

**HOUSE . . . . . No. 2442**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***Daniel M. Donahue***

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act regarding economic development to enable state residents to attract out-of-state businesses through financial incentives.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Daniel M. Donahue</i>	<i>16th Worcester</i>
<i>Andres X. Vargas</i>	<i>3rd Essex</i>

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By Mr. Donahue of Worcester, a petition (accompanied by bill, House, No. 2442) of Daniel M. Donahue and Andres X. Vargas that the Department of Revenue be directed to prepare a feasibility study relative to creating a tax incentive program for new business growth. Revenue.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 1508 OF 2017-2018.]

**The Commonwealth of Massachusetts**

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**In the One Hundred and Ninety-First General Court  
(2019-2020)**  
\_\_\_\_\_

An Act regarding economic development to enable state residents to attract out-of-state businesses through financial incentives.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           Section 1. Notwithstanding any rule, law or regulation to the contrary, the department of  
2 revenue is hereby authorized and directed to prepare a feasibility study, together with a draft of  
3 legislation amending chapters 62, 63 and any other general laws that may be necessary to create  
4 a tax incentive program to create new business growth. This tax incentive program shall be in  
5 accordance but not limited to the ideas listed below:

6           This essence of this program is to reward residents of Massachusetts who successfully  
7 attract new business to the state. Citizens or business who successfully attract new business shall  
8 receive, a tax credit, that will offset any current or future tax liability.

9 Tax Credits will enable residents of Massachusetts to help attract companies and jobs to  
10 Massachusetts, rewarding residents financially for their efforts. When a new business is either  
11 established in, or relocated to Massachusetts, a percentage of the newly generated tax revenue  
12 would be credited to the Massachusetts taxpayer responsible for attracting the new business.  
13 This aggregated new tax revenue would be used to calculate the financial benefit to the resident  
14 who was the catalyst in attracting the business.

15 The compensation benefit model would disburse 20% of the aggregated new tax revenue  
16 to the resident in the first year, 10% the second year, and 5% the third year. This disbursement  
17 would be applied directly against their state and/or local tax liabilities. If the compensation  
18 exceeds total state and/or local tax liabilities for each of the years that are accrued, then the  
19 excess compensation proceeds would be applied against future state and/or local tax liabilities  
20 until excess compensation is exhausted.

21 No actual proceeds would be disbursed to the resident. However, the resident may end up  
22 receiving refund checks for any state and/or local taxes that may have been deducted from  
23 employment income earned, or any other relevant 'escrowed' taxes deducted during those  
24 calendar years.

25 Tax data from new businesses would be kept confidential using custodial or escrow  
26 protection granted to the Commonwealth or municipality legislators and their administrative or  
27 executive associates. This approach invokes the same shield used by the Commonwealth or  
28 municipality legislators when they go into executive session.

29 The department shall file its report, together with any recommendations for legislation,  
30 with the Joint Committee on Revenue no later than December 1, 2021