

Business Expansion Resources for Creative Economy Companies in Massachusetts

Under Governor Patrick, the Commonwealth has launched a Creative Economy Initiative and appointed a Creative Economy Industry Director in the Massachusetts Office of Business Development to work one-on-one with businesses and artists.

“One Stop” Access to the range of State resources. The Massachusetts Office of Business Development (MOBD) promotes capital investment and job creation in Massachusetts. We provide your “front door” to a range of government resources - state and local incentives and relationships - to help businesses grow. We coordinate the MA Business Resource Team (BRT), an alliance of 23 partner agencies, universities, community colleges, industry associations, and regional development councils, is committed to supporting development in Massachusetts. BRT members make available region-, industry-, and needs-based expertise to companies seeking to locate or grow in our state, and have a rapid response team to assist companies with reductions in staff.

Healthcare: The State recently launched a new Commonwealth Choice Contributory Plan for businesses under 50 full time employees. www.mahealthconnector.org

Site selection assistance. MassEcon works through its member network to develop site options for expanding businesses. MAED’s no-cost services can quickly identify properties that best meet the company’s key criteria.

Export Promotion (www.mass.gov/export). Export planning, strategy, international business plan development, international industry-specific trade shows, aid with international payment and financing, regulatory compliance and more.

Career Centers (www.mass.gov/dwd). Services for employers include: access to qualified applicants, help planning job fairs, posting of jobs, assessment of job candidates, rental of conference rooms, targeted mailings, and much more.

Small Business Development Centers (www.msbdc.org) Experience full-time business counselors providing counseling and training, financing, cash flow analysis, marketing and sales strategies, business plan development, and much more.

ArtistLink, works with artists, artist groups, arts-minded organizations, real estate developers, municipalities, and other proponents to develop spaces for creative individuals. Also has space finder service, including housing. www.ArtistLink.org | www.artspacefinder.org

Grants

Workforce Training Fund (WTF). Offered by the Department of Workforce Development, the WTF provides grants to train new employees or to upgrade the skills of existing employees. Grants in the manufacturing industry have usually averaged \$1,100 - \$1,500 per employee, and are capped at \$250K. The WTF has no income requirements and companies applying to the program for the first time receive preference. Companies typically meet a match requirement through the salaries of employees as they provide or receive the training funded by the grant. The Commonwealth Corporation provides no-cost assistance to help ensure the quality of final application. A WTF grant requires approval of the Workforce Training Fund Board. www.mass.gov/wtf. There are also Safety Training Funds available, for specific trainings around hazards. www.mass.gov/dia

‘Green’ or Sustainable Energy Grants: The state has a number of programs to support the conservation and production of clean energy for businesses, including Photovoltaic (PV) installation support (Commonwealth Solar), Large onsite renewable Initiative, and much more, please contact for more information <http://tinyurl.com/DOER-CERT>.

The Massachusetts Cultural Council’s Cultural Facilities Fund provides Capital Grants and Feasibility and Technical Assistance Grants to promote the acquisition, design, repair, rehabilitation renovation, expansion, or construction of nonprofit cultural facilities in Massachusetts. All grants from the Fund must be matched with cash contributions from the private or public sector. www.massculturalcouncil.org

MCC's Adams Arts Program for the Creative Economy funds projects that create jobs and income, revitalize downtowns, and draw visitors. Only nonprofits or municipalities may apply, although they may use private sector partners. The Massachusetts Cultural Council also has grants for non-profit cultural organizations and individual artists.

Tax Incentives

Economic Development Incentive Program (EDIP) www.mass.gov/bizteam

EDIP is a partnership between a company, a municipality, and the state that imparts to a project:

- Tax Increment Financing (TIF). A TIF is essentially a reduction in local property tax resulting from new investment on a site, resulting from a negotiated agreement with the municipality. The discount may range from 5% up to 100% per year, on taxes resulting from project investment, for up to 20 years.
- A 5% investment tax credit (ITC). The 5% ITC applies to tangible or depreciable property with a service life of at least four years, and may be carried forward for the length of the TIF agreement, plus five years. To be eligible, the company must propose a project in a participating community that will create at least one new job and capital investment at the site. The TIF and 5% ITC become available when the state certifies the project. Over 160 cities and towns participate in the program.

Film Tax Credit. Highly competitive tax incentives for film production and digital media companies. Key provisions include: a 25% credit on all spending in state, no sales tax on production spending, no caps and no limits, and only a \$50K budget requirement. The credit applies to digital media production as well. 70% of the production must be shot in MA. Contact the Creative Economy Industry Director or the Massachusetts Film Office for more information. www.mafilm.org

Van Pool Tax Credit A domestic or foreign corporation may claim a credit equal to 30% of the cost incurred during the taxable year for the purchase or lease of company shuttle vans used by the corporation in an employer-sponsored ride sharing program in the commonwealth. www.mass.gov/dor

Manufacturing Tax Credits/Apportionment www.mass.gov/dor

- 3% Investment Tax Credit (ITC). Companies recognized as manufacturers by the Massachusetts Department of Revenue that do not participate in the EDIP may claim a 3% ITC.
- Sales and Use Tax Credit. Massachusetts exempts all manufacturing equipment and R&D equipment from sales and use taxes. Therefore, regardless of where a company purchases this equipment, they will not pay the 5% sales tax nor the 5% use tax.
- Personal Property Tax Exemption. Manufacturing corporations in Massachusetts qualify for a 100% exemption on personal property taxes taken against tangible depreciable assets, such as equipment.
- Single Sales Factor for Tax Apportionment. A substantial cost advantage to manufacturers is the "single sales factor" tax apportionment. For manufacturing corporations with multi-state tax filings, the single sales factor apportions state excise tax based solely on a ratio of in-state sales to total sales.

Research and Development Tax Credit. In MA, any costs which would qualify for the Federal R&D tax credit are eligible for a 10% R&D Tax Credit in addition to the Investment Tax Credit and can reduce tax liability to the minimum of \$456 annually. In addition, a 15% R&D Tax Credit is available for costs related to donations and contributions made to research organizations such as hospitals and universities. The R&D credit is permanent, but cannot reduce a corporation's tax liability below the minimum \$456 and cannot reduce any tax liability over \$25,000 by more than 75%.

Abandoned Building Renovation Tax Credit. Massachusetts law allows as a deduction an amount equal to 10% of the costs incurred in renovating qualifying abandoned buildings located in an Economic Opportunity Area (EOA). The buildings must be designated as abandoned by the Economic Assistance Coordinating Council. The renovation deduction may be taken in addition to any other deduction for which the renovation costs qualify. This deduction is available for personal income taxpayers (Schedule C or E) or for corporations whose tax liability is determined by net income.

Financing – please call about financing – we have many programs, including this example:

Emerging Technology Fund (ETF). Offered by MassDevelopment, the Emerging Technology Fund provides loans and guarantees for technology-based manufacturing facilities and equipment, focusing on companies transitioning technologies to commercialization. Loan awards may reach up to \$2.5 million and are subject to approval by the MassDevelopment Board of Directors.