

**HOUSE . . . . . No. 325**

The Commonwealth of Massachusetts

PRESENTED BY:

*Carl M. Sciortino, Jr.*

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 passage of the accompanying bill:

An Act to promote efficiency and transparency in economic development .

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Carl M. Sciortino, Jr.</i>	<i>34th Middlesex</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Denise Andrews</i>	<i>2nd Franklin</i>
<i>Brian M. Ashe</i>	<i>2nd Hampden</i>
<i>Ruth B. Balsler</i>	<i>12th Middlesex</i>
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>
<i>Sheila C. Harrington</i>	<i>1st Middlesex</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>
<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>
<i>Kay Khan</i>	<i>11th Middlesex</i>
<i>Jason M. Lewis</i>	<i>31st Middlesex</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>
<i>Tom Sannicandro</i>	<i>7th Middlesex</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>
<i>Martha M. Walz</i>	<i>8th Suffolk</i>

*Aaron Vega*

*5th Hampden*

**HOUSE . . . . . No. 325**

By Mr. Sciortino of Medford, a petition (accompanied by bill, House, No. 325) of Carl M. Sciortino, Jr. and others relative to the collection and reporting of data necessary to assess total spending or to judge the impact of economic development investments. Economic Development and Emerging Technologies.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE  
□ HOUSE  
□ , NO. 2565 OF 2011-2012.]

**The Commonwealth of Massachusetts**

**In the Year Two Thousand Thirteen**

An Act to promote efficiency and transparency in economic development .

*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. The General Laws are hereby amended after Chapter 30B by inserting the  
2 following chapter:-

3 Chapter 30C. Economic Development, Transparency and Fiscal Accountability

4 Section 1. As used in Chapter 30C, the following words shall, unless the context clearly  
5 requires otherwise, have the following meanings:-

6 "Corporate parent" means any person, association, corporation, joint venture, partnership,  
7 or other entity, that owns or controls 50 percent or more of a recipient corporation.

8 "Date of subsidy" means the date that a granting body provides the initial monetary value  
9 of a development subsidy to a recipient corporation provided, however, that where the subsidy is  
10 for the installation of new equipment, such date shall be the date the corporation puts the  
11 equipment into service and provided, further, that where the subsidy is for improvements to  
12 property, such date shall be the date the improvements are finished, or the date the corporation  
13 occupies the property, whichever is earlier.

14 "Development subsidy" means any expenditure of public funds with a value of at least  
15 \$25,000.00 for the purpose of stimulating economic development within the Commonwealth,  
16 including but not limited to bonds, grants, loans, loan guarantees, enterprise zones,  
17 empowerment zones, tax increment financing, grants, fee waivers, land price subsidies, matching  
18 funds, tax abatements, tax exemptions, and tax credits.

19 "Discretionary tax credit program" means: (i) the historic rehabilitation tax credit in  
20 section 38R of said chapter 63 and section 6J of said chapter 62; (ii) the life sciences investment  
21 tax credit in section 38U of said chapter 63 and subsection (m) of said section 6 of said chapter  
22 62; (iii) the low-income housing tax credit in section 31H of said chapter 63 and section 6I of  
23 said chapter 62; (iv) the refundable research credit in subsection (J) of section 38M of said  
24 chapter 63; (v) the economic development incentive program in subsection (g) of said section 6  
25 of said chapter 62 and section 38N of said chapter 63; (vi) certified housing development credits  
26 of subsection (q) of Section 6 of said Chapter 62; (vii) donated land (conservation) credits of  
27 subsection (p) of Section 6 of said Chapter 62; (viii) community investment tax credit of section  
28 6M of said chapter 62 and section 38EE of said chapter 63; and (ix) any discretionarily awarded  
29 tax credits under chapter 62 and 63 established after January 1, 2013.

30 "Full-time job" means a job in which an individual is employed by a recipient  
31 corporation for at least 35 hours per week.

32 "Granting body" means any agency, board, office, public benefit corporation or authority  
33 of the Commonwealth or a local government unit that provides a development subsidy.

34 "Local government unit" means an agency, board, commission, office, public benefit  
35 corporation, or public authority of a political subdivision of the Commonwealth.

36 "New Employee" means a full-time employee who represents a net increase in the  
37 number of individuals employed by the recipient corporation in the Commonwealth. "New  
38 employee" does not include an employee who performs a job that was previously performed by  
39 another employee of the recipient corporation if that job existed for at least 6 months before  
40 hiring the employee.

41 "Part-time job" means a job in which an individual is employed by a recipient  
42 corporation for less than 35 hours per week.

