

May 9, 2017

Honorable Michael D. Brady, Senate Chair
Joint Committee on Revenue
Room 519, State House
Boston, MA 02133

Honorable Jay R. Kaufman, House Chair
Joint Committee on Revenue
Room 34, State House
Boston, MA 02133

Subject: Support for S. 1610 “An Act to extend the Brownfields tax credit”

Dear Chairman Brady, Chairman Kaufman, and Committee members:

The LSP Association (LSPA) is the non-profit association for Licensed Site Professionals (LSPs) and related practitioners. LSPs are the scientists, engineers, and public health specialists licensed by the Commonwealth to work on behalf of property owners, operators, and other involved parties to oversee the assessment and cleanup of oil and hazardous materials released to the environment. Through education and information, we work to help our nearly 800 members achieve and maintain high standards of practice in overseeing the assessment and remediation of hazardous waste disposal sites. Our members work with their institutional, non-profit, government, and private clients to remediate contaminated sites, often in economically distressed areas, so these properties can be placed back into active and productive use.

We write to express our support for S. 1610 “An Act to extend the Brownfields tax credit.” S. 1610 proposes to extend the Massachusetts Brownfields Tax Credit program from 2018 to 2023, thereby ensuring liability relief and financial incentives to clean up and redevelop contaminated properties. The Brownfields Tax Credit is an important part of the Commonwealth’s comprehensive program to revitalize and reuse contaminated sites. As we did in April 2013, the LSPA once again urges the committee to support and fast track this bill so that current remediation projects are not stalled and new projects may begin.

Incentives and Benefits Quantified

Since 1998, the Brownfields Tax Credit, created as part of the Brownfields Act, has been a key factor in attracting new investment in properties that might otherwise be tied up in litigation and financial woes, while ensuring that the Commonwealth's high standards for public health, safety, and the environmental are met. Sites that would otherwise have been dormant, or worse, have become useful again. These success stories are ones in which our members are actively involved.

The October 2012 report by Redevelopment Economics entitled “*Analysis of the Economic, Fiscal, and Environmental Impacts of the Massachusetts Brownfields Tax Credit Program,*” for NAIOP Massachusetts, the Commercial Real Estate Development Association, and the Massachusetts Economic Development Council, quantified the economic, employment, state revenue, public health, environmental, and smart growth benefits of this tax credit. It demonstrated that the BTC pays for itself and is a highly beneficial credit that, if discontinued, would have significant deleterious impacts.

More recently, MassDevelopment, in its *2016 Brownfields Redevelopment Fund Annual Report*, stated:

To witness the Fund’s effectiveness, look no further than the diverse mix of projects that brownfields dollars have helped create. The Fund has filled financing gaps and laid the groundwork for growing manufacturing companies, an opioid treatment center, industrial mills being converted into mixed use centers, and affordable housing developments. Nearly 700 projects have taken advantage of the Brownfields Redevelopment Fund to date, showing both its effectiveness and appeal as a redevelopment tool.

More Opportunity From Cleaning Up to Higher Environmental Standards

The Massachusetts program for remediation of properties contaminated by oil and hazardous materials is a privatized one. Licensed Site Professionals (LSPs - our members), are required to attest that a site has been remediated to the Commonwealth’s cleanup standards, which include unrestricted and restricted uses. Under the tax credit program, the Commonwealth gives preference to sites that are cleaned up to an unrestricted use; that is, they have no activity and use limitation and are suitable for residential development.

A 50% credit is offered for unrestricted cleanup, compared with a 25% credit for sites that do not achieve this high cleanup standard. Therefore, there is significant financial incentive to conduct an unrestricted cleanup. And indeed the October 2012 report confirms that the vast majority of sites cleaned up, or in the process of being brought into compliance, would have unrestricted uses. This is a good thing – offering communities more opportunities and flexibility for productive re-use of land. Contaminated sites that once posed dangers to the public are being brought into compliance and now, rather than eroding our paying limited resources, are serving to expand our economic and tax-base.

The Commonwealth Needs More Time

Planning for and securing project financing is complex. Development of these properties, in many cases, turns on the availability of the Brownfields Tax Credit to make the economics of the project work. And, assessment and remediation of a contaminated property typically takes several years. LSPs, property owners, and developers need time to do their work.

A tax credit through 2023, as proposed in S. 1610 “An Act to extend the Brownfields tax credit,” would provide the timeframes most beneficial to supporting more thorough remediation, resulting in unrestricted land uses, and maximizing project financing opportunities.

A tax credit program extending through 2023 would result in more stability and predictability for all stakeholders. The Commonwealth will realize the benefits. The LSPA urges the committee to support and act on S. 1610.

We appreciate your consideration and, at your request, are happy to provide additional information.

Sincerely,



Michael A. Penzo, CPG, PG, LSP
President



Wendy Rundle
Executive Director