Local Tax Incentive Application

### Sturbridge’s Local Application for Local Credits under the Commonwealth’s Economic Development Incentives Program

# Overview

The Town of Sturbridge supports the growth and development of new and established businesses in our community. The Town has several tools to encourage economic development, but one of its most powerful is the tax incentive. This is an authority that is granted through Massachusetts General Law (M.G.L.) Chapter 40, §59 and allows the Town to provide tax abatements for projects that meet certain criteria. The town has also adopted its own specific policy regarding tax incentives and encourages potential applicants to view the policy by going to:

 [www.town.sturbridge.ma.us/businesses/pages/tax-incentives](http://www.town.sturbridge.ma.us/businesses/pages/tax-incentives).

# Types of Incentives

Under Chapter 40 Sturbridge can provide two types of tax incentives: (1) a Special Tax Assessment or STA, or (2) a Tax Increment Financing or TIF. A brief summary of each can be found below:

### Special Tax Assessment

An STA **exempts a percentage of the entire assessed value of a parcel**. The agreement is made for a period of no less than five (5) years and not more than twenty (20) years. Unlike a TIF agreement, no personal property taxes may be exempted under a STA agreement. There is a strict formula for how the assessment must be issued during the first five (5) years of the agreement:

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| --- | --- |
| Year of Agreement | Tax Assessment |
| Year 1 | Not less than 50% of total property taxes exempted |
| Year 2 | Not less than 25% of total property taxes exempted  |
| Year 3 | Not less than 25% of total property taxes exempted  |
| Year 4 | Not less than 5% of total property taxes exempted  |
| Year 5 – onward (as negotiated) | Not less than 5% of total property taxes exempted  |

The total yearly totals for taxes owed by the applicant will be determined by the Town Assessor based on the percentages negotiated. Please note that personal property taxes are not exempted under this incentive.

### Tax Increment Financing

TIF provides businesses with a tax abatement on their local property tax for a given parcel; **the abatement is only for the difference in valuation between the pre-investment and the post-investment valuation**. The business is expected to pay the full amount of the pre-investment property tax valuation. The abatement can range in percentage from as little as five (5) percent up to one-hundred (100) percent of the valuation and can last for no less than five (5) years and no more than twenty (20) years. Over the course of the TIF, the percentage of the tax abatement decreases from its highest amount and the applicant will be required to pay more of the full valuation. At the termination of the TIF, the business is responsible for the full amount of the valuation. Please note that personal property taxes can be exempted under this incentive.

Sturbridge will consider both types of incentives for projects; however its preference is to primarily support TIF projects.

# Application Process

In order for the Town of Sturbridge to accept and review a TIF request, the Applicant must first complete a letter of intent and submit that to the Town Administrator, the Economic Development and Tourism Coordinator and the Board of Selectmen. After submission of the letter the applicant must then submit this application form to the Sturbridge Local Incentive Review Committee (LIRC) for review and comment via the Economic Development and Tourism Coordinator (EDTC). It is strongly recommended that the Applicant speak with the town’s EDTC prior to submitting the application. Any questions can be directed to the EDTC using the information below (it is also found on the footer of each page):

 Kevin Filchak, M.P.A.

 Economic Development and Tourism Coordinator

 508.347.2500 ext. 1411

 kfilchak@town.sturbridge.ma.us

We thank you for your interests in Sturbridge. It is our goal to help you along in this process, please feel free to contact us with any questions or comments.

# Sturbridge – Local Tax Incentive Application

Please answer each question (found in grey boxes) completely and with as much detail as possible (answer in white boxes). Applications without sufficient detail will be returned to the Applicant for revisions.

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| Part 1: Contact Information  |
| Name of Business |
|  |
| Business Address |
|  |
| Mailing Address |
|  |
| Business Website |
|  |
| Business Phone Number |
|  |
| Business Owner(s)  |
|  |
| General Manager(s) (if different)  |
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| Primary Contact and Job Title |
|  |
| Primary Contact Phone Number |
|  |
| Primary Contact Email |
|  |
| Is the business classified by the MA Department of Revenue as a Manufacturer?  |
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| Please provide a brief description and history of the company |
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| Have you spoken with the Economic Development and Tourism Coordinator and/or the Massachusetts Office of Business Development about your proposed project? If so when?  |
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| Part Two: Parcel & Tax Information |
| Project Location (either address or parcel ID) |
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| Do you own the property in question? Are you planning to lease / rent it? (please indicate if you are currently in negotiations and /or have agreements to purchase the property)  |
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| If leasing / renting, identify the developer / landlord and state who will be the taxpayer of record for the purpose of paying local real estate taxes |
|  |
| Current Assessed Valuation of the Property (please provide only the monetary amount)  |
| $ |
| Current Personal Property Taxes paid for the Property  |
| $ |
| Proposed Monetary Investment in Property (please provide only the monetary amount) |
| $ |
| Estimated Valuation of Property after Investment (please provide only the monetary amount)  |
| $ |
| Current Number of Jobs (if applicable)  |
| Full Time: | Part Time: | Seasonal:  |
| Anticipated Number of Jobs Created; NOTE: construction jobs related to the project DO NOT COUNT |
| Full Time:  | Part Time: | Seasonal:  |
| For any full time permanent jobs that would be created, please fill in the chart below |
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|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category of Job | # of Jobs | Average Annual Salary | Healthcare Benefits? (Y/N)  | Pension, IRA and/or 401K? (Y/N) |
| Management |  |  |  |  |
| Professional |  |  |  |  |
| Skilled Labor |  |  |  |  |
| Unskilled Labor |  |  |  |  |
| Other |  |  |  |  |

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| Please provide any other details regarding the jobs created through the investment you feel are important for the town to know.  |
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| Part 3: Project Information |
| Please indicate which type of incentive you are seeking? (pick one) |
| Special Tax Assessment (STA) | Tax Increment Financing (TIF)  |
| In detail please describe your proposed investment in the property.  |
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| In detail, please describe why your business is requesting an incentive from Sturbridge. Be sure to explain the specific needs of your business and provide all available documentation and/or data to support your request.  |
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| In detail, please describe how this investment supports the goals of Sturbridge with respect to economic development.  |
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| Do you plan to use Sturbridge based contractors and suppliers for this project? If not will you use contractors based in southern-Worcester county? Please list names and locations of contractors/suppliers already identified.  |
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| What is the current state of your project? (i.e. conceptual, design, permitting, construction, etc.) If you have presented to local Boards or Committees, which ones and what were their determinations and/or recommendations?  |
|  |
| Have you contacted the Massachusetts Office of Business Development (MOBD) concerning your request? Will you be requesting state tax credits as well?  |
|  |
| Have you contacted MassDevelopment for support through any of their programs that may support this project? If so when and what was the outcome of those discussions?  |
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| Please describe for the Local Incentive Review Committee what your preferred incentive agreement would look like. Please indicate (1) the preferred duration of the agreement (between five and twenty years), and (2) the proposed exemption amount for each year (i.e. Year 1 – 75%, Year 2 – 50%, Year 3 – 25%...) |
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| In the event the town does not choose to provide your project with a local incentive, will you still move forward with the project in Sturbridge?  |
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| If there is anything else that you feel is important for the town to be aware of as it reviews your application, please detail that here.  |
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Thank you for completing this application. **Please save this application as a PDF and submit via email** to the Economic Development and Tourism Coordinator at kfilchak@town.sturbridge.ma.us at your earliest convenience. Our review will begin shortly after the application is received.