

GREEN FOR BROWN

Brownfields Financing

Smart Growth/Smart Energy Conference

December 7, 2007

Catherine Finneran, MassDEP Brownfields Coordinator



1998 Brownfields Act

- Financial Incentives
- Liability Protection
- Subsidized Insurance
- Tax Incentives



Brownfields Tax Incentives

- Massachusetts Brownfields Tax Credit
- Federal Brownfields Tax Deduction
- Municipal Tax Abatement Provision



MA Brownfields Tax Credit

- 50% Tax Credit
 - Taken at the Completion of Cleanup
 - RAO or ROS Filed with MassDEP
- 25% Tax Credit
 - If Cleanup Uses an AUL

Who Can Apply?

- Corporate Excise Filers
 - Foreign or Domestic
- Limited Liability Corporations (LLCs)
- Personal Income Tax Filers
- Non-Profit Corporations

Eligible Properties

- Owned or Leased for Business Purposes
- Reported to MassDEP
 - Release Tracking Number (RTN)
 - M.G.L. Chapter 21E
- Located in Economically Distressed Areas (EDAs)

Eligible Costs

- “Net Response and Removal Costs”
- Costs Incurred Between:
 - August 1998 to January 2012
- Cleanup Commenced by August 5, 2011
- “Costs Must Exceed 15% of the Assessed Value of Property Prior to Remediation”

How the MCP Defines “Response Action” and “Removal”

- Response Action: “Assess, assessment, contain, containment, remove or removal”
- Removal: “Cleanup or removal of released oil or hazardous material from the environment”



Procedures

- RAO or ROS is Filed with MassDEP
- Brownfield Credit Application is Filed with MassDOR (Form BCA)
- Brownfield Credit Transfer Application is Filed with MassDOR (Form BCTA)
- MassDOR Issues Certificate to Taxpayer or Non-Profit

Program Results



Federal Tax Deduction

- Tax Relief Act of August 1997
- Cleanup Costs Fully Deductible the Year Incurred
- Reduces Tax Burden by Lowering Taxable Income
- Offsets Short Term Cleanup Costs

Who Can Apply?

- Owner of Property/Taxpayer
- Long-Term Tenants (in some circumstances)
- New Developer
- Responsible Party Changing Use of Property

Eligible Properties

- State Eligibility Letter:
 - √ Release or Threat of Release
 - √ Hazardous Material and/or Petroleum Contamination
 - √ Not Listed on NPL
 - √ Held for Business or Income Generation
- No Geographical Restrictions

Eligible Costs

- “Incurred in Connection with the Abatement or Control of a Hazardous Substance”:
 - Site Assessment
 - Site Monitoring
 - Cleanup Costs
 - Operation and Maintenance Costs
 - Removal of Demolition Debris

Kendall Square, Cambridge



Photo Courtesy of Lyme Properties

Kendall Square, Cambridge



Photo Courtesy of Lyme Properties

Municipal Tax Abatement

- Allows Municipalities to Negotiate:
 - Outstanding Real Estate Taxes
 - Interest
 - Penalties
- Commitment to Cleanup and Redevelopment

Requirements

- Developer is an “Eligible Person”
- Oil or Hazardous Material Contamination
 - Chapter 21E
- Property Zoned for Commercial or Industrial Use

Procedures

- Community Adopts By-Law or Ordinance
- Site Specific Agreement is Negotiated Between Community and Developer
- Copies Provided to MassDOR, MassDEP, and EPA

Polar Beverages, Worcester



Photo Courtesy of Polar Beverages

Historic Tax Credit



Photo Courtesy of MassHistoric

Low-Income Housing Tax Credit



Image Courtesy of the Allston Brighton CDC.

For More Information

Catherine Finneran, MassDEP

(617) 556-1138

Catherine.finneran@state.ma.us

MassDEP Brownfields Website:

<http://www.mass.gov/dep/cleanup/brownfie.htm>

