

POLICY – PROCEDURES OF THE BOARD OF SELECTMEN  
RELATIVE TO  
TAX INCREMENTAL FINANCING (TIF)  
SANDWICH, MA

**Whereas** the Town of Sandwich is committed to providing a supportive environment for business and economic development;

**Whereas** the Town of Sandwich is a member of the Barnstable County Economic Target Area (ETA);

**Whereas**, as a member of the aforementioned ETA the Town, through its Board of Selectmen may at its discretion, consistent with the provisions of M.G. L. c. 59, section 5, clause 51 and M.G.L. c.40, section 49, agree to negotiate Tax Incremental Financing agreements with businesses in order to increase local full-time employment, improve the municipality's future tax and/or revenue base and enhance the community's overall "quality of life";

**And, Whereas**, an approved TIF Agreement with the Town of Sandwich allows business to become eligible for certain state economic incentive programs;

Now, therefore the Board of Selectmen adopts the following policy:

I. GOALS AND OBJECTIVES

A. Encourage qualifying existing businesses to expand.

B. Stimulate creation of jobs paying above the average per-capita income for Sandwich, with a preference for Sandwich residents.

C. Attract new businesses, such as, but not limited to:

1. Those that support the town's marine and agricultural industries.

2. Those that are based on emerging and environmental technologies.

3. Those that develop and encourage tourism enterprises.

4. Those that relate to natural resource management and eco-tourism.

5. Those that relate to medical and research services.

6. Those that relate to clean, light manufacturing.

7. Those that are housed in office park facilities.

8. Those in the professional or service industries.

II. DESIRED ATTRIBUTES OF APPLICANT BUSINESS

A. Business with at least 50% of its proposed workforce to exceed the Town's average per-capita income.

B. Business must be viable and experience consistent year over year growth.

C. Business that may qualify for business, MA tech transfer, and/or manufacturing grants/funds.

D. Businesses that are listed in Section I, part C.

### III. PROCESS

A. Each application for a TIF will be assessed by the Board of Selectmen on its individual merit.

B. Although not exclusively, the Board is particularly interested in considering appropriate projects which will enhance economic development areas and/or opportunities in the following Zoning Districts:

1. Marine District
2. South Sandwich Business District, Business Limited-2 District
3. Business Limited-1 District
4. Ridge District 1 and 2 in the Service Road corridor
5. Sandwich Industrial Park Industrial Limited District
6. Growth Center Technology District
7. Wireless Telecommunications Overlay District

C. The Board is particularly interested in considering economic development projects which project substantive increases in employment.

D. The Board requires that the applicant provide evidence to the Town that the establishment of a TIF Agreement is vital to the applicant's decision to move/expand their operation in Sandwich.

E. Each applicant shall submit a conditional irrevocable Letter of Intent dated and printed on company letterhead. (See Exhibit A for sample letter of intent.) Letter will be forwarded on to the State. Application forms shall be submitted within thirty calendar days thereafter.

F. Each applicant shall complete the State certified project form (Exhibit B) and the form developed by the Town (Exhibit C) to provide the information necessary to allow the Board to certify the project, and consider a TIF Agreement.

G. The Board will, upon receipt of the application and appropriate supporting data, convey the submission to the Town's TIF Committee (which shall consist of one member/designee of: the Board of Selectmen, the Economic Development Committee, the Planning Board, the Finance Committee, and the Board of Assessors. The TIF Committee shall also include the Town Treasurer, Planning Director and Town Administrator.)

H. The TIF Committee shall receive the recommendation of town boards and commissions as well as others in and out of town government.

I. Within three (3) weeks of receiving the above listed information, the TIF Committee shall prepare a written recommendation to the Board of Selectmen as to whether the Board should commence negotiations with the applicant for a TIF Agreement.

J. The TIF Committee shall consider factors which include, but are not limited to, the following:

1. Applicant's current and/or previous presence in Sandwich.
2. Number of current and projected new employees – with documentation how the projected new jobs will compare to the area and/or community's per capita income.

3. Appropriateness of the business for the Town of Sandwich, as well as the appropriateness of the business at the proposed site of the investment.
4. Proposed investment; sources of funding; type and nature of the development.
5. The amount of the TIF being requested.
6. If the TIF being requested is in fact awarded – what state funding or economic development programs and amounts will the company be eligible for and/or seek?
7. Location of the proposed development and assessor's plot plan.
8. Timetable for implementation.
9. Importance of the TIF Agreement to the proposed project.
10. Benefit of the project to the community.
11. Company's previous involvement in state or Town economic development programs or commitments.
12. Statement as to how the awarding of Tax Incremental Financing will be in the best interest of the Town of Sandwich.

