



Offshore Wind Tax Incentives Solicitation

OSW-2023-08

Date of Issue: December 21, 2023

Applications Due: March 1, 2024

I. SUMMARY

To develop and expand offshore wind industry-related employment opportunities and to promote renewable energy-related economic development by supporting and stimulating manufacturing and related supply chain capacity in the offshore wind industry in the Commonwealth, the Massachusetts Clean Energy Technology Center (“MassCEC”) is offering up to \$35,000,000 (thirty-five million dollars) of tax incentives commencing in tax year 2023 to companies engaged in offshore wind development, manufacturing or commercialization for the offshore wind industry within Massachusetts. Legislation passed in 2022 created a new Offshore Wind Tax Incentive Program administered by MassCEC in consultation with the Massachusetts Department of Revenue (“DOR”).

II. BACKGROUND

MASSACHUSETTS CLEAN ENERGY TECHNOLOGY CENTER

Established pursuant to MGL c. 23J, s. 2, MassCEC is a state economic development agency dedicated to accelerating the growth of the clean energy sector across the Commonwealth to spur job creation, deliver statewide environmental benefits and to secure long-term economic growth for the people of Massachusetts. MassCEC works to increase the adoption of clean energy while driving down costs and delivering financial, environmental, and economic development benefits to energy users and utility customers across the state. MassCEC’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.

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.

For more than a decade MassCEC has supported initiatives in ocean renewable energy, with a strong emphasis on the development of the offshore wind sector. Offshore wind is one of MassCEC’s four core focus areas, along with clean transportation, high-performance buildings, and net-zero grid. MassCEC works to advance the Commonwealth’s goal to responsibly develop cost-effective offshore wind and reduce project risk, increase market confidence, and maximize the associated climate, workforce, and economic benefits of this new industry. MassCEC leads a wide portfolio of initiatives in close collaboration with industry, government agencies, academia, and many other stakeholders. These initiatives are grouped in three (3) primary areas:

- Sector Development – Generate and grow local manufacturing, suppliers, service providers, and infrastructure and develop a well-trained, highly-skilled, safe and diverse workforce.

- Planning, Analysis and Engagement – Address identified gaps and needs through the support of technical studies, planning processes, projects and stakeholder engagement on fisheries, wildlife, wind/ocean conditions, and transmission.
- Research and Innovation – Support and collaboration to foster technology innovations, advance commercialization, learn from early deployments, and expand offshore energy research.

MassCEC also owns and operates two facilities: the New Bedford Marine Commerce Terminal, a multi-purpose facility designed to support the construction, assembly, and deployment of offshore wind projects, and the Wind Technology Testing Center, a facility that provides a full suite of certification tests for wind turbine blades in Boston.

OFFSHORE WIND TAX INCENTIVE PROGRAM

In 2022, a new climate bill, *An Act Driving Clean Energy and Offshore Wind*, was enacted into law¹. The legislation expanded the role of MassCEC in several ways, including the creation of a new Massachusetts Offshore Wind Industry Investment Program to develop and expand offshore wind related employment opportunities and promote renewable energy economic development by supporting and stimulating manufacturing and related supply chain capacity in the Commonwealth. Under the broader Massachusetts Offshore Wind Industry Investment Program, MassCEC, in consultation with DOR, may annually authorize tax incentives to certified offshore wind companies through an Offshore Wind Tax Incentive Program (“Program”), subject to eligibility, qualification, available funding, and other conditions as described in this Solicitation.

A taxpayer or entity that has been approved by MassCEC as a certified offshore wind company may be eligible for the following tax incentives, described further in Section VI:

1. A one-year partially refundable credit against tax liability for the creation of not less than 50 (fifty) net new permanent full-time employees.
2. A five-year refundable credit for an owner of an offshore wind facility against tax liability for up to 50 % (fifty percent) of its qualified total capital investment of not less than \$35,000,000 (thirty-five million dollars) in the facility and the facility will employ not less than 200 (two hundred) net new full-time employees by the fifth year of the applicable certification period.
3. A five-year refundable credit for a tenant of an offshore wind facility against tax liability, provided that: (a) the owner of the facility has made a qualified total capital investment in the facility that equals not less than \$35,000,000 (thirty-five million dollars); (b) the tenant leases and occupies an area of the facility that represents not less than 25%

¹ Modifications to the program and tax credits were made by the *Act Relating to Economic Growth and Relief for The Commonwealth* (November 2022). The primary statutes governing the program and tax credits are: MGL c. 23J, s. 8A; MGL c. 62, s. 6 (bb) & (cc); MGL c. 63, s. 38LL & s.38MM.

