



March 15, 2010

Mr. Michael Hunter, Co-Chair,
Ms. Tina Brooks, Co-Chair, and members of the
Economic Assistance Coordinating Council
Executive Office of Housing & Economic Development
One Ashburton Place
Boston, MA 02110

RE: Proposed Regulations regarding the EDIP Program

Greetings:

The Massachusetts Economic Development Council (MEDDC) is committed to supporting and strengthening economic development throughout the Commonwealth. We are the state professional association of economic developers founded in 1964 representing one-hundred economic development practitioners across the Commonwealth. Our board has reviewed the recent legislative changes and proposed regulations. We offer this comments to strengthen and improve the effectiveness of the EDIP program.

MEDDC supports the judicious and prudent use of economic development incentives. The Massachusetts Economic Development Incentive Program (EDIP) has for a long time been one of the few economic development programs that can be used by communities of all sizes to address their economic development needs. EDIP has been a program that has been flexible and can be tailored to companies of all sizes. We believe this flexibility is a key attribute that needs to be preserved, so that economic development incentives can be used for Main Street businesses as well as larger corporate employers creating permanent jobs for Commonwealth residents.

We support the fine-tuning of the EDIP program. We believe that more robust review and monitoring processes are essential to assure the program's credibility. We offer these suggestions to the proposed regulations that are the subject of today's hearing and changes in the EDIP program, overall.

1. Reduce the minimum new jobs creation threshold. Small businesses are a major source of employment and business growth. As a Commonwealth, we should make available economic development incentives to all sizes and scale of businesses which are creating jobs. The threshold for one-hundred new jobs is too high.

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Business growth, especially by small businesses, is typically in smaller increments, two jobs, and five jobs, ten, fifteen or twenty jobs.

2. EDIP should be a valuable tool for redevelopment. The use of the EDIP to foster job creation and new business location in downtowns, brownfields, redevelopment and abandoned areas with existing buildings, and urban renewal areas should be strongly encouraged throughout the Commonwealth. Redevelopment often involves smaller scale businesses, and a series of incremental improvements, including businesses incrementally growing and expanding. The 100-job threshold makes significantly reduces the ability to use EDIP as tool to foster redevelopment. The substantial out-of-state sales requirement on an annual basis places a difficult hurdle, and at times impossible hurdle, for the use of this tool in redevelopment situations. Sometime businesses that can be a lynch-pin or anchor to a redevelopment project or downtown revitalization effort, such as a medical office facility, professional services, an arts or educational facility may not have 25% out-of-state sales. However, some type of economic development incentive through EDIP may be critical to the businesses decision to locate in the redevelopment area. The tax incentive may be needed to offset the higher cost of redeveloping an existing building or building vertically compared to moving to a green field and building all on one-level.

So as to enable the selective use of the EDIP certified projects in redevelopment situations, MEDC suggests the definition of Project Proposal include at inclusion of the following language in the regulations at the end of section 2:02(3)A: be added: "or when the Municipality and the Director agree that the "Certified Expansion Project" is a priority project and critical for the redevelopment of the municipality."

3. Make the EDIP program and all types of incentives available for all communities with high distress. MEDC strongly supports the Gateway City program. However, we recognize that there are many types and sizes of communities experiencing significant economic distress and dislocation during this recession. Of the 25 communities in the Commonwealth with the highest unemployment rate, only five are Gateway Cities. Twenty of the 25 communities with the highest unemployment rates have populations less than 35,000. There are 73 municipalities in the Commonwealth with a household median income lower than the state and with an unemployment rate greater or equal to the state unemployment rate. These communities have real needs, and should be eligible to utilize the highest levels of EDIP incentives to arrest economic distress.
4. Increase the amount and size of incentive to encourage businesses to locate in municipalities with the highest levels of distress. Manufacturing jobs and jobs of all business types should be encouraged to locate in communities with high economic

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distress levels. The highest value economic incentives should be used to entice companies that create jobs and expand in the economically-neediest municipalities of the Commonwealth.

5. Retain the ability to quickly respond to business opportunities. The review and approval of EOAs should be possible and occur throughout the year, and not just at designated times. Thus, MEDC suggests that 2.07(2) be amended to read “Municipal applications for designation of an EOA may be submitted to the EACC at any time.” This will enable local communities to plan and secure necessary local approvals, which often require a Town Meeting vote, based on local needs.
6. Support Employment Throughout the Commonwealth. The focus of employment should be expanded to include all residents of the Commonwealth, and not just employees of the ETA or the local municipality. While MEDC supports hiring locally whenever possible, we believe that many employers are regional assets and hiring should not be so circumscribed. For example, an employer based in Boston is in one ETA, but should not be limited to hiring residents of that ETA, which may lessen the opportunity for a resident of Chelsea, a community with a higher unemployment rate than Boston, which is in a different ETA. MEDC also encourages municipalities and companies of all sizes connect with their Regional Employment Board, Career Center, local community college or other training facility to make the critical job creation and training link for area residents. [Section 2.07(6)(c).]

Thank you for your consideration of our comments. The Massachusetts Economic Development Council stands ready to work with you and the Economic Development Assistance Coordinating Council to craft these regulations so as to advance economic development and prosperity for all residents of the Commonwealth.

Sincerely yours,

Kathleen McCabe, AICP, EDP
President, MEDC