K. The Board of Selectmen shall take action within sixty days upon receipt of the written report by the TIF committee. The Board will:

1. Review the recommendation of the TIF Committee.
2. Conduct a public hearing.

L. If the Board of Selectmen determines that it may offer a TIF Agreement, then the Board will commence to negotiate with the applicant.

M. All TIF Agreements shall be ratified on a certified project-by-project basis, in the following order:

1. The Board of Selectmen
2. Town Meeting
3. Barnstable County Economic Target Area (ETA)  
Massachusetts Office of Business Development  
One Ashburton Place, 21st Floor  
Boston, MA 02108
4. Commonwealth's Economic Assistance Coordinating Council (EACC)  
Massachusetts Office of Business Development  
One Ashburton Place, 21st Floor  
Boston, MA 02108

N. The Board of Selectmen reserves the right to revoke all Agreements if the applicant fails to fulfill the stated obligations relative to the TIF Agreement.

O. The exemption shall be limited to the incremental new tax value of the improvement that is approved as part of a certified project.

P. All TIF Agreements shall be binding upon subsequent owners of such Parcel of real property if the TIF recipient is a lessee.

Q. All TIF Agreements shall be binding as long as the business continues to meet the terms of the TIF.

R. Parties to such agreements shall notify the Town and the TIF Committee in writing of any ownership changes.

S. The Board of Selectmen shall forward to the Board of Assessors a copy of each executed TIF Agreement together with a list of parcels included therein.

T. Each certified project shall submit an Annual Report to the TIF Committee, the Board of Selectmen, and the EACC no later than sixty days after the end of the company's fiscal year.

U. The TIF Committee shall review annually the status of each TIF Agreement to determine compliance with the terms and conditions of each certified project.

V. Revocation.

1. The TIF Committee may at any time petition the Board of Selectmen to revoke its designation of a Certified Project and corresponding Agreement.

2. The TIF Committee shall recommend to Town Meeting to revoke any and all incentives for projects that are determined to be out of compliance with the TIF Agreement after reasonable efforts to remedy the compliance deficiency.

3. The Town will forward the decertification request to the State's Economic Assistance Coordinating Council (EACC) for approval.

4. The TIF Committee shall forward to the Board of Assessors a copy of each TIF Agreement revocation.

## Addendum

### Definitions

#### Economic Development Incentive Program (EDIP)

To stimulate business growth and foster job creation, the state has created the Economic Development Incentive Program (EDIP), designed to attract and retain businesses in specific economic target areas or ETAs. The Massachusetts Office of Business Development administers the EDIP.

The Economic Assistance Coordinating Council (EACC) is a public-private body comprised of eleven members. The EACC is co-chaired by the Director of Economic Development and the Director of Housing and Community Development. The EACC is responsible for designating Economic Target Areas (ETAs), Economic Opportunity Areas (EOAs), and Certified Projects- the 3 steps in the Economic Development Incentive Program.

#### Economic Target Areas

An Economic Target Area (ETA) is three, or more contiguous census tracts, in one or more municipalities, meeting one of nine statutory criteria for economic need. There are ETAs throughout the Commonwealth.

#### Economic Opportunity Areas

An Economic Opportunity Area (EOA) is an area or several areas within a designated ETA of particular need and priority for economic development. These areas are selected by the individual communities, and must meet one of four statutory criteria for designation.

An Economic Opportunity Area application must be submitted to the State for each project. This would be a site-specific EOA, unless Sandwich has previously designated some EOAs in town. A TIF Agreement has to be approved at Town Meeting, but an EOA may be approved by the Board of Selectmen.

#### Certified Projects

A Certified Project is a business that is expanding its existing operations, relocating its operations, or building new facilities and creating permanent new jobs within an EOA. Prospective candidates submit an application to the community project liaison for consideration.

Certified projects may receive state tax incentives, including a five-percent investment tax credit for qualifying tangible, depreciable assets. There also is a 10-percent abandoned building tax deduction for costs associated with the renovation of an abandoned building. In addition, such businesses qualify for municipal tax incentives, including:

- Special tax assessment - a phased-in assessment of the total value of the project property, or
- Tax Increment Financing (TIF) - a five to 20-year property tax exemption based on the increased value of the project property due to new construction or significant improvements. With tax increment financing, all personal property taxes are exempt.