43 "Permanent Job" means a job that is not scheduled to terminate at the completion of a  
44 discrete project.

45 "Project site" means the site of a project for which any development subsidy is provided.

46 "Property-taxing entity" means any entity that levies taxes upon real or personal property.

47 “Recipient corporation” means any person, association, corporation, joint venture,  
48 partnership or other entity that receives a development subsidy.

49 “Searchable Website” means the website defined in Section 14C (a) of Chapter 7 of the  
50 Massachusetts General Laws and administered by the Secretary of Administration and Finance  
51 that allows the public at no cost to search for, obtain and aggregate state spending and revenue  
52 information.

53 "Small business" means a corporation whose corporate parent, and all subsidiaries  
54 thereof, that employed fewer than twenty full-time employees or had total gross receipts of less  
55 than one million dollars during the calendar year.

56 “State” means an agency, board, commission, office, public benefit corporation or public  
57 benefit authority of the Commonwealth.

58 "Subsidy value” means the face value of any and all development subsidies provided to a  
59 recipient corporation.

60 “Temporary job” means a job in which an individual is hired for a season or for a limited  
61 period of time.

## 62 Section 2. Application for Economic Development Subsidies

63 (a) Notwithstanding any general or special laws to the contrary, an applicant for an  
64 economic development subsidy, shall complete an application for the subsidy on a form prepared  
65 by the Executive Office of Housing and Economic Development. The information required on  
66 the application shall include but not be limited to the following:

67 (i) An application tracking number for the granting agency and the project;

68 (ii) The name, street and mailing address, and phone number of the chief officer of the  
69 granting body;

70 (iii) The name, street and mailing address, and phone number of the chief officer of the  
71 applicant’s corporate parent;

72 (iv) The name, street and mailing address, and phone number of the chief officer of the  
73 applicant;

74 (v) The street address of the project site;

75 (vi) The three-digit North American Industry Classification System number of the project  
76 site;

77 (vii) The total number of individuals employed by the applicant at the project site on the  
78 date of the application, broken down by full-time, part-time, and temporary positions;

79 (viii) The total number of individuals employed in the Commonwealth by the applicant's  
80 corporate parent, and all subsidiaries thereof, as of December 31 of the prior fiscal year, broken  
81 down by full-time, part-time and temporary positions;

82 (ix) The development subsidy or subsidies being applied for with the granting body, and  
83 the value of such subsidy or subsidies;

84 (x) An estimate of the number of new jobs to be created by the applicant, broken down by  
85 full-time, part-time and temporary positions, where applicable;

86 (xi) The average hourly wage to be paid to all current and new employees at the project  
87 site, where applicable;

88 (xii) For project sites located in a Metropolitan Statistical Area, as defined by the federal  
89 Office of Management and Budget, the average hourly wage paid to non-managerial employees  
90 in the Commonwealth for the industries involved at the project, as established by the United  
91 States Bureau of Labor Statistics;

92 (xiii) For project sites located outside of Metropolitan Statistical Areas, the average  
93 weekly wage paid to non-managerial employees in the county for industries involved at the  
94 project, as established by the United States Department of Commerce;

95 (xiv) The type and amount of health care coverage to be provided by the applicant within  
96 ninety days of commencement of employment at the project site, including any costs to be borne  
97 by the employees;

98 (xv) A description of the project to be developed or undertaken, where applicable;

99 (xvi) The value of any additional private investment to be committed to this project;

100 (xvii) A statement as to whether the development subsidy may reduce employment at any  
101 other site controlled by the applicant or its corporate parent, within or without of the  
102 Commonwealth, resulting from automation, merger, acquisition, corporate restructuring or other  
103 business activity;

104

105 (1) If the granting body shall approve the application, it shall send a copy to the  
106 Executive Office of Housing and Economic Development within fifteen days of such approval,  
107 which shall be a public record.

108 Section 3. Reports

109 (a) Annual reports

110 (i) Notwithstanding any general or special laws to the contrary, each granting body shall  
111 file a progress report with the Executive Office of Housing and Economic Development for each  
112 project for which a development subsidy has been granted, no later than May 15 each year. The  
113 report shall include the following information:-

114 (1) The application tracking number;

115 (2) The identity of each taxpayer received an economic development subsidy and from  
116 which program the credit was received;

117 (3) The amount of the tax credit awarded and issued for each taxpayer and each project, if  
118 applicable;

119 (4) A list of all other development subsidies which the applicant has been granted by state  
120 or local agencies within the Commonwealth.

121 (i) Subsidies granted over a period of time, including but not limited to tax increment  
122 financing agreements, shall include both the value of the annual subsidy and the estimated  
123 cumulative total for each subsequent year.

