

### ***Economic Development Incentives***

Lowell's Economic Development Office (EDO) of the Department of Planning and Development offers a host of financial incentives and technical assistance to companies and developers including site selection, traditional and non-traditional finance programs, tax incentives, workforce development, procurement assistance and other areas of business support.

These incentive programs are provided directly by EDO or in partnership with the Lowell Development and Financial Corporation, the Lowell Small Business Assistance Center, the Greater Lowell Workforce Investment Board, Career Center of Lowell, Massachusetts Office of Business Development, MassDevelopment, the U.S. Small Business Administration and other local partners. Please note that all financial programs are contingent on funding availability and may change from time to time. Please go to [www.lowell.org](http://www.lowell.org) and click on "Work" for the most up-to-date information.

### ***Lowell Programs***

#### **(1) Tax Incentive**

Companies creating a significant number of jobs within Lowell may be eligible for real estate tax exemption of up to 100% under the Economic Development Incentive Program (EDIP). This program is offered in partnership with the Commonwealth of Massachusetts and is described in further detail under "State Programs."

#### **(2) Loan Programs**

- The Relocation Assistance Program offers forgivable loans to offset some of the relocation costs borne by new Lowell businesses. The amount varies depending on the number of jobs created of benefit to Lowell residents.
- The Small Business Loan Program offers low interest loans ranging from \$10,000 to \$35,000 to businesses seeking gap financing or working capital to support their growth strategy. A sound business plan supporting future growth is a prerequisite for eligibility.
- The Lowell Development & Financial Corporation (LDFC) offers loans of up to \$250,000 for the acquisition, construction or renovation of a commercial property. The fixed interest rate is 40% of the prime-lending rate.
- The Lowell Small Business Assistance Center (LSBAC), as a recipient of an SBA PRIME, is establishing a microloan fund and anticipates that the first loans, ranging from \$2,000 to \$10,000, will be made in the Fall of 2010. The fund can be used for capacity building, working capital and startup expenses.

#### **(3) Site Finder Services**

The City can assist companies seeking space to find the location they need, based on their specific requirements. The Economic Development team maintains a database of industrial, R&D, flex, office and retail spaces. Within 24-hours, the EDO can deliver listings of suitable spaces for lease or sale.

### ***Commonwealth of Massachusetts Programs***

#### **(1) Tax Incentives**

- Economic Development Incentive Program – The City of Lowell is an Economic Target Area (ETA) which allows potential job creation projects to be eligible for state and local tax benefits. Locally, the City can offer a Tax Increment Finance (TIF) agreement which provides tax abatement on added incremental value. At the State level, the tax credit benefit and eligibility requirements will vary depending on the category of project.
- Up to 10% State Investment Tax Credit – Once the TIF is approved locally by the Lowell City Council, it allows the company to be eligible for Investment Tax Credit for all tangible, depreciable investments. Some projects may not require local approvals.
- 10% State Abandoned Building Tax Deduction – This deduction is applicable for costs associated with the renovation of an abandoned building that's at least 75% vacant for at least two (2) years.
- Research and Development Tax Credit – Any costs which qualify for the Federal R&D tax credit are eligible for a 10% Massachusetts R&D Tax Credit.
- 20% State Historic Rehabilitation Tax Credit - Under this program a certified rehabilitation project on an income-producing property is eligible to receive up to 20% of the cost of eligible expenditures in state tax credits.

*Continued ...*

**(2) Loan Programs**

MassDevelopment has financed companies of all sizes across the Commonwealth with loans, guarantees, and tax-exempt bonds. Financing can be used to purchase real estate, building rehabilitation, equipment, as well as provide export financing to access global markets.

EDO also works with other non-traditional financial lenders and can offer businesses a full gamut of options.

**(3) Workforce Training Grant**

A state grant program for training employees, this program has a regional application process that runs through a city department – the Lowell Career Center. The Economic Development Office will assist companies wishing to relocate to Lowell and create jobs in utilizing this program, which can offer grants of up to \$250,000.

**Federal Programs****(1) Renewal Community**

Lowell is one of just 40 communities nationwide that have a federal Renewal Community designation. This designation expired on December 31, 2009, but efforts are underway to extend the program. Assuming a successful extension of the RC designation, the program benefits businesses through the following incentives:

- Commercial Revitalization Deduction - A business that constructs or rehabilitates commercial property in the Renewal Community (RC) can accelerate depreciation of eligible acquisition and rehabilitation costs. A business can deduct 50% of eligible expenditures in the year the building is placed in service or deduct 100% of eligible costs pro-rated over 10 years.
- Employment Credit - A business that is located in the RC can receive wage credit of up to \$1,500 per year for each employee they hire who lives and works in the RC district.
- Increased 179 Deduction – Businesses can take an increase in deduction up to \$35,000 of the cost of eligible purchases, subject to certain limitations, in the year the equipment is placed in service.
- Zero Percent (0%) Capital Gains: RC businesses that hold a business asset for a minimum of five years may not have to include any “qualified capital gain” in its gross income from the asset’s sale or exchange.

**(2) SBA Loan Guarantee Programs**

The SBA offers business loan guarantees and equity financing. The following are the primary vehicles for starting and growing a small business but the Massachusetts SBA should be contacted for further information.

- 7(a) Loans - A loan guarantee offered in conjunction with banks and other lenders.
- 504 Loan Program - Long-term, fixed-rate, subordinate mortgage financing for acquisition and/or renovation of capital assets.
- America’s Recovery Capital Loan Program - Up to \$35,000 in short-term relief for viable small businesses facing immediate financial hardship to help ride out the current uncertain economic times and return to profitability.

**(3) Historic Tax Credits**

- 20% Federal Historic Rehabilitation Tax Credit - 20% federal tax credit for the certified rehabilitation of certified historic structures. The 20% credit is available for properties rehabilitated for commercial, industrial, agricultural or rental residential purposes.
- 10% Federal Historic Rehabilitation Tax Credit - 10% federal tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936.

**(4) HUB Zones & Procurement Opportunities**

The HUBZone Program promotes economic development and creates job opportunities by providing federal contracting preferences to small businesses that obtain HUBZone certification. The City of Lowell is located within a HUB Zone, which gives Lowell local small businesses the opportunity to tap into more than \$425 billion of purchasing power by our federal government.

***For more information on these incentives, visit [www.lowell.org](http://www.lowell.org) or contact the Economic Development Office at (978) 446-7200.***