#### Special Tax Assessment

The Special Tax Assessment covers both the existing and new value of the real estate owned or leased by the prospective Certified Project candidate. In year one, the tax is zero percent of the existing and new assessed value of the real estate. In year two, up to 25% of the assessed value is taxed. In year three, up to 50% of the assessed value is taxed. In year four, up to 75% of the assessed value is taxed. In years five

and following, up to 100% of the assessed value is taxed. The Special Tax Assessment is for a period of no less than five and no more than twenty years.

### Tax Increment Financing (TIF)

Massachusetts' version of Tax Increment Financing allows municipalities to provide flexible targeted incentives to stimulate job-creating development. The TIF Plan, completed by the municipality, describes proposed public and private investment in the TIF Zone, and is agreed upon by the municipality and all the private owners in the TIF Zone. The municipality and the prospective Certified Project candidate agree to a property tax exemption based on a percentage of the value added through new construction or significant improvement for a period of no less than five and no more than twenty years.

The real estate taxes generated by the new increased assessed value are then allocated by the agreed-upon percentage of value added to one or more of three categories. The categories are:

- Exemption from real estate taxes.

- Payment of real estate taxes.

- Payment of betterment fee in lieu of real estate taxes to finance related infrastructure.

Each category, if necessary, may change from year to year. The percentage of allocation is calculated in a formal, negotiated agreement between the municipality and the Certified Project candidate. TIF serves to pass the tax savings on to property owners for use in project development, while ensuring that the development risk is borne by those parties as well.

TIF zones do not have to be located in EOAs. A TIF Zone may be designated outside of an EOA by the Director of Economic Development for any projects that present "exceptional opportunities for increased economic development." An "exceptional opportunity" is a business either relocating to Massachusetts or expanding its existing operations within the Commonwealth. Once the "exceptional opportunity has been designated; the Economic Assistance Coordinating Council must then approve it.

## Exhibit B: Certified Project Form

### APPLICANT INFORMATION

1. Name and address of business (es) submitting this application (please list fiscal year end for each business):

2. Name and address of project (if different from above):

3. Location of ETA:

4. Location of EOA:

5. Authorization: I/We, (print) of the business (es) applying for Certified Project designation, hereby certify that the information within this application is true and accurate, and reflects the project's intentions for job creation and investment. I/We understand that the information provided within this application shall be binding for the duration of the project certification.

(Signature) (Date)

(Signature) (Date)

(Additional Signatures, if necessary) (Date)

6. Nature and Purpose of Project: Describe briefly the nature and history of the business as well as the specific expansion/growth/relocation plans: the level of new investment (with a breakdown of type of expense: construction, renovation, acquisition of equipment, etc.) and employment levels -- both current and projected. Provide time frames for both the projected total investment and job creation. As part of this narrative, please explain why the business is seeking Certified Project designation.

7. Is this business new to Massachusetts?  Yes  No

If no:

Where are the existing Massachusetts facilities?

Will this project require/trigger the closing or consolidation of any Massachusetts facilities? If yes, please explain.

8. Is this project an expansion of an existing business?  Yes  No

If yes, check the appropriate box:

at existing location

at new location in same municipality

at new location in different municipality

### 9. Job Creation

In order to qualify for Certified Project Status, the governing statute and regulations require the creation of new, permanent full-time employees in Massachusetts. On the chart provided (see next page), please fill in the blanks provided.

10. Certification for Abandoned Buildings -- Does the proposed project involve the renovation and reuse of an abandoned building?

Yes  No  Unsure

If yes or unused, please answer the following questions:

(a) How long has the building been vacant? (If know, state date)

(b) During this period of time, what percentage of the building was vacant and unused?

If the percentage varied during this time period, provide information for each change in the percent of vacant space and the applicable time period.

11. Local Employment -- What actions will you take to recruit employees from among residents of the ETA? Provide any information, documentation, or studies which demonstrate that:

(a) the business has the intention and capacity to achieve the anticipated level of new permanent full-time jobs for residents of the municipality/Economic Target Area; and (b) taking into consideration existing economic conditions, the proposed project is likely to succeed in creating and retaining the anticipated level of new permanent full-time jobs for residents of the municipality /Economic Target Area.