124 (5) The benefit to the Commonwealth actually provided, including but not limited to:

125 (i) The number of jobs created and lost, broken down by full-time, part-time and  
126 temporary positions, where applicable;

127 (ii) The average wage of the jobs created, where applicable;

128 (iii) The type and amount of health care coverage provided to the employees at the  
129 project site, including any costs borne by the employees, where applicable;

130 (iv) The status of the development project, where applicable;

131 (v) The amount of private investment committed to this project, where applicable.

132 (6) The comparison of the total employment in the Commonwealth by the recipient's  
133 corporate parent on the date of the application and the date of the report, broken down by full-  
134 time, part-time and temporary positions;

135 (7) A statement, as reported by the taxpayer applicant, as to whether the use of the  
136 development subsidy during the previous fiscal year has reduced employment at any other site  
137 controlled by the recipient corporation or its corporate parent, within or without of the  
138 Commonwealth as a result of automation, merger, acquisition, corporate restructuring or other  
139 business activity;

140 (8) A signed certification by the chief officer of the recipient corporation as to the  
141 accuracy of the progress report;

142 (i) On all subsequent annual progress reports, the granting body shall indicate whether the  
143 recipient corporation is still in compliance with its job creation, wage and benefit goals, and  
144 whether the corporate parent is still in compliance with its state employment requirement;

145 (ii) Granting bodies and recipient corporations shall file annual progress reports for the  
146 duration of the subsidy, or not less than five years, whichever period is greater.

147 (b) Two-Year Report

148 (i) No later than fifteen days after the second anniversary of the date of subsidy, the  
149 granting body shall file with the Executive Office of Housing and Economic Development a two-  
150 year progress report including the same information as required under section 5(a). The recipient  
151 corporation shall certify as to the accuracy of such report.

152 (ii) The granting body shall state in the two-year report whether the recipient corporation  
153 has achieved its job creation, wage and benefit goals, and whether the corporate parent has  
154 maintained 90% of its employment in the Commonwealth.

155 (c) The Executive Office of Housing and Economic Development (EOHED) shall  
156 compile and publish all data from the progress reports in both written and electronic form,  
157 including to a reporting web site maintained by the Executive Office of Housing and Economic  
158 Development. The information in the reports shall be included as part of the Searchable Website  
159 administered by the Secretary of Administration and Finance

160 (d) The granting body and the Executive Office of Housing and Economic Development  
161 shall have access at all reasonable times to the project site and the records of the recipient  
162 corporation in order to monitor the project and to prepare progress reports. The Executive Office  
163 of Housing and Economic Development shall commit the resources necessary to audit  
164 compliance and verify the accuracy of progress reports.

165 (e) A recipient corporation that fails to provide the granting body with the information or  
166 access required under paragraphs (1) and (2) of this section shall be subject to a fine of not less  
167 than \$500 per day to commence within ten working days after the February 1 deadline, and of  
168 not less than \$1,000 per day to commence twenty days after such deadline.

169 Section 4. Review

170 Notwithstanding any general or special laws to the contrary, all discretionary tax credit  
171 programs shall expire after a period of 5 years unless reauthorized by an act of the legislature.  
172 All other economic development subsidies shall be reviewed every 5 years by the legislature  
173 with assistance from the Executive Office of Housing and Economic Development, based on the  
174 reports required under Section 3, and may take action to renew, modify, or repeal them  
175 accordingly.



176 Section 5. Subsidy Limit and Job Quality Standards

177 (a) A granting body shall not grant award a development subsidy if the cost per  
178 permanent, full-time job is greater than \$35,000.00. Such cost shall be determined by dividing  
179 the amount of the subsidy by the number of permanent, full-time jobs required under the  
180 application approved by the granting body.

181 (b) A granting body shall not grant a subsidy to an applicant unless the wages paid to  
182 employees at the project site are equal to or exceed 85% of the average wage as established  
183 under paragraphs (xii) and (xiii) of section 4, provided, however, that for small businesses, the  
184 average wage must equal or exceed 75% of the wages established hereunder. The computation of  
185 wages under this section shall only apply to a recipient corporation that provides the health care  
186 coverage as approved in its application by the granting body.

187 Section 6. Revocation/Recapture

188 (a) A recipient corporation shall fulfill its job creation, wage, health care and other  
189 benefit requirements for the project site within two years of the date of subsidy. Such recipient  
190 shall maintain its wage and benefit goals as long as the subsidy is in effect, or five years,  
191 whichever is longer.

192 (b) The corporate parent of a recipient corporation must maintain at least 90% of its  
193 employment in the Commonwealth as long as the development subsidy is in effect, or not less  
194 than five years, whichever is longer.