(twenty-five percent) of the owner's qualified total capital investment in the facility; and
(c) the tenant will employ, in the aggregate with other tenants at the offshore wind facility, not less than 200 (two-hundred) new full-time employees at the facility by the fifth year of the applicable certification period.

III. ADMINISTRATION

Pursuant to statute MGL c. 23J s. 8A, MassCEC administers the Massachusetts Offshore Wind Industry Investment Program to develop and expand offshore wind related employment opportunities and promote renewable energy economic development by supporting and stimulating manufacturing and related supply chain capacity in the Commonwealth. In consultation with DOR, MassCEC may annually authorize tax incentives to certified offshore wind companies through the Program.

MassCEC is responsible for certifying a company as a "certified offshore wind company". Upon timely receipt of a certification proposal in response to this Solicitation containing the required information, and before certification for purposes of tax benefits, MassCEC must provide an estimate to the Secretary of Administration and Finance of the tax cost of extending benefits to a proposed project. Certification approved by MassCEC shall be valid for 5 years starting with the tax year in which certification is granted. Certified offshore wind companies must each file an annual report with MassCEC certifying whether it has met the specific targets established in its approved certification proposal and, if not, detailing its progress towards those targets. MassCEC may revoke the certification of an offshore wind company after an investigation and a determination that the certified offshore wind company is in material noncompliance with its certification proposal. Revocation shall take effect on the first day of the tax year in which MassCEC determines the certified offshore wind company to be in material noncompliance.

MassCEC has full discretion and authority to determine (1) which certified offshore companies, if any, are entitled to receive incentives under the Program and (2) the amounts of any such incentives. Submission of an application does not guarantee the award or receipt of any incentives under the Program.

IV. ELIGIBILITY

The Applicant must be a business corporation, partnership, firm, unincorporated association or other entity engaged in offshore wind development, manufacturing or commercialization in the Commonwealth and any affiliate² thereof, which is, or the members of which are, subject to taxation under chapter 62 or 63 of the Massachusetts General Laws.

² Affiliate means "any business which directly or indirectly controls or is controlled by or is under direct or indirect common control of another business including, but not limited to, any business with which a business is merged or consolidated, or which purchases all or substantially all of the assets of a business. Control for these purposes shall mean the ownership of 50% or more of the outstanding voting securities or 50% of the aggregate partnership or other ownership interest in such entity (other than as a limited partner)".

The Applicant must be certified by MassCEC as a Certified Offshore Wind Company, as described in Section V. Submittal of a complete Application in Attachment B by the application deadline constitutes the application for certification.

For this Solicitation, the qualified total capital investment in an offshore wind facility is that amount expended during the 24-month period beginning January 1, 2022 and ending on December 31, 2023.

Offshore wind facility means any building, complex of buildings or structural components of buildings, including water access infrastructure, and all machinery and equipment used in the manufacturing, assembly, development or administration of component parts that are primarily used to support the offshore wind industry.

A decision on certification will not be made independent of a decision to award a tax incentive under the Program.

The Applicant must be in Good Standing with the Massachusetts Secretary of State and Department of Revenue.

V. OFFSHORE WIND COMPANY CERTIFICATION

To be eligible for an offshore wind tax incentive through the Program, a company must be approved as a Certified Offshore Wind Company by MassCEC, through a majority vote of its Board of Directors. The following information is required to be submitted by a company in its application for certification:

- An estimate of the projected new state revenue the company expects to generate during the period for which the company seeks certification;
- Precise goals and objectives, by which the offshore wind company proposes to achieve the projected new state revenue;
- An estimate of the number of permanent full-time employees to be hired or retained;
- An estimate of the year in which the company expects to hire or retain the employees;
- An estimate of the projected average salaries of said employees;
- An estimate of the projected taxable income generated by said employees;
- An estimate of the methods by which the company shall obtain new employees and pursue a diverse workforce; and
- If applicable, an estimate of the company's planned capital investment in MA.

