Massachusetts LIFE SCIENCES CENTER

MLSC Tax Incentive Program
Termination Policy
(Effective July 1, 2020)

Tax Incentive Program

The Life Sciences Tax Incentive Program, established as part of the MLSC's enabling legislation, authorizes up to $30 million in tax incentives each year for companies engaged in life sciences research and development, commercialization and manufacturing. The primary goal of the program is to incentivize life sciences companies to create new long-term jobs in Massachusetts.

The MLSC takes its obligation to be good stewards of the Commonwealth's tax dollars very seriously. The ability to create and retain jobs is the primary criterion that the MLSC uses to make tax incentive awards to companies. It is therefore imperative that companies provide accurate information regarding actual full-time permanent Massachusetts employees (over 35 hours per week) and meet projected employment targets.

Compliance with Tax Incentives

MLSC tax incentives are monitored for compliance purposes based on a company's "baseline" employee headcount at the time of the award, and the company's projected net increase in headcount in the tax year following award. Baseline and projected headcounts are summed to create a "total projected headcount" metric that is used for MLSC agreement and compliance purposes.

Termination Policy

For companies that are unable to fulfill the minimum net new headcount thresholds under the program in a given calendar year, the results have implications for the agreement governing the tax incentive award. A company that has received tax incentives from the MLSC and subsequently fails to achieve the minimum net new headcount thresholds as specified in the MLSC's Annual Tax report and Multiple Awards policy will have the award terminated.

To terminate the award, a company will need to voluntarily complete a termination agreement with the MLSC, and the company is required to follow the steps by the Massachusetts Department of Revenue (MADOR) to return any incentives or funds back to the Commonwealth. Additionally, the company would be ineligible to apply to the subsequent round of the tax program following the date of the termination agreement (one year "cooling off" period). If a company doesn't elect to voluntarily terminate their award and the MLSC formally revokes the company's statutory Life Science Certification, and MADOR is required to recover any incentives or funds provided to the company, the company will not be allowed to participate in any future rounds of the tax program.

Termination vs. Decline
A company that declines their tax program award is not considered a termination that is subject to this policy. Companies may decline their awards by notifying the MLSC in writing that they will not accept the award within 30 days of the award notification and prior to executing an agreement with MLSC.

This straightforward, transparent, and highly replicable approach for dealing with failure to achieve the minimum commitments under the program will ensure that the citizens of the Commonwealth can rely on companies being held accountable for complying with their agreed-upon job creation and retention targets.

NOTE: The Center reserves the right to modify any portion of this Policy at its sole discretion. It is the responsibility of companies to check the Center's website for any modifications to this Policy. The Center, the Commonwealth, and its subdivisions accept no liability and will have no obligation to accommodate companies who rely on an out-of-date policy.