect to exempt a greater percentage (not less) in any given year; may not elect to go less than 5 years in length.

TIF PROCESS

The following Tax Increment Financing (TIF) Incentive steps shall be coordinated with the timing of the [Massachusetts Economic Development Incentive Program \(EDIP\)](#) process to the best ability of the City and the Applicant. *Please note: Although the Applicant is responsible for preparing the project applications, OCED will be available to provide basic coordination, technical assistance and guidance. However, complex projects may require professional analysis and preparation that is beyond basic OCED staff support.*

Each TIF Incentive Agreement application will be judged on individual merit in the application of these guidelines and during the course of the following process:

- 1. Schedule and Conduct Project Exploration Meeting(s)**
 - a. Host initial discussions with the Mayor, MOBD, OCED, City Councilors, etc.
 - b. This is conceptual, but should present enough information to provide guidance to the Applicant on how to proceed
- 2. Submit a Letter of Intent (jumpstarts both local and State process)**
 - a. Using the Commonwealth's [Letter of Intent template](#)
 - b. The Letter of Intent will be sent to the Mayor, copying MOBD and OCED
- 3. Conduct a Pre-Application Meeting**
 - a. Host a Pre-Application meeting which consists of a formal presentation to the Mayor, MOBD, OCED, subset of City Councilors, and other stakeholders, as well as members of the Economic Incentives Committee. The presentation will be given by the Applicant.
 - b. The agenda will be standard and include:
 - i. Project Overview
 - ii. Requirements
 - iii. Application Process
 - iv. Conceptual Timeline
 - v. Next Steps
- 4. Submit Preliminary Application**
 - a. Using the feedback from the Pre-Application Meeting, the Applicant will complete the [EDIP Preliminary application](#) and submit to OCED and MOBD.
 - b. The MOBD Regional Director will schedule calls and meetings with the Applicant and City during the application preparation to address questions and keep the application process on track
 - c. The MOBD Regional Director will review the final draft of the Preliminary application prior to submittal and advise if there are gaps in the application
 - d. OCED will send the final version of the Preliminary Application to the City Assessor to develop an initial valuation (pre- and post-development)

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- e. Draft reviews of the Preliminary application will occur with the City (OCED) and the Mayor
- f. A Final Timeline must be submitted that lays out the steps and deadlines associated with future tasks
- g. The Applicant will advance to the next step upon initial approval to proceed from the Mayor

5. Initiate the Local TIF Process

- a. The Applicant, with basic assistance from an accountant, professional consultant, City or MOBD, will calculate the TIF Benefit Scenarios
- b. Applicant will present to the Mayor for approval of a scenario
- c. Using the approved scenario, the Applicant will create a TIF Plan (a template will be provided to the Applicant)
- d. OCED will work in concert with the Applicant to develop a Draft TIF Agreement (template will be provided as part of the TIF Plan)
- e. Applicant will present the TIF Plan with the approved Benefit Scenario along with the TIF Agreement to the Economic Incentives Committee for a recommendation to the Mayor to forward to the City Council. The OCED shall forward each application to the AEIC with a completed checklist for their review. The Applicant shall provide adequate information to demonstrate that the incentive requested is crucial to the Applicant's decision to establish a new business operation or expand an existing business operation. During this review the Applicant shall show conformance with both the criteria of the Commonwealth, and the City of Amesbury. The AEIC, upon completion of its review, shall prepare a written recommendation to the Mayor using the *Criteria for Local Certification* as required. The recommendation shall include any amendments to the general terms and conditions for the TIF Agreement.

6. Submit the Supplemental Application

- a. Once the Economic Incentives Committee provides a positive recommendation to the City Council, the Applicant will submit the [Supplemental application](#) using the State's application process.
 - i. Please refer to [EACC's timeline](#) in order to determine when this is due.
 - ii. The MOBD Regional Director will schedule calls and meetings with the Applicant and municipality during the application preparation to address questions and keep the application process on track
 - iii. Prior to submission, OCED will send the recommended TIF Benefits Scenario to the City Assessor to confirm the assessed value for the Applicant to use in the Supplemental Application
 - iv. The City will submit the [Local Incentive Valuation Sheet](#), the Applicant will submit the remainder of the Supplemental application
 - v. This could take a couple of drafts with MOBD before the final is completed
 - vi. The final TIF Plan, Agreement and an Order will be forwarded to the City Council for their review and consideration.

7. Local Approval (required before State Approval)

- a. City Council approval of the TIF Agreement. *Please note:* this happens in three stages: first reading at City Council, referral to one or more City Committees, and then a second

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and final reading of the City Council for a vote. This could take 2-3 months to complete this process.

8. State Approval

- a. Once the Supplemental Application has been submitted and the final draft has been accepted by MOBD, the Applicant and City will appear before the Economic Assistance Coordinating Council (EACC) at one of their quarterly hearings.

9. Review and Monitor the Project Annually

- a. As required by enabling legislation, incentive agreements shall be reviewed annually to ensure compliance with the terms of the agreement. The City will decertify any TIF Agreement that fails to fulfill obligations relative to employment and/or investment as described in the agreement. At the end of each year, certified projects are required to submit a report to the EACC and to the City. The EACC reviews each project for compliance with job and investment goals and requires confirmation of the EDIP ITC utilization schedule. Please note that failure to submit the annual report to the EACC is grounds for project decertification.

For more information, please contact:

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