CERTIFICATION CRITERIA

To be eligible for approval as a Certified Offshore Wind Company, MassCEC must find that based on information in the certification application, additional documents submitted, and due diligence investigation, the company has a substantial likelihood of:

- meeting all statutory requirements;
- leveraging additional funding or attracting additional resources to MA;
- increasing the manufacture, fabrication and assembly within MA of domestic supply

- chain components of the offshore wind industry;
- creating employment in MA;
- meeting its state revenue, employment growth and applicable capital investment projections over the period for which it receives benefits; and
- other criteria that MassCEC may prescribe.

For the purposes of this Solicitation, additional criteria for selection of a potential tax credit award are described in Section VII.

TERM

Certification, if granted, will be valid for 5 (five) years starting with the tax year in which certification is granted.

ANNUAL REPORTS

If approved and awarded, each Certified Offshore Wind Company must file an annual report with MassCEC certifying whether it has met the specific targets established in its application. If the Certified Offshore Wind Company has not met the specific targets, it must provide supporting information and explanation as to why it has not and submit a plan detailing its progress towards those targets and a strategy to meet them. If the Applicant fails to meet the specified targets, the Applicant's status as a Certified Offshore Wind Company may be subject to revocation, as described below.

For purposes of headcount reporting including the establishment of an Applicant's baseline headcount to determine compliance with the net new job creation commitment, FTE employees must be Massachusetts employees of the Applicant, and Applicant's Affiliates.

REVOCACTION

MGL c. 23J, s. 8A contains procedures for revocation of certification, and provisions regarding denial and recapture of tax benefits, if MassCEC determines that after an investigation the certified offshore wind company is in material noncompliance with its certification application. "Material noncompliance" means the failure of a Certified Offshore Wind Company to substantially achieve the new state revenue, job growth and capital investment projections set forth in its certification proposal or any other act, omission or misrepresentation by the Certified Offshore Wind Company that frustrates the public purpose of the Massachusetts Offshore Wind Industry Investment Program.

As of the effective date of the revocation, the offshore wind company must recapture the value of any credits, exemptions, deductions, or other benefits allowed by the original certification. The amount required to be recaptured must be added as additional tax due and reported by the taxpayer on the tax return for the year in which MassCEC makes the determination that the company was, or is, in material noncompliance. DOR has the authority to assess additional taxes due as a result of these recapture rules by making deficiency assessments or jeopardy assessments, as appropriate. In the event certification is revoked, the Commonwealth may pursue other legal remedies available to it in addition to the disallowance of credits.

VI. TAX INCENTIVES

Through the Program, MassCEC is offering up to \$35,000,000 (thirty-five million dollars) of tax incentives over a one-to-five-year period commencing in tax year 2023 to companies engaged in offshore wind development, manufacturing or commercialization within Massachusetts. MassCEC, in consultation with DOR, may authorize the one of following incentives to a Certified Offshore Wind Company:

1. *Offshore Wind Jobs Credit*: A credit against tax liability for the creation of not less than 50 (fifty) net new permanent full-time employees by December 31, 2024. If the credit exceeds the tax liability, 90% (ninety percent) of such excess credit shall be refundable. This credit is for the taxable year for which it is awarded only (i.e., 2023), and excess credit amounts shall not be carried forward to other taxable years. MassCEC anticipates awarding up to \$30,000 per job for successful applicants under this credit.
2. *Five-Year Capital Investment Credit for Owners*: A refundable credit for an owner of an offshore wind facility against tax liability for up to 50% (fifty percent) of its qualified total capital investment of not less than \$35,000,000 in the offshore wind facility. The offshore wind facility must employ not less than 200 (two hundred) 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., 2023 – 2027).
3. *Five-Year Credit for Tenants*: A refundable credit for a tenant of an offshore wind facility³ against tax liability, provided that the owner of the offshore wind facility has made a qualified total capital investment in the facility that equals not less than \$35,000,000; the tenant occupies a leased area of the offshore wind facility that represents not less than 25% (twenty-five percent) of the owner's qualified total capital investment in the facility; and the tenant will employ, in the aggregate with other tenants at the offshore wind facility, not less than 200 (two-hundred) full-time employees of the offshore wind facility by the fifth year of its certification period. The amount of tax credits awarded to a tenant for a taxable year shall not exceed the tenant's total lease payments for occupancy of the offshore wind facility for the taxable year. 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., 2023 – 2027).

