



Diane Nichols Tradd
Assistant City Manager/DPD Director

MEMORANDUM

Craig Thomas
Deputy Director

TO: Eileen M. Donoghue, City Manager *EMD*

FROM: Diane N. Tradd, Assistant City Manager/DPD Director

DATE: March 10, 2020

SUBJECT: COUNCIL MOTION OF 02/04/20 BY COUNCILOR DRINKWATER
 REQUEST CITY MANAGER PROVIDE A REPORT ON COMPANIES WITH CURRENT TAX
 INCREMENT FINANCING (TIF) AGREEMENTS, INCLUDING INFORMATION ON THE
 AMOUNT OF TAX SAVINGS FOR THE COMPANY; AMOUNT OF REVENUE GENERATED TO
 THE CITY, DURATION OF THE AGREEMENT INVESTMENT AND JOB CREATION TO DATE,
 AND OVERALL COMPLIANCE WITH THE TERMS OF THE TIF AGREEMENT

The Massachusetts Economic Development Incentive Program (EDIP) was established in 1993 as a state tax incentive program designated to stimulate job creation, private investment and economic development in target areas within Massachusetts such as Lowell. Changes to the EDIP program in recent years increased the pool of communities eligible to offer TIFs. Lowell's advantage over other communities includes an inventory of excellent and affordable commercial properties, its diverse labor force as well as the support and pro-business approach by both the City's Administration and the Lowell City Council.

When considering whether to offer a TIF to companies moving to Lowell we consider a number of factors including the location and condition of the property they plan to move to or expand in, the amount of investment they plan to make, and the number and types of jobs they plan to bring to Lowell. To date, the Lowell City Council has been very supportive of the EDIP program. Since its adoption, more than 30 projects have been approved as Certified Projects, representing more than \$400M in private investment and the creation of more than 4,500 new jobs in Lowell.

The TIF exemption only affects the growth in property taxes. The baseline taxes due on the building will continue to be paid in full throughout the TIF term, as well as a percentage of the new tax growth each year. Currently, the City has seven (7) TIF agreements with the following Companies: HB Software Solutions; Kronos; MACOM Technology Solutions; Markley Group; Metrigraphics; Plenus Group and Somerset Industries.

If a Certified Project does not meet its job creation and retention obligations under the TIF agreement the City has the authority to revoke the TIF agreement and recapture the tax exemption benefits received by the Company retroactive from Year I of the TIF agreement pursuant to the following chart:

	Job Creation		
	Proposed (i.e.)	50% Threshold	Below 50% Threshold
Number of Jobs to be created/retained	100	50	<50
Allowed tax benefit recapture by the City	0	50%	100%

Overall, our Certified Projects surpassed private investment goals, and are creating jobs at a steady rate. We anticipate that all our Certified Projects will meet their job creation goals as indicated on their TIF agreement. Metrigraphics has surpassed its job creation by 131% creating 116 additional new jobs to date. The Economic Development staff will continue to monitor our Certified Projects for compliance.

Attached please find detailed information pertaining to our current TIF agreements, including: TIF duration; tax savings by the company; new taxes capture by the City; jobs created; and private investment to date.

DNT/ns
 Attachment

cc: Christine McCall, Director of Economic Development
 Susan LeMay, Chief Assessor
 Maria Dickinson, Economic Development Officer

Appendix 1- City of Lowell Certified Projects (TIFs)

Certified Project	Address	TIF Duration (Yrs.)	TIF Agreement (Yr.1)	TIF Agreement Expiration (Yr.)	Total Private Investment Proposed	Total Private Investment To Date	Total Private Investment To Date - Proposed	Total # Jobs Proposed	Total # Jobs (2019)	Total # Jobs To Date - Proposed	Total Savings in Real Estate Taxes for Project To Date	New Revenue in Real Estate Taxes to the City (above baseline value) To Date
HB Software Solutions	1075 Westford St	10	2011	2021	\$ 2,600,000	\$ 3,001,900	\$ 401,900	15	18	3	\$ 75,481.30	\$ 143,112.92
Kronos	900 Chelmsford St	12	2016	2028	\$ 56,000,000	\$ 59,313,815	\$ 3,313,815	1,706	1,637	(69)	\$ 996,436.33	\$ -
MACOM	100 Chelmsford St	10	2016	2026	\$ 15,000,000	\$ 23,010,786	\$ 8,010,786	420	414	(6)	\$ 152,763.41	\$ 86,227.44
Markley Group	2 Prince Ave	20	2015	2035	\$ 150,000,000	\$ 53,399,008	\$ (96,600,992)	100	26	(74)	\$ 1,237,985.00	\$ 320,581.96
Metrigraphics	1001 Pawtucket St	13	2014	2027	\$ 5,500,000	\$ 6,593,567	\$ 1,093,567	172	225	53	\$ 26,963.38	\$ 11,459.23
Plenus Group	101 Phoenix Ave	10	2017	2027	\$ 8,588,000	\$ 9,372,752	\$ 784,752	92	76	(16)	\$ 93,319.55	\$ 64,301.77
Somerset Industries	137 Phoenix Ave	10	2015	2025	\$ 2,500,000	\$ 4,615,000	\$ 2,115,000	58	45	(13)	\$ 32,695.43	\$ 25,567.48

Data Source: MA Economic Development Incentive Program (EDIP) Annual Reports and DPD Survey