

Economic Development Bill Awaits Legislative Vote

Infrastructure investment incentive offers a new development tool tied to job growth

A new state-local infrastructure development bill tied to job creation rather than the property tax is being considered by the Legislature. House 5111, the Infrastructure Investment Incentive (I³) bill, is a practical addition in this current fiscal environment since it encourages economic development in Massachusetts by providing public support of infrastructure improvement for projects that create net new jobs in the state.

I³ reflects more appropriately the current tax structure between the state and cities and towns in Massachusetts. The bill recognizes that development that creates net new jobs will benefit the Commonwealth with additional personal income and sales tax receipts and the municipalities with additional property tax revenue. Because both levels of government share in the benefits of the development, I³ requires that both share in the risk of offering an incentive.

H5111 is a complex bill that would apply to a specific type of development in cities and towns that would create net new jobs in

Massachusetts. Availability of a job creation development incentive would enable municipalities to work with the state on projects where this approach is appropriate and to better target projects where property tax incentives such as District Improvement Financing (DIF) would work.

An attractive feature of this bill is that before an economic development plan is presented to the state and local community for approval, the developer must first complete the permitting process at the local level. That requirement provides strong incentive for the municipality to streamline its permitting process in order to move forward on a more timely basis with a project.

This bill would provide a useful tool to develop sections of Boston in need of significant infrastructure improvement. This incentive enables municipalities to work with the state to share the risks and the rewards while establishing adequate acceptance procedures to ensure that both are financially protected in executing a development plan.