

Climatetech Tax Incentives Program

INFORMATIONAL WEBINAR JANUARY 2025



Agenda

- ▶ MassCEC Overview
- ▶ Climatetech Definition
- ▶ Tax Incentive Program:
 - ▶ Overview
 - ▶ Eligibility Requirements
 - ▶ Tax Incentive Options
 - ▶ Definition of FTE (Full Time Equivalent)
 - ▶ Award Examples
 - ▶ Annual Reporting
 - ▶ Compliance Guidelines
 - ▶ Timeline
 - ▶ Application Process

CTIP Team



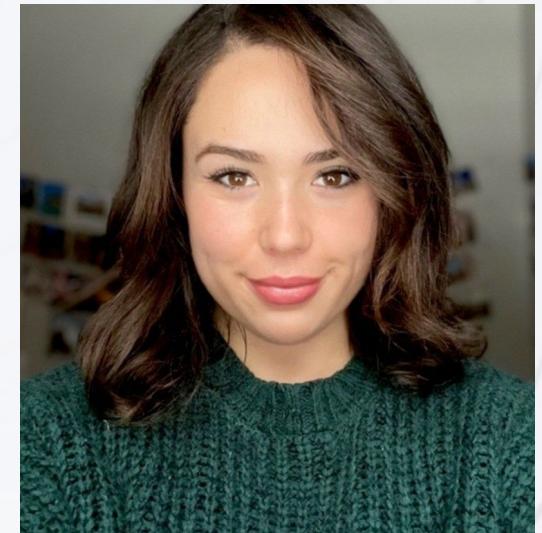
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Overview



Our Mission

The Massachusetts Clean Energy Center's mission is to accelerate the clean energy and climate solution innovation that is critical to meeting the Commonwealth's climate goals, advancing Massachusetts' position as an international climate leader while growing the state's clean energy economy.



Our Values

MassCEC is committed to creating a diverse, equitable, and inclusive organization where everyone is welcomed, supported, respected, and valued. We are committed to incorporating principles of diversity, equity, inclusion, and environmental justice in all aspects of our work in order to promote the equitable distribution of the health and economic benefits of clean energy and support a diverse and inclusive clean energy industry. MassCEC strives to lead and innovate in equitable clean energy and climate solutions.

Our Objectives



Spur job creation



Deliver statewide environmental benefits



Secure long-term economic growth for the people of MA

- ▶ In 2017, Massachusetts enacted the Clean Energy Standard, which aims to fully decarbonize the state's electricity generation by 2050. Additionally, in 2021 and 2022, Massachusetts enacted comprehensive climate legislation to target reaching net zero greenhouse gas emissions by 2050 and supporting underserved populations.
- ▶ The Commonwealth has made progress in decarbonizing the electric grid, buildings, and vehicles, but more needs to be done to ensure the state meets its ambitious and critical goals.

ACCELERATING DECARBONIZATION

We contribute to meeting our state's ambitious climate goals by tackling barriers to widespread use of clean energy and climate technology in buildings, transportation, and the grid.

LARGE SCALE DEPLOYMENT: OFFSHORE ENERGY

We're building a cutting-edge offshore energy industry, marshaling world-class ports while addressing supply chain and workforce development challenges.



MASSCEC'S WORK BY FOCUS AREA



EMERGING CLIMATETECH

We help new climate-focused businesses grow faster by backing a vibrant community of researchers, startups, and established industry players - creating an ecosystem where they connect and thrive.

CLEAN ENERGY & CLIMATE WORKFORCE DEVELOPMENT

We're growing a diverse and talented clean energy workforce by supporting a dynamic network of community-based organizations, labor, training providers, schools and employers committed to a sustainable future for all.