12. Affirmative Action -- Does the business have an Affirmative Action/Equal Employment Opportunity Plan or Statement?  Yes  No

If yes, please attach a copy.

If no, describe the business' hiring policies and practices.

13. Agreement Between the Business and Area Banks -- Describe briefly the business' local banking relationship(s), if any. Does the institution with which the business banks participate in the Massachusetts Capital Access Program, which is designed to commit a portion of the business' deposits to fund loans to local businesses?

14. Economic Benefits of Project Certification -- Provide a description of the economic benefits that are anticipated for the business and the project, if the project is certified.

For example, describe the anticipated state and local tax benefits, municipal road or infrastructure improvements, assistance for local job training programs, the impact of local permit streamlining and other benefits anticipated if the project is certified. Also, provide any information, documentation or studies demonstrating any additional benefits (i.e., reduction of blight, reuse of abandoned buildings, clean up of contaminated property, job training, provision of day care, any contributions to the community etc.) likely to accrue to the area as a result of Certified Project designation.

## SPECIAL REQUIREMENTS FOR REAL ESTATE PROJECTS

1. Will the business own or lease/rent the facility?  Own  Lease/Rent

If leasing/renting, please identify the developer/landlord, and state who will be the taxpayer of record for the purpose of paying local real estate taxes.

If owning, will the business fully occupy the space?  Yes  No

If no, does the business intend to lease/rent the remaining space?

2. Describe how the various tax benefits and other economic incentives that will result from Certified Project designation will be allocated among the business (es) developing the project (i.e., a developer or landlord) and the business(es) intending to purchase, lease or rent space at the facility (i.e., tenant or tenants).

## SUPPLEMENTAL INFORMATION

1. Name(s) of the business(es) intending to take advantage of the state tax incentives:

Business Name:

Federal Employer Identification #:

Address:

Phone:

Fax:

Contact Person:

Type of Organization (check all which applies):

Corporation  For-Profit  S-Corp  Non-profit

Business Trust

Partnership  General Partnership  Limited Partnership

Individual

Level of Interest:  5% Investment Tax Credit

10% Abandoned Building Tax Deduction (if applicable)



Local real estate tax incentive beneficiary

2nd Business Name (if applicable):

Federal Employer Identification #:

Address:

Phone:

Fax:

Contact Person:

Type of Organization (check all which applies):

Corporation  For-Profit  S-Corp  Non-profit

Business Trust

Partnership  General Partnership  Limited Partnership

Individual

Level of Interest:  5% Investment Tax Credit

10% Abandoned Building Tax Deduction (if applicable)

Local real estate tax incentive beneficiary

\*\*\*If there are more than two businesses intending to take advantage of these state tax incentives associated with this project, please provide the above information for all such businesses.

2. A -- If a corporation, please list the names and addresses of the officers and directors of said corporation, and any person and/or corporation with a financial interest of five percent or greater in said corporation.

B -- If a partnership, please list the names and addresses of all partners, and include the proportionate share owned by each partner.

C -- If a business trust, please name all members and beneficiaries of said trust.

3. Please provide the name, address, phone number and contact person for any organizations Which may own or control the applicant organization, or who are affiliated with the applicant business organization.

4. Certificate of Good Standing -- Please provide proof of good tax standing in the Commonwealth of Massachusetts via a Certificate of Good Standing, which is a letter issued by the Massachusetts Department of Revenue. To obtain a Certificate of Good Standing, please see Attachment I of this application.

## Exhibit C: Sandwich Tax Incremental Financial (TIF) Application

Company Name:

Address:

City, State, Zip:

Main Contact:

Phone:

Fax:

Email:

Executive summary of current business:

1. Applicant's current and/or previous presence in Sandwich.
2. Number of current and projected future employees – with documentation how the projected new jobs will compare to the area and/or community's per capita income.
3. Appropriateness of the business for the Town of Sandwich, as well as the appropriateness of the business at the proposed site of the investment.
4. Proposed investment and sources of funding.
5. Size of the TIF being requested.
6. Importance of the TIF agreement to the proposed Certified Project.
7. List other state funding/programs.
8. Location of the proposed development and assessor's plot plan.
9. Timetable for implementation.
10. Benefit of the project to the community.
11. Company's previous involvement in state or Town economic development programs or commitments.
12. Statement as to how the awarding of Tax Incremental Financing will be in the best interest of the Town of Sandwich.
13. List any previous community involvement.