



The Lexington-Vistaprint TIF Project FAQ

Q: What is Tax Increment Financing (TIF)?

A: Tax Increment Financing (TIF) is a feature of the Commonwealth's Economic Development Incentive Program (EDIP) and can be offered within an Economic Target Area (ETA). The program offers a state EDIP Investment Tax Credit to qualifying companies based on job creation projections and company investment.

A TIF provides a company with a sliding scale property tax exemption of up to 20 years and a maximum TIF exemption of 100% based on the increased incremental value of the project property due to new on-site investments.

- The tax incentive is a discount on the projected new taxes on the property during the life of the proposed TIF term.
- The Town continues to receive 100% of the existing real estate taxes on the base value of the site.
- The Town does not lose any existing tax revenue.

Q: Why does Vistaprint need a TIF?

A: In today's real estate market, the rental rate for space in a newly constructed building is substantially higher than in a comparable vacant building in nearby town. Tax relief would help to reduce the difference in cost, thereby making the Lexington option more economically feasible.

- Vistaprint is one of the largest taxpayers in Town, paying an estimated \$795,000 in annual real estate taxes plus personal property taxes.

Q: What is the cost difference between new construction vs. an existing building lease?

A: Based on proposals received and anticipated final lease negotiations, the difference in occupancy cost for a newly constructed 100,000 square foot building compared to an existing building averages approximately \$800,000/year.

Q: What are the details of the TIF Proposal?

A: The Lexington Board of Selectmen have recommended a 13-year TIF proposal to Town Meeting.

- Under a proposed TIF, the Company would continue to pay 100% personal property taxes for existing and new personal property.
- Vistaprint is seeking a 13-year TIF on the newly constructed 100,000 square feet of space. Vistaprint would pay full taxes on the remaining 50,000 square feet of space should they decide to lease the remaining space in the future.

Q: Why is this request coming in such a tight timeframe?

A: Due to the timing of its growth, Vistaprint plans to make a decision and commit to its expansion plan before the end of this year. The opportunity to grow at the site in Lexington became a viable option in the last several months when Hobbs Brook Management purchased the existing property and indicated a willingness to construct an on-site expansion.

Q: Couldn't a TIF approval wait until Spring Town Meeting?

A: The Company is in the process of making some significant real estate decisions. Vistaprint needs to know if incentives are secured before they will commit to staying and expanding Lexington.

Q: Why not wait for another Company that would not request a tax incentive?

A: In the current economic climate there is still a level of uncertainty. It is like looking into a crystal ball to determine when the next desired company would have an interest in this property, especially in such a competitive real estate market. Any company may apply for tax incentives if they meet specific criteria.