By statute, the total amount of tax incentives that MassCEC may award in any year may not exceed \$35,000,000.

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 credits in any tax year.

An owner or tenant taking a capital investment credit under this program may not take the credits authorized in MGL c. 62, subsections 6(g) or (bb) or MGL c. 63, sections 38N or 38LL in the same taxable year.

Prior to awarding any incentives or certifying a company, MassCEC and DOR must provide the Executive Office of Administration and Finance (A&F) with an estimate of the tax cost of proposed awards to a company. Tax incentives will not be available to a certified offshore wind company unless expressly granted by the A&F Secretary in writing.

The cumulative amount of tax credits issued, including the current year costs of incentives allowed in previous years, may not exceed \$35,000,000 annually.

PERMANENT FULL-TIME EMPLOYEES AND ON-SITE REQUIREMENTS

Permanent full-time employee means a W-2 employee working for a company for at least 35 hours per week. Third party contractors, interns, and consultants are not considered permanent full-time employees under this program. Permanent part-time employees who work less than 35 hours per week may be aggregated together and counted on a full-time equivalent (FTE) basis. New permanent full-time employees proposed by the company must be created and retained for five (5) years.

The following shall be applicable in determining whether an employee who does not work on-site at a company full-time may be counted as a permanent full-time employee for the purpose of complying with job creation or retention requirements of the program.

1. A company may count as a permanent full-time employee any Massachusetts resident employee that works on-site at the company's facility at least 2 days per week ("Remote Worker") for purposes of compliance with job creation or retention requirements of the program.
2. All nonresident employees must work on-site at the company's facility full-time in order to count toward the job creation or retention requirements of the program.
3. A company may not count any Massachusetts resident employee that works off-site more than 3 days per week, nor any nonresident employee that works off-site for any period of time, for purposes of job creation or retention compliance unless such off-site work is incidental (e.g., temporary, transitory in nature or an isolated transaction).

If the company claims any employees for job compliance purposes in violation of this policy, or the number of Remote Workers materially change from the company's application or agreement, MassCEC reserves to the right to review and amend, rescind, or terminate the application or award.

VII. APPLICATION PROCESS AND TIMELINE

GENERAL REQUIREMENTS

Applicants should read carefully and conform to the requirements of this specific Solicitation. Failure to comply with the provisions of this Solicitation may serve as grounds for rejection of a

proposal. Only complete, timely Applications will be considered. MassCEC, at its sole discretion, may determine whether an application is complete. Applicants are also advised to carefully review and consider the procedures regarding the submission of confidential information contained in Section VIII prior to submitting a response to this Solicitation.

APPLICATION PROCESS

Eligible entities apply for one of the tax incentives described above and for certification as a Certified Offshore Wind Company in a combined application.

Applicants must submit a complete application to MassCEC by the date and time specified in the Schedule section below.

Responses should be provided according to the format and content requirements laid out in Attachment B. The submission must be in electronic PDF format, complete with all of the specified attachments and forms, and submitted via email to offshorewind@masscec.com. The words “Offshore Wind Tax Incentives” must appear in the email subject line.

SCHEDULE

This is an estimated timeline and is subject to change at MassCEC’s discretion.

Release of Solicitation	December 21, 2023
Applications due	4pm ET, March 1, 2024
Notification of award	June 2024
Date for tax credit claims	After July 1, 2024

REVIEW

MassCEC has established a two-step process for evaluating Applications:

1. Threshold Criteria – Upon receipt of an application for the tax credit and offshore wind company certification, MassCEC will evaluate the Application for completeness, eligibility, and other threshold criteria.
2. Programmatic Criteria – If the application is determined to successfully satisfy the threshold criteria, MassCEC will evaluate the Application against the objectives of the statute and the Program, as well as other objectives established by MassCEC as described below.

PROGRAMMATIC CRITERIA

MassCEC may favor Applications that contribute to a balanced and strong portfolio of tax incentive beneficiaries, including but not limited to factors such as:

- Presentation of a clear strategy and credibility of the business plans and underlying assumptions for achieving revenue and employment goals.
- Ability to create and retain jobs for five (5) years. It therefore is imperative that

Applicants provide accurate information regarding actual, permanent full-time Massachusetts employees (over 35 hours per week) and credible estimates regarding projected employment targets.

