

**HOUSE . . . . . No. 3499**

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The Commonwealth of Massachusetts

PRESENTED BY:

***Gailanne M. Cariddi***

*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 establishing a tax increment financing plan for new businesses.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Gailanne M. Cariddi</i>	<i>1st Berkshire</i>
<i>Colleen M. Garry</i>	<i>36th Middlesex</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>
<i>Paul A. Schmid, III</i>	<i>8th Bristol</i>

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By Ms. Cariddi of North Adams, a petition (accompanied by bill, House, No. 3499) of Gailanne M. Cariddi and others for legislation to direct the Secretary of Housing and Economic Development to establish a tax increment program to promote the development of small businesses. Revenue.

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The Commonwealth of Massachusetts

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**In the One Hundred and Eighty-Ninth General Court  
(2015-2016)**  
\_\_\_\_\_

An Act establishing a tax increment financing plan for new businesses.

*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. Chapter 23A of the General Laws is hereby amended by adding the  
2 following section:-

3 Section 66. (a) The secretary of housing and economic development shall establish a tax  
4 increment financing program, hereinafter the program, which shall incentivize the development  
5 of small businesses in particular areas of the commonwealth in accordance with the requirements  
6 of this section. The program shall provide exemptions from certain state taxes and fees to  
7 qualifying businesses.

8 (b) The secretary of housing and economic development shall establish no more than 6  
9 zones in which the program shall be available, hereinafter referred to as a business zone. No  
10 municipality shall be in more than 1 zone. A zone shall include a municipality that satisfies at  
11 least 2 of the following requirements:

12 (1) The municipality is classified as a Massachusetts Micropolitan NECTA by the  
13 United States Census Bureau;

14 (2) The municipality has former mill or manufacturing infrastructure with little to no  
15 active use;

16 (3) The municipality has vacant parcels classified as Brownsfields land;

17 (4) The municipality has a poverty rate higher than the commonwealth average; or

18 (5) The municipality has an unemployment rate higher than the commonwealth average.

19 (c) In order to qualify for the program, a business shall apply to the department of  
20 housing and economic development on an application which the department shall develop, and  
21 shall meet the following requirements in order to enter into a tax increment financing plan:

22 (1) The business shall be located within a business zone;

23 (2) The business shall be new to the commonwealth, which shall mean: (i) the business is  
24 not currently operating or located in the commonwealth, (ii) the business will not be transferring  
25 existing jobs from another part of the commonwealth, and (iii) the business is not substantially  
26 similar to another business in operation in the commonwealth within the last 5 years;

27 (3) The business shall not be a restaurant, a retail business, a real estate brokerage firm, a  
28 law firm, a real estate management company, a hospitality business, a finance or financial  
29 services business, a business providing personal, administrative or support services, an  
30 accounting firm, or a business providing utilities or generating electricity;

31 (4) The business shall meet the current definition of a small business established by the  
32 United States Small Business Administration; and

33 (5) The business shall demonstrate the potential to create new jobs in the commonwealth,  
34 which shall mean: (i) jobs that will not been transferred from another business in the  
35 commonwealth through acquisition, merger, consolidation, or other reorganization of a business;  
36 (ii) jobs that will be full-time, pay a living wage, include benefits and require at least 35 hours of  
37 work per week; and (iii) job designed to be filled for no less than 12 months. A business whose  
38 application demonstrates the ability to create 50 or more new jobs shall establish training  
39 programs to qualify local workers for such jobs or shall agree to participate with local  
40 employment and training agencies to give local residents the first priority for employment at  
41 such jobs.

42 (d) A qualifying business approved and selected by the department for the program shall  
43 enter into an agreement with the secretary establishing the terms of the business's individualized  
44 tax increment finance plan, hereinafter the plan. The plan shall establish the business's  
45 exemptions from otherwise applicable taxes and fees, which shall be a percentage of such taxes  
46 and fees that shall not exceed 100 per cent, and which shall be reduced annually by a set amount.  
47 No exemptions shall be available for a period longer than 10 years. The taxes and fees from  
48 which a plan may allow a business to be exempt shall include, but are not limited to, the  
49 following:

50 (1) Business registration fees;

51 (2) The use tax;

52 (3) The personal income tax, provided that this shall apply to sole proprietorships  
53 only;

54 (4) The annual report fee for domestic corporations and domestic limited  
55 partnerships;

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57 (5) Sales tax on newly purchased equipment; and

58 (6) Taxes on corporations.

59 (e) The secretary of housing and economic development shall implement the tax  
60 increment financing program by issuing regulations and rules consistent with the requirements of  
61 this section.

62 SECTION 2. The secretary of housing and economic development shall issue the  
63 regulations required by subsection (e) of section 66 of chapter 23A of the General Laws on or  
64 before January 1, 2017.