

**CITY OF PITTSFIELD, MASSACHUSETTS  
DEPARTMENT OF COMMUNITY DEVELOPMENT**

**PROGRAM DESCRIPTION**

**THE MASSACHUSETTS ECONOMIC DEVELOPMENT INCENTIVE PROGRAM**

The purpose of this State economic development program, which was created in 1993 and modified in 2009, is to encourage job growth and private investment in areas identified by local communities and approved by the State. The program provides a process for negotiating various tax incentives (described below) with qualifying businesses in approved Economic Opportunity Areas in exchange for job growth and private investment that generate sales outside of Massachusetts.

**Economic Target Area**

Economic Target Areas (ETA'S) are geographic areas that meet at least one of eight minimum "economic distress" criteria based on unemployment, poverty rates, job loss, or commercial vacancy rates. Pittsfield, Dalton, Lenox, Lee, Great Barrington, and Sheffield have been designated the **Berkshire Economic Target Area**.

**Economic Opportunity Area**

Economic Opportunity Areas (EOA's) are the areas within the ETA in which the benefits actually occur. The EOA must be a "blighted open area," a "decadent area," a "substandard area," an area sustaining a plant closing or permanent layoffs with a cumulative job loss of 2,000 or more in the last 4 years, or an area that contains a generation facility that was sold at less than 50% of book value. Municipalities may apply for one or more EOA's within corporate limits.

**Tax Benefits**

This program can provide the following benefits to certified projects:

- **Investment Tax Credit** - a negotiated tax credit of up to 10% based upon qualified fixed asset purchases (depreciable tangible property purchased for use for the certified project). The credit is applied to State corporate excise or personal income tax. The amount of the credit depends on (1) the degree to which the project will generate net new economic activity by generating substantial sales from outside the State, (2) the number of new jobs that will be created in the next 2 years, and (3) how the project addresses the economic need of the ETA as measured by income and employment levels.
- **10% Vacant Building Tax Deduction** - 10% deduction on State corporate excise or personal income tax for an investment in a building in the EOA for which at least 75% of the total floor area has been vacant and unused throughout a 24 month period immediately prior to the application date.
- **Local real property tax incentives**, either through an approved Tax Increment Financing (TIF) plan or through a special tax assessment which provides for an assessment schedule that starts at 0% of the actual assessed value at year 1 and increases by up to 25% per year thereafter.

## Certified Projects

To qualify as a “certified project,” a business must either control a facility within an EOA or plan to locate one there. In addition, the project must meet one of the two following criteria with respect to the creation of permanent, full-time employment in Massachusetts:

- a. If the facility is currently located in the EOA, the proposal must provide for an expansion of permanent, full-time employees at the facility within 2 years. This expansion must both increase the number of permanent, full-time employees in Massachusetts and not replace or relocate its other permanent, full-time employees in other facilities in Massachusetts.
- b. If it is a new facility, then it must be either the business’ first Massachusetts facility, or a new facility and not a relocation or replacement of an existing Massachusetts facility, or an expansion of existing facilities which results in an increase in the number of permanent, full-time employees within 2 years.

Certified projects have 2 years to achieve job creation targets and the jobs must be retained for at least 5 years. If a project falls 50% below the employment targets, the certification may be revoked by the State and any past and future incentives may be taken back.

In addition, local communities may adopt local review criteria. This is an incentive program that involves dialogue and negotiation between the business, the municipality and the State.

## The Process

1. Municipalities and groups of municipalities establish an ETA approved by the Massachusetts Economic Assistance Coordinating Council. Pittsfield is part of the Berkshire ETA.
2. The municipality proposes certain areas within its boundaries as an EOA. The Berkshire Economic Development Review Committee reviews and approves EOA applications (Advisory only).
3. The Massachusetts Economic Assistance Coordinating Council reviews and approves EOA applications.
4. Businesses submit applications for Certified Projects to the municipality in which they are located.
5. The application is reviewed by the municipality. If approved, the application is forwarded to the Berkshire Economic Development Review Committee. The Berkshire Economic Development Review Committee reviews and endorses application (Advisory only).
6. The Massachusetts Economic Coordinating Council certifies projects.

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## LOCAL CRITERIA FOR DESIGNATION OF ECONOMIC OPPORTUNITY AREAS

### EXCERPT FROM ETA APPLICATION

The following criteria will be used in the designation of economic opportunity areas within the Berkshire Economic Target Area:

1. **Statutory Requirements** - All EOA's must meet each of the following minimum requirements:
  - The area is wholly within the designated Berkshire ETA, consisting of the City of Pittsfield and the towns of Dalton, Lee, Lenox, Gt. Barrington and Sheffield.
  - The EOA status will be proposed to last for a 5 - 20 year time period. (The time period will be specified in the EOA application when it is submitted by the ETA community).
  - The proposed area meets the definition of a "Blighted Open Area," "Decadent Area" or "Substandard Area".
  
2. **Local Criteria** - In general, each EOA should meet the following local criteria:
  - Are public incentives needed to stimulate investment in this area?
  - Are permanent new jobs for the ETA communities likely to be created during the time period that the EOA designation is in effect?
  - Is one of the three items below likely to occur?
    - Will private investment result in the rehabilitation of vacant or functionally obsolete industrial or commercial building? or
    - Is private investment in vacant land that has substantial development obstacles (such as wetlands, ledge, etc.) likely to occur? or
    - Will private investment result in the redevelopment of a decadent area?

In some circumstances, there may be a project of such stature or importance to the community that the following criterion may be used to substitute for up to two of the criteria above:

- Is there an overriding public benefit that makes this area particularly appropriate for designation as an Economic Opportunity Area?

**DEFINITIONS, as specified in 402 CMR 2.03:**

**Blighted Open Area** – a predominantly open area which is detrimental to the safety, health, welfare or sound growth of a community and which is predominantly open because it is unduly costly to develop it soundly through the ordinary operations of private enterprise. Factors which might make an area unduly expensive to develop include, but are not limited to, existence of hazardous materials or other contaminants; existence of ledge, rock, unsuitable soil, or other physical conditions; need for unduly expensive excavation, fill or grading; need for unduly expensive foundations or retaining walls, need for unduly expensive waterproofing, drainage or flood prevention measures; need for unduly expensive measures to protect adjacent areas and the water tables therein; need for unduly expensive measures incident to building around or over rights-of-way through the area; existence of obsolete, inappropriate or otherwise faulty platting or subdividing; deterioration of site improvements or facilities; division of the area rights-of-way; diversity of ownership; inadequate transportation facilities; inadequate utility systems; tax and special assessment delinquencies; a substantial change in business or economic conditions or practices; an abandonment or cessation of work begun on improvements; any combination of the above; or any other condition or conditions which are detrimental to the safety, health, or sound growth of a community.

**Decadent Area** – an area which is detrimental to safety, health, welfare or sound growth of a community because of the existence of buildings which are out of repair, physically deteriorated, unfit for human habitation, obsolete, or in need of major maintenance or repair; or because much of the real estate in recent years has been sold or taken for non-payment of taxes or upon foreclosure of mortgages; or because buildings have been torn down and not replaced and in which under existing conditions it is improbable that the buildings will be replaced; or because of a substantial change in business or economic conditions; or because of inadequate light, air, or open space; or because of excessive land coverage; or because diversity of ownership, irregular lot sizes, or obsolete street patterns make it improbable that the area will be redeveloped by the ordinary operations of private enterprise; or by reason of any combination of the foregoing conditions.

**Substandard Area** – an area wherein dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light, or sanitation facilities, or any combination of these factors, are detrimental to safety, health, welfare or sound growth of a community.