

Town of Lenox

Lenox Planning Board

To the Lenox Board of Selectmen,

The Planning Board has reviewed the draft Local Tax Incentive Procedure and provides the following letter for your consideration. The Board did not reach consensus on the adoption of the Procedure or the Town's participation in the incentive program. It is divided on whether the Town should participate at all in considering and granting local tax incentives, with two members expressing concerned support and two members expressing opposition.

Members expressing concerned support cite the following key reasons:

- Business tax incentives provide the potential opportunity for blighted or vacant sites to be redeveloped and transformed into tax- and job-generating properties.
- They provide additional incentive to businesses considering a Lenox location.
- They may alleviate pressure for start-up or expanding businesses seeking to develop or redevelop vacant sites.
- They may help address financing gaps for businesses seeking to develop or redevelop challenging sites.

Members expressing opposition cite the following key reasons:

- Special tax incentive policies are unfair to businesses that have already invested in Lenox and create an un-level playing field on which to compete.
- Many economic experts argue that local business tax incentive programs ultimately pit communities against each other, with businesses that receive the incentives the only "winners."
 - Such programs were originally created to help revive seriously challenged areas suffering blight and neglect as industrial wastelands. A Lenox tax incentive program could make it more difficult for other Berkshire communities with greater development challenges to attract and retain businesses. The Town is in healthy financial shape and in fact, has new development under way and in the works that looks to generate more than \$3 million in incremental real estate, hotel and meals tax revenues to the Town within the next few years; we do not need this program.
- It is better to tax new development to its full and fair potential and effectively invest these new tax revenues back into the key things that will continue to allow Lenox to compete on its own merits: our great schools, well-maintained infrastructure, and solid finances including an 'AAA' municipal bond rating.

- In contrast, business tax incentives divert resources from education, infrastructure, debt management, and other Town priorities to private business enterprises with no guarantee of success.

Specific recommendations:

Members also reviewed the current draft Local Tax Incentive Procedure and agreed on the following recommendations/changes should the Board of Selectmen decide to present a Procedure for Lenox voters' consideration:

1. Make this part of a comprehensive, rather than just a single, approach:

The Town could benefit from many economic development tools, and a Local Tax Incentive Procedure is but one. It is important the Board of Selectmen continue their efforts to foster a business-friendly community through their work on the built- and regulatory environment, and by considering other approaches, such as:

- Take a broader look at the split tax rate in Lenox.
- Identify priority development sites where we can create compatible zoning and expedited permitting processes.
- Continue to encourage Town departments, boards and committees to identify, then expand and improve the focus and policies under their control that can contribute to economic development. For example:
 - Each year, assess and communicate how Town capital investments in physical infrastructure in our commercial and industrial zoning districts benefit businesses.
 - The Planning Board in 2016 will focus on several issues that will benefit business, including: reviewing the requirement for preliminary site plan review before our Board; improving parking and loading requirements in the Village; reviewing commercial zoning in Lenox Dale; and reviewing and updating the Accessory Dwelling Unit and other housing bylaws, with an eye toward making lower-cost housing more widely available to business' employees as well as current residents.
 - The Historic District Commission will be reviewing its bylaws with an eye toward making them more streamlined for applicants.
 - To be sure: Other Town departments, boards and committees have actions in the works that also will help improve the business environment – it could be beneficial to assess and communicate them all.
- Better promote the Lenox story: Lenox has so much to offer -- including excellent schools, a well-maintained infrastructure, solid finances ('AAA'

municipal bond rating), and a high quality of life – all of which also are key draws to businesses seeking to expand or relocate.

- Promote existing assets and infrastructure including high-speed broadband in the downtown area; engage with state authorities to help accelerate the high-speed broadband connection process, and once that is resolved, assist businesses in navigating the connection process.
- Engage with residents and local employers to update the 1998 Economic Development Study

2. Suggested amendments to the draft Local Tax Incentive Procedure:

We agreed that any plan should prioritize (1) supporting diverse economic development, (2) targeting areas for development, and (3) encouraging and attracting businesses with growth potential and jobs with livable wages and career development potential. Key recommendations to amend the current plan:

- Target the plan to businesses that diversify the commercial tax base.
- Target the plan to locations in greatest need of economic development and/or revitalization.
- Target the plan to businesses that provide good wages and career potential.
 - Include criteria concerning jobs that explicitly emphasize the type and tenure of jobs being provided by prospective businesses, the wages of said jobs, and provision of benefits.
- Include a focus on attracting small businesses, which typically have greater growth potential and may provide higher-paying jobs.
 - As one Planning Board member put it: “The Berkshires does not have a jobs problem – it has an income problem.” Expand the focus beyond attracting large businesses if they pay low wages.
- Eliminate hotels/motels/lodging and retail operations from consideration, as these (1) locate by market decisions, and (2) do not typically offer many jobs with good wages or career mobility potential.
- Build a solid plan on how business tax incentive agreements will be monitored to ensure that milestones are achieved during the course of the agreements.
- Do not start a new committee. We already have too many committees and too few people to participate in them.

- **A suggested “scorecard”** -- Planning Board members agreed that if a Local Tax Incentive Procedure were to be forwarded to Town voters, we would consider starting a community discussion around a “scorecard” that focuses it in this direction; this table is an example of a **starting point** for discussion:

Assessment:	Number of points
Activates identified empty buildings/parcels in the Lenox Dale industrial area Or Redevelops a building vacant for more than five years	50 points Or 25 points
Diversifies the commercial tax base – [either non-tourism or a grows-the-pie opportunity within tourism]	Up to 25 points
Provides livable wages – grows the number of employees who could afford to live in Lenox <ul style="list-style-type: none"> • 10 points @ FTE > \$50,500 • 5 points @ FTE > \$40,000-50,500 • 1 point @ FTE < \$40,000 • 0 points @ FTE for J-1, H-1 visa, etc. 	TBD
Near-, medium-, and long-term job growth potential for the proposed business	Up to 25 points
TOTAL	Total TBD
An applicant must score a minimum of 100 points to be considered for an incentive.	

We greatly appreciate the opportunity the Select Board has given our Board to advise on the proposal to create a tax incentive program in Lenox. Please let us know if we can assist further.

Sincerely,

The Lenox Planning Board

Kameron Spaulding, Chair

Kate McNulty-Vaughan

Tom Delasco

Pam Kueber