Climatetech Definition

...advanced and applied technologies that significantly reduce or eliminate the use of energy from non-renewable sources including, but not limited to:

- energy efficiency / demand response, conservation, storage, transmission, and distribution
- any renewable, nondepletable or recyclable fuel
- advanced and applied research in new clean energy technologies including:
 - solar photovoltaic and thermal
 - wind power
 - geothermal, wave and tidal, nuclear fission and fusion energy
 - advanced hydropower
 - carbon capture and sequestration
 - green building materials
 - other technologies that contribute to the decarbonization of the economy, reduce and mitigate greenhouse gas emissions or mitigate the impact of climate change through adaptation, resiliency, and environmental sustainability
- **Climatetech shall not include advanced and applied research in coal, oil, natural gas**
- **For full definition, see [M.G.L. c. 23J § 1](#)** as amended pursuant Chapter 179 of the Acts of 2022 “An Act Driving Clean Energy and Offshore Wind” and as further amendment by Chapter 238 of the Acts of 2024 “An Act Relative to Strengthening Massachusetts’ Economic Leadership” and Chapter 239 of the Acts of 202423 “An Act Promoting a Clean Energy Grid, Advancing Equity and Protecting Ratepayers”

Climatetech Tax Incentive Program Overview

Incentive Types

Climatetech Tax Incentives Program Overview (CTIP)

MassCEC administers the CTIP program wherein partnership with the Massachusetts Department of Revenue (DOR) .

Note: A company may apply for more than one of the tax credits, but a company will not be awarded more than one of the tax credit types in any tax year.

► **Climatetech Job Creation Tax Incentive**

- Up to \$20,000 credit per job created
- Companies apply for tax incentive in exchange for **job creation commitment** and maintaining those jobs for a total of 5 years.
- This credit is for the taxable year for which it is awarded only (i.e., 2026), and excess credit amounts cannot be carried forward to other taxable years.

► **Climatetech Facility (Renter) Tax Incentive**

- Tax credit up to 100% of the tenant's total lease payments for occupancy of the climatetech facility for the year
- Owner must make a capital investment of not less than \$5,000,000 in the climatetech facility
- Companies apply for award in exchange for **job creation commitment** and maintaining those jobs for a total of 5 years. Lessees must rent no less than 25% of the rentable square footage and employ no less than 13 FTE by year 5.
- The total amount of credit awarded will be distributed in equal parts over 5 (five) taxable years that correspond with its certification period (i.e., 2025 – 2029).

► **Climatetech Facility (Owner) Tax Incentive**

- Tax credit for up to 50% of its qualified total capital investment of not less than \$5,000,000 in the climatetech facility.
- Companies apply for award in exchange for **capital investment in their climatetech facility and creating at least 50** net new full-time employees by the fifth year of its certification period.
- The total amount of credit awarded will be distributed in equal parts over 5 (five) taxable years that correspond with its certification period (i.e., 2025 – 2029).

Annual Reporting Requirements

► 5 year reporting requirement

- Annual Report due to MassCEC within 30 days of December 31st each year
- Number of permanent Massachusetts FTEs employed
- Average salary of new hires
- Any acquisitions/divestitures that occurred during the calendar year

Annual Compliance Thresholds

% of <u>Net New FTEs Achieved</u>	MassCEC Action
70% or more	No Action
40% - 69%	MassCEC conducts investigation: 1) If outlook favorable, awardee receives 1 year extension to achieve compliance of 80% 2) If outlook not favorable, awardee is decertified, DOR is notified and awardee required to repay pro-rated award
Less than 40%	Awardee is decertified, DOR is notified and awardee required to repay pro-rated award to DOR

FTE requirements

- Fulltime Equivalent Employees (FTE) = 35 hours per week minimum.
- 3rd party contractors, interns or employees cannot be counted toward FTEs under the program.
- Include permanent FTEs of all other Massachusetts wholly-owned subsidiaries and divisions.

On-site requirements

- All employees who are Massachusetts residents count as an FTE regardless of whether they work remote or on-site.
- Employees residing outside of Massachusetts may only be counted toward MA FTEs if they work on-site at the Massachusetts facility 100% of the time.

