

**SENATE . . . . . No. 1574**

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The Commonwealth of Massachusetts

PRESENTED BY:

***Bruce E. Tarr***

*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 relative to job creation tax credit.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Bruce E. Tarr</i>	<i>First Essex and Middlesex</i>
<i>Viriato M. deMacedo</i>	<i>Plymouth and Barnstable</i>
<i>Donald F. Humason, Jr.</i>	<i>Second Hampden and Hampshire</i>

**SENATE . . . . . No. 1574**

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By Mr. Tarr, a petition (accompanied by bill, Senate, No. 1574) of Bruce E. Tarr, Viriato M. deMacedo and Donald F. Humason, Jr. for legislation relative to job creation tax credit. 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 relative to job creation tax credit.

*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. Section 67D of chapter 62C of the General Laws, as appearing in the 2014  
2 Official Edition, is hereby amended by inserting after subsection (g) the following new sections:-

3 (h) when used in section (i)-(n), the following words shall have the following meaning:

4 “Application year”, the calendar year for which a business submits the information  
5 required for a determination as to a jobs incentive credit.

6 “Business”, a corporation, sole proprietorship, partnership, limited liability company or  
7 any other form of business organization.

8 “Commissioner”, the commissioner of revenue.

9 “Eligible Jobs”, a number determined by first multiplying each of the local jobs created  
10 by a business during a single calendar year by the job qualifier for that job, and then totaling the  
11 number for all of the local jobs created.

12 “Full time employee”, a person who is employed for consideration for at least 35 hours  
13 per week and whose salary is subject to withholding as provided in chapter 62B.

14 “Job qualifier fraction”, in the case of either a full-time employee or a part-time  
15 employee of a business, the figure that determines the extent to which that employee is employed  
16 in the commonwealth during a single calendar year. The job qualifier fraction for each employer  
17 shall be determined by multiplying the following percentages together: (i) the percentage of time  
18 that an employee worked while employed by the company expressed as average hours worked  
19 per week out of 35 hours, not to exceed 100 per cent; (ii) that employee’s time attributable to  
20 work in the commonwealth, as a portion of that employee’s total work for the company; and (iii)  
21 the portion of the year the employee worked for the company.

22 “Jobs incentive credit”, a business employment incentive credit for companies as  
23 provided for in this section.

24 “Local jobs created”, the total number of jobs created by a business during a single  
25 calendar year in which the new employees perform qualified services in at least 1 in-state  
26 location, including jobs performed by persons that are transferred within the company to work at  
27 an in-state location from a location based outside the state.

28 “Part-time employee”, a person who is employed for consideration for less than 35 hours  
29 a week and whose salary is subject to withholding as provided in chapter 62B.

30 “Credit years”, in the case of a business that is determined to be eligible for a jobs  
31 incentive credit, the 3 calendar years following the application year.

32           “Weighted, average employment”, for a calendar year, the total number of jobs  
33 maintained by a business in which the employees performed employment services in at least 1  
34 in-state location. The number is to be determined by first multiplying each of the individual jobs  
35 maintained by the company for that year by the job qualifier fraction for that job and then  
36 totaling the number for all of these jobs.

37           (i) A business that creates an eligible job in the commonwealth during its application year  
38 shall be entitled to a jobs incentive credit, spread equally over three calendar years, if its  
39 weighted average employment for such application year reflects a net increase over the  
40 company’s weighted average employment for the prior calendar year. The total jobs incentive  
41 credit shall be equal to 50 per cent of the amount paid by the company as salary attributable to  
42 eligible jobs created by the company in such year to the extent that the salary was subject to  
43 Massachusetts withholding pursuant to chapter 62B for such year, multiplied by the applicable  
44 Massachusetts income tax rate for such salary, and such credit shall be applied toward the  
45 company’s liability imposed by Chapter 62B, Section 2. A company shall take a jobs incentive  
46 credit for no more than 50 jobs created over its weighted average employment for the prior  
47 calendar year. For companies creating greater than 50 jobs over the weighted average  
48 employment for the prior calendar year, the total tax credit, which will be taken in three equal  
49 installments subject to the terms and conditions in the following sections, shall be determined by  
50 the salary of the first 50 eligible jobs created. For the purposes of this provision, an eligible job  
51 shall be deemed created in the commonwealth on the first day for which Massachusetts  
52 withholding is required in connection with the compensation paid to the employee.

53           (j) The jobs incentive credit shall be taken by a business in 3 equal installments in each of  
54 the 3 calendar years commencing with the calendar year subsequent to the application year. If,

55 for the first or second credit year, the company's weighted average employment falls below its  
56 weighted average for the application year, the company shall be disqualified from taking its  
57 second installment credit. It may nonetheless take its third installment credit if its weighted  
58 average employment for its second credit year is above its weighted average employment for the  
59 application year.

60 (k) A company that seeks a jobs incentive credit shall apply to the commissioner to  
61 receive permission to take such a credit on a form prescribed by the commissioner. This form  
62 shall reference the necessary information concerning the eligible jobs created by the company in  
63 the Commonwealth during the application year and also the company's weighted average  
64 employment for such year and the prior calendar year. The commissioner shall advise the  
65 company of the determination in writing.

66 (l) Not later than March 1 of each calendar year for which a company has been approved  
67 to take a job incentives credit, the company shall submit to the commissioner, in a form  
68 prescribed by the commissioner, the information necessary to evaluate the company's prior year  
69 weighted employment average.

70 (m) A company that has previously been approved to take a job incentive credit is  
71 entitled to re-apply for an additional credit for a second or third application year. In such cases,  
72 the company may be entitled to take a job incentive credit that relates to different application  
73 years in the same calendar year. When a company has previously been granted permission to  
74 take a jobs incentive credit for 3 application years, it shall not request an additional jobs  
75 incentive credit. In no case shall a company take a jobs incentive credit after June 30, 2016,  
76 when all provisions in (i)-(m) shall sunset and no longer be in effect.

77 (n) Following the termination of the job creation tax credit program, the commissioner of  
78 the department of revenue, in consultation with one or more institutes of higher learning, shall  
79 conduct a cost benefit analysis of said program, which shall take into consideration the total  
80 number of permanent in-state jobs created under the program, the total amount of tax credits  
81 provided, and any other factors that would be useful in measuring the success of the program.  
82 The commissioner shall prepare a report on the findings, which shall be filed with the clerk of  
83 the house of representatives and the clerk of the senate, the chairs of the house and senate  
84 committees on ways and means, and the house and senate chairs of the joint committee on  
85 revenue no later than September 30, 2016. Said report shall include the commissioner's findings  
86 as to the feasibility of extending the job creation tax credit program beyond the sunset date,  
87 along with any recommendations for revising the program to make it more effective in enhancing  
88 the creation of jobs.