- Extent to which the company and the offshore wind facility, as applicable, addresses high priority needs and opportunities for the offshore wind industry.
- Geographic location offshore wind operations in Massachusetts and scope of geographies and communities impacted by such operations.
- Breadth of different scopes and occupations in the offshore wind supply chain.
- Demonstration of genuine and proactive commitment to diversity, equity, inclusion, and environmental justice.

AWARD RECOMMENDATIONS

In determining its recommended awards, MassCEC will consult with DOR and A&F. For recommended awards, MassCEC will prepare:

- An estimate of the tax cost of extending the proposed tax credit benefits to a company, based on reasonable projections of project activities and costs, and
- Findings that the company has a substantial likelihood of:
 - meeting all statutory requirements;
 - leveraging additional funding or attracting additional resources to MA;
 - increasing the manufacture, fabrication, and assembly within MA of domestic supply chain components of the offshore wind industry;
 - creating employment in MA;
 - meeting its state revenue, employment growth and applicable capital investment projections over the period for which it receives benefits; and
 - other criteria that MassCEC may prescribe.

MassCEC will seek approval from the A&F Secretary for the recommended awards. MassCEC will then seek Board authorization for the recommended tax credit awards and certification of the relevant offshore wind companies. No awards will be made until approved by the A&F Secretary and the MassCEC Board.

VIII. GENERAL CONDITIONS

NOTICE OF PUBLIC DISCLOSURE

As a public entity, MassCEC is subject to Massachusetts' Public Records Law, codified at Chapter 66 of the Massachusetts General Laws ("Public Records Law"). The Applicant acknowledges and agrees that any documentary material, data, or other information submitted to MassCEC is presumed to be public records. An exemption to the Public Records Law may apply to certain records, including materials that fall under certain categories under a statutory or common law exemption, including the limited exemption at Massachusetts General Laws Chapter 23J, Section 2(k) regarding certain types of confidential information submitted to MassCEC by an applicant for any form of assistance.

The Applicant acknowledges and agrees that MassCEC, in its sole discretion, shall determine

whether any particular document, material, data or other information is exempt from or subject to public disclosure. Thus, MassCEC urges the Applicant to carefully consider what documents, materials, data and other information is submitted to MassCEC in connection with this Solicitation.

In accordance with Public Records Law requirements, MassCEC generally considers documentary materials or data consisting of trade secrets or commercial or financial information regarding the operation of any business conducted by an Applicant for Offshore Wind Tax Incentives or regarding the competitive position of such Applicant in a particular field of endeavor, to be confidential business information, policy deliberative, and exempt from disclosure pursuant to the Public Records Law.

DISCLAIMER & WAIVER AUTHORITY

This Solicitation does not commit MassCEC to award any funds, pay any costs incurred in preparing an application, or make a grant award. MassCEC reserves the right to accept or reject any or all applications received, waive minor irregularities in submittal requirements, modify the anticipated timeline, request modification of the application, negotiate with all qualified Applicants, cancel or modify the Solicitation in part or in its entirety, or change the application guidelines, when it is in MassCEC's best interests or to comply with applicable laws.

This Solicitation has been distributed electronically using MassCEC's website. It is the responsibility of Applicants to check the website for any addenda or modifications to a Solicitation to which they intend to respond. MassCEC accepts no liability and will provide no accommodation to Applicants who submit an application based on an out-of-date Solicitation document.

ADDITIONAL DUE DILIGENCE REQUIREMENTS

Applicants may be subject to additional due diligence at the discretion of MassCEC. All Applicants agree to cooperate with MassCEC in any additional due diligence.

**ATTACHMENT A - AUTHORIZED APPLICANT'S SIGNATURE
AND ACCEPTANCE FORM**

This document is provided as a separate attachment.

**ATTACHMENT B - GUIDANCE FOR
OFFSHORE WIND COMPANY CERTIFICATION APPLICATION**

This document is provided as a separate attachment.

**Attachment C - Application for Offshore Wind Company Certification and
2023 Offshore Wind Tax Incentive**

This document is provided as a separate attachment.