Climatetech Job Creation Tax Incentive Program

Climatetech Job Creation Tax Incentive - Program Overview

- MassCEC administers program whereby Massachusetts Department of Revenue (DOR) provides a financial benefit in the form of tax credits to climatetech companies that increase their headcount in MA.
- Companies apply for award in exchange for **job creation commitment** and maintaining those jobs for a total of 5 years.
- Tax incentive amount is determined by number of net new jobs committed in application times the incentive rate per job, but ranges between \$15,000-\$20,000 per job.
- Claw back feature for non-compliance (managed by DOR).
- This credit is for the taxable year for which it is awarded only (i.e., 2025), and excess credit amounts shall not be carried forward to other taxable years.

Climatetech Job Creation Tax Incentive - 2025 Eligibility Requirements

- Applicants must be a **climatetech company**.
- Must be registered to do business and in good standing in state of Massachusetts
 - Department of Revenue
 - Secretary of State
 - Department of Unemployment Assistance
- Must be able to file a Massachusetts tax return for calendar year ending December 31, 2025; or for fiscal years ending subsequent to 12/31/25.
- Project would create at least 5 net new permanent Massachusetts-based full-time jobs over the next calendar year
- Anywhere from \$15-20k per job created

Climatetech Job Creation Tax Incentive - Award Example

- Baseline Headcount at 12/31/25: 90 FTE
- **Net New Hire** Commitment: 10 FTE
- Target as of 12/31/26: 100 FTE
- Retain 100 FTEs for all 5 years, measured at 12/31/26, 12/31/27, 12/31/28, 12/31/29, and 12/31/2030
 - Total Tax Incentive Award: 10 new FTEs X \$20,000 each = **\$200,000**
 - Tax Incentive Claimed on **12/31/25** MA Tax Return: \$200,000
 - Company claims full \$200,000 amount on 2025 tax return, and is subject to pro rata claw back if non-compliance results in termination of the award. Excess credit amounts shall not be carried forward to other taxable years.

Climatetech Facility (Renter) Tax Incentive Program

Climatetech Facility (Renter) Tax Incentive - Program Overview

- MassCEC administers program whereby Massachusetts Department of Revenue (DOR) provides a financial benefit in the form of tax credits to climatetech companies that lease qualified facilities in MA.
- The owner of the climatetech facility has made a qualified total capital investment in the facility that equals not less than **\$5,000,000**
- Companies apply for award in exchange for **creating not less than 13 (thirteen) full-time employees** by the fifth year of its certification period
- The total amount of credit awarded will be distributed in equal parts over 5 (five) taxable years that correspond with its certification period (i.e., 2025 – 2029).
- Tax incentive amount is determined by fit with evaluation criteria
- Claw back feature for non-compliance (managed by DOR).

Climatetech Facility (Renter) Tax Incentive - 2025 Eligibility Requirements

- ▶ Applicants must be a **climatetech company**.
- ▶ Must be registered to do business and in good standing in state of Massachusetts
 - Department of Revenue
 - Secretary of State
 - Department of Unemployment Assistance
- ▶ Owner of facility (**not tenant**) has made a total capital investment of at least **\$5,000,000 from years 2024-2025**
- ▶ Tenant leases and occupies at least 25% of total leasable square footage of the facility
- ▶ The tenant will employ not less than 13 full-time employees at the facility by the fifth year of the applicable certification period

Award Example

- Baseline Headcount at 12/31/25: 5 FTE
- **Net New Hire** Commitment: 8 FTE
- Target as of 12/31/30: 13 FTE
- Make progress towards 13 FTEs for all 5 years, measured at 12/31/26, 12/31/27, 12/31/28, 12/31/29, and 12/31/30. Must have 13 FTE by the end of the 5th year.
- Example Annual Rent: \$100,000
 - Total Tax Incentive Award: Up to 100% of lessee's annual rent = **\$100,000**
 - Tax Incentive Claimed on **12/31/25** MA Tax Return: \$100,000
 - Company claims full \$100,000 amount on 2025 tax return, but only "earns" \$100,000/5 years = **\$20,000 per year** and is subject to pro rata claw back if non-compliance results in termination of the award.

