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Town eyes business growth plan: Tax breaks for creating jobs

Seeks to join state program

By Bethany Bray Staff Writer

Andover leaders hope to join a state program that gives tax breaks to businesses that create jobs.

In applying for economic target area designation, Andover becomes one of the last towns in the Merrimack Valley to join the program. In such target areas, tax credits of up to 10 percent may be awarded to companies based on the number of new jobs they create. Both local tax relief and investment tax credits from the state may be offered.

"There are a number of tools in the economic tool box, and this is one that has a real economic impact. (Businesses) can take advantage of tax increment financing and related tax advantages and programs to underwrite their development activities and plans," said Town Manager Buzz Stapczynski. "I didn't realize we were the only community in the Merrimack Valley that had not become an ETA. When I found that out, I felt it was an important element of our business growth and retention plan."

Selectmen gave Stapczynski and Paul Materazzo, director of community development and planning, approval to apply for economic target area status on July 12. The entire town of Andover would be an economic target area by the fall if the application is approved by the state's Economic Assistance Coordinating Council.

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"It could be used as an opportunity to encourage (existing) companies to expand, but it also could be used as a recruitment tool, and fill vacant spaces," said Joe Bevilacqua, president/CEO of the Merrimack Valley Chamber of Commerce. "It's a positive tool for the town's economic development strategy, and has been successful in other towns."

North Andover, Dracut, Haverhill, Methuen and Lawrence all have ETA designation.

The program favors manufacturing, high tech, biotechnology, pharmaceutical, research and development companies - businesses that create high-paying, long-term, skilled labor jobs, said David Tibbetts, president of the Merrimack Valley Economic Development Council.

To qualify for tax breaks through the program, a company must sell at least 25 percent of its products or

services out of state. Andover companies like Raytheon and Pfizer are prime examples, said Tibbetts.

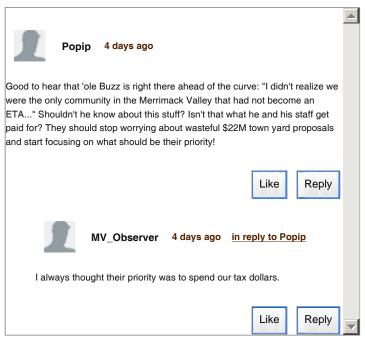
"Any time a town can offer an incentive to stay in town and create revenue, we consider it a good thing," said Tibbetts.

"I look at it as a win-win," said Stapczynski. "It would be great to get new companies to move into Andover, but when you can have the existing companies grow and expand here, that's even better."

ETA tax credits keeps jobs and businesses in state that might be lured to other areas of the U.S. that have lower taxes, overhead costs and less strict zoning and requirements, said Dennis DiZoglio, executive director of the Merrimack Valley Planning Commission.

The Malden Mills company received tax credits through ETA for its expansion in Methuen and Lawrence, and Lawrence used ETA to bring about half of the businesses into an industrial park near the Greater Lawrence Technical School, said DiZoglio.

"Andover has a significant business presence. There are a number of businesses in Andover that employ a lot of people in the Valley. It's one of the few towns that bring



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more people into town (for work) than export. It's an economic engine for the region," said DiZoglio. "Stimulating companies to expand or locate in Andover will actually create jobs throughout the entire region."

"This recession has reached such a duration that every tool in the toolbox needs to be looked at," said Bob Lavoie, a lawyer at Devine Millimet in Andover and chairman of the Merrimack Valley Planning Commission.

"It's definitely the right time to pull out all the stops and qualify for each and every designation that can help employers retain and hopefully hire more employees." "In my viewpoint, it definitely would open up opportunities that are not available without that designation ... the companies and employers here in Andover, one would believe that those companies employ the groups that Congress sought to benefit by this designation," said Lavoie, who is president of the city council in his hometown of Amesbury. Paul Materazzo, Andover's director of community development and planning, is out of the office this week.

For more information on economic target area designation, visit mass.gov/dbd/edip

Economic engine

Thousands of Merrimack Valley residents work in Andover. If Andover is designated as an economic target area, supporters believe more jobs would be created in Andover. Here's how many people in each local community work in Andover:

Lawrence: 2,401

Haverhill: 2,217

Methuen: 2,176

North Andover: 1,337

Source: 2000 U.S. Census and Dennis DiZoglio, executive director of the Merrimack Valley Planning Commission



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