195 (c) If the requirements under paragraphs (a) or (b) are not fulfilled, this shall be deemed a  
196 material variance and the granting body shall revoke and recapture the development subsidy  
197 from the recipient corporation as follows:

198 (i) For projects certified before January 1, 2013, if the granting body revokes a subsidy  
199 because of a material variance, the value of the economic benefit that shall be recaptured or  
200 otherwise recouped by the commonwealth or municipality shall be the amount the corporate  
201 parent would have been allowed to receive after the effective date of revocation. Revocation  
202 shall take effect on the first day of the tax year in which a material variance occurred as  
203 determined by the granting body. If the granting body revokes a subsidy because of a material  
204 misrepresentation or fraud, the value of the economic benefit that shall be recaptured or  
205 otherwise recouped by the commonwealth or the municipality shall be the total amount of  
206 economic benefit approved by the state for the corporate parent.

207 (ii) For projects certified after January 1, 2013, if the granting body revokes a subsidy,  
208 the value of the economic benefit that shall be recaptured or otherwise recouped by the state or  
209 municipality shall be the total amount of economic benefit approved by the state or municipality  
210 for the corporate parent.

211 (d) The granting body shall provide notice to the recipient corporation of its intent to  
212 revoke and recapture the development subsidy and state the reasons and amount to be recaptured.  
213 The recipient corporation shall remit to the governing body such amount within 60 calendar days  
214 of the date of such notice.

215 (e) If a recipient corporation fails to create at least 90% of the required number of jobs or  
216 to pay the required wages or benefits for three consecutive calendar years, the granting body  
217 shall revoke, and shall so notify the Executive Office of Housing and Economic Development  
218 and the recipient corporation. The recipient corporation shall pay back to the granting body all  
219 remaining value of the development subsidy it has not previously repaid within 180 calendar  
220 days of the date of the notice of such default.

221 (i) Recipient corporations that have defaulted on their agreement and had their full  
222 subsidy recaptured shall be barred from applying for any other economic development subsidy in  
223 the Commonwealth for a period not less than 5 years.

#### 224 Section 7. Private Enforcement Action

225 If a granting body fails to enforce any provision of this Act, any individual who paid  
226 personal income taxes to the Commonwealth in the calendar year prior to the year in dispute, or  
227 any organization representing such taxpayers, shall be entitled to bring a civil action in state  
228 court to compel enforcement under this statute. The court shall award reasonable attorney's fees  
229 and costs to such prevailing taxpayer or organization.

#### 230 Section 8. Transparency & Public Record Disclosure

231 (a) All records required to be prepared or maintained under this Act, including but not  
232 limited to applications, progress reports, audits, recapture notices and any other records or  
233 proceedings relating thereto, shall be subject to disclosure under the Commonwealth's Open  
234 Records Law and be made available as part of the Searchable Website administered by the  
235 Secretary of Administration and Finance.

236 (b) Granting bodies administering discretionary economic development incentive  
237 programs, including but not limited to the Economic Assistance Coordinating Council and the  
238 Massachusetts Life Sciences Center, shall be required to:

239 (i) Post meeting dates 30 days in advance on the website of the Executive Office of  
240 Housing and Economic Development.

241 (ii) Make meeting agendas and supporting materials, including but not limited to the full  
242 text of the applications to be considered, publicly available on the website of the Executive  
243 Office of Housing and Economic Development at least 2 weeks prior to the meeting.

244 (iii) Make meeting members, votes, and minutes publicly available on the website of the  
245 Executive Office of Housing and Economic Development within 24 hours of the meeting.

246 Section 9. Pre-emption

247 Nothing in this chapter shall be read to require or authorize any recipient corporation to  
248 reduce wages or benefits established under any collective bargaining agreement or state or  
249 federal prevailing wage law.

250 Section 10. Separability

251 If any provision of this Act is determined to be unenforceable in a court of law, such  
252 determination shall not affect the validity or enforceability of any other provision of this Act.

253 Section 11. Waivers

254 The Executive Office of Economic Development may waive the subsidy limit and job  
255 quality standards described in section 6 upon a finding that there exists significant public policy  
256 goals apart from job creation. Thirty days prior to waiving requirements, the Executive Office of  
257 Economic Development shall publish its intent to do so on its reporting website with an  
258 explanation of the specific public policy goals, why the waiver is necessary to meet the public  
259 policy goals and define objective standards by which the public policy goals will be measured.  
260 The one and two year progress reports described in section 5 will use these standards to  
261 determine whether these public policy goals were met.