Climatetech Facility (Owner) Tax Incentive Program

Climatetech Facility (Owner) Tax Incentive Program Overview

- MassCEC administers program whereby Massachusetts Department of Revenue (DOR) provides a financial benefit in the form of refundable credit for an owner of a climatetech facility against tax liability for up to 50% (fifty percent) of its qualified total capital investment of not less than \$5,000,000 in the climatetech facility.
- Companies apply for award in exchange for **capital investment in their climatetech facility** and **creating not less than 50 (fifty) net new full-time employees** by the fifth year of its certification period.
- Tax incentive amount is determined by fit with evaluation criteria
- The total amount of credit awarded will be distributed in equal parts over 5 (five) taxable years that correspond with its certification period (i.e., 2025 – 2029).
- Claw back feature for non-compliance (managed by DOR).

Climatetech Facility (Owner) Tax Incentive - 2025 Eligibility Requirements

- Applicants must be an owner of a climatetech facility.
- Must be registered to do business and in good standing in state of Massachusetts
 - Department of Revenue
 - Secretary of State
 - Department of Unemployment Assistance
- The owner of the climatetech facility has made a qualified total capital investment in the facility that equals not less than **\$5,000,000 from years 2024-2025**
- The facility will employ not less than 50 net new full-time employees by the fifth year of the applicable certification period.

Award Example

- Baseline Headcount at 12/31/25: 90 FTE
- **Net New Hire** Commitment: 50 FTE
- Target as of 12/31/30: 140 FTE
- Investment in climatetech facility: \$10 million
- Make progress towards 140 FTEs for all 5 years, measured at 12/31/26, 12/31/27, 12/31/28, 12/31/29, and 12/31/30. Must have 140 FTE by the end of the 5th year.
 - Total Tax Incentive Award: **Up to 50%** of investment in climatetech facility (**\$10M**) = Up to **\$5M**
 - Tax Incentive Claimed on **12/31/25** MA Tax Return: \$5M
 - Company claims full \$5M amount on 2025 tax return, but only “earns” \$5M/5 years = **\$1M per year** and is subject to pro rata claw back if non-compliance results in termination of the award.

Application, timeline, resources

Resources

- Go to MassCEC's Website at: <https://www.masscec.com/program/climatetech-tax-incentives-program>
- Posted there:
 - RFP – Climatetech Tax Incentives
 - Attachment B – Application Form
 - Attachment C - Sample Agreement
 - Attachment D - Capital Expense Budget
- Frequently Asked Questions will be posted on January 29, 2026

Evaluation Criteria

- ▶ **Job Commitment** – number, quality (salary and benefits), anticipated state income tax generated
- ▶ **Project Strength** – Achievability of plans for growth, projected revenue generated in MA, additional funding to state attracted
- ▶ **Inclusive Practices** – Programs / policies in place to promote diversity and inclusion, underrepresented groups in leadership, board
- ▶ **Alignment with MassCEC Priorities** – Clearly aligns with [the MassCEC priorities](#) for specific industries, technology verticals, and company stage/sizes.
- ▶ **Location Characteristics (Facility only)** – Located in Gateway City, municipality where educational attainment / unemployment rate are below average
- ▶ **Climate Friendly Building Features (Facility only)** – See Question 18(E) for specific list of technologies. Examples include renovation/retrofit of existing building, on-site renewable energy generation, use of low-carbon concrete, mass timber, etc.

Timeline

Program Stage	Date
Release of Solicitation	December 17, 2025
Informational Webinar	January 13, 2026 – You are here
Question period closes	January 27, 2026
FAQs posted on website	January 29, 2026
Applications due	4pm February 18, 2026
Notification of award	May 2026
Date for tax credit claims	After July 1, 2026

Key Takeaways

- Deadline: **February 18, 2026.**
- Applications will only be accepted via email to **taxincentives@masscec.com**.
- Applications **must** include Certificates of Good Standing from:
 - MA Department of Revenue
 - MA Secretary of State
 - MA Department of Unemployment Assistance
- Email any questions to: **taxincentives@masscec.com**