

SENATE No. 00163

The Commonwealth of Massachusetts

PRESENTED BY:

Richard T. Moore

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 economic development in Gateway Towns .

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Richard T. Moore</i>	<i>Worcester and Norfolk</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Michael R. Knapik</i>	<i>Second Hampden and Hampshire</i>

SENATE No. 00163

By Mr. Moore, petition (accompanied by bill, Senate, No. 163) of Knapik, Eldridge and Moore for legislation to promote economic development in Gateway Towns [Joint Committee on Economic Development and Emerging Technologies].

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act to promote economic development in Gateway Towns .

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 3A of chapter 23A, as most recently appearing, is hereby
2 amended by striking the definition for “Gateway Municipality,” and inserting in place thereof the
3 following new definition:--
4 “Gateway Municipality,” a city with a population greater than 35,000 and less than 250,000 or a
5 town or group of towns acting together, with a population greater than 10,000 and less than
6 35,000; a median household income below the commonwealth’s average and a rate of education
7 attainment of a bachelor’s degree or above that is below the commonwealth’s average designated
8 by the Secretary of Housing and Economic Development pursuant to this chapter.

9 SECTION 2. Chapter 23A of the general laws, as so appearing, is hereby further
10 amended by inserting the following new section:--

11 Section 63. The Secretary of Housing and Economic Development shall designate as
12 Gateway Towns, municipalities which meet the following criteria, no later than January 31 of
13 each year:

14 (a) population exceeding 10,000 people; or a formally established regional partnership
15 of two or more towns with a combined population exceeding 10,000 people;

16 (b) median household income below the state average;

17 (c) per capita income below the state average;

18 (d) percentage of the city or town's population having attained a bachelor's degree or
19 higher below the state's average, and;

20 (e) situated along a border with another state with connecting state numbered road
21 access.

22 Any municipality named a Gateway Town shall remain a Gateway Town for at least three
23 consecutive calendar years.

24 SECTION 3. Section 6(k)(1)(i) of chapter 62 of the general laws, as so appearing, is
25 hereby amended by striking the words "an amount not to exceed \$50,000,000 per year" and
26 inserting in place thereof the following:--

27 "an unlimited amount for Gateway Towns as defined in Chapter 23A, and an amount not to
28 exceed \$100,000,000 annually for all other municipalities combined."

29 SECTION 4. Section 38R(b)(1)(i) of chapter 63 is hereby amended by striking the
30 words “an amount not to exceed \$50,000,000 per year” and inserting in place thereof the
31 following:--

32 “an unlimited amount for Gateway Towns defined in Chapter 23A, and an amount not to exceed
33 \$100,000,000 annually for all other municipalities combined.”

34 SECTION 5. Chapter 63 of the general laws, as so appearing, is hereby amended by
35 adding the following new section:--

36 Section 82. The Department of Revenue shall have the authority to provide a credit
37 for a corporation against its corporate income tax to foster job creation in Gateway Towns in the
38 commonwealth as defined in Chapter 23A of these laws. The credit shall be claimed for the
39 taxable years or tax periods specified in the taxpayer’s agreement with the Department of
40 Revenue. The amount of the credit available for a taxable year cannot exceed either \$2,500 per
41 new employee or ten percent of that corporation’s state income tax.

42 A taxpayer or potential taxpayer who proposes a project to create new jobs in the
43 commonwealth may apply to the Department of Revenue to enter into an agreement for a tax
44 credit under this section. The Commissioner of the Department of Revenue shall prescribe the
45 form of the application. After receipt of an application, the department may enter into an
46 agreement with the taxpayer for a credit under this section if it determines all of the following:
47 (1) The taxpayer’s project will create new jobs in this state; (2) the taxpayer’s project is
48 economically sound and will benefit the people of this state by increasing opportunities for
49 employment and strengthening the economy of this state; and (3) receiving the tax credit is a
50 major factor in the taxpayer’s decision to go forward with the project.

51 An agreement under this section shall include the following: (1) A detailed description
52 of the project that is the subject of the agreement; (2) the term of the tax credit, which shall not
53 exceed ten years, and the first taxable year, or first calendar year that includes a tax period, for
54 which the credit may be claimed; (3) a requirement that the taxpayer shall maintain operations at
55 the project location for at least twice the number of years as the term of the tax credit; (4) a letter
56 of support from the Chairman of Selectmen or Chairman of a Town Council or Town Manager
57 of the Gateway Town in which the jobs will be created; (5) a specific method for determining
58 how many new employees are employed during the taxable year or during a calendar year that
59 includes a tax period; (6) a requirement that the taxpayer annually shall report to the
60 Commissioner of the Department of Revenue the number of new employees, the new income tax
61 revenue withheld in connection with the new employees, and any other information the
62 Commissioner may need; and (7) a provision requiring that the taxpayer shall not relocate
63 employment positions from elsewhere to this state to the project site that is subject to the
64 agreement.

65 If a taxpayer fails to meet or comply with any condition or requirement set forth in a
66 tax credit agreement, the Department of Revenue may amend the agreement to reduce the
67 percentage or term of the tax credit. The reduction in percentage or term may take effect in the
68 immediate taxable year in which the Commissioner of Revenue notifies the taxpayer in writing
69 of such failure. If the taxpayer fails to annually report any of the information required by this
70 section within the time required by the Commissioner, the reduction of the percentage or term
71 shall take effect in the current taxable year. Projects that consist solely of point-of-final-
72 purchase retail facilities, as defined by the Department of Revenue, are not eligible for a tax
73 credit under this section. If a project consists of both point-of-final-purchase retail facilities and

74 non-retail facilities, only the portion of the project consisting of the non-retail facilities shall be
75 considered when computing the amount of the tax credit. If a warehouse facility is part of a
76 point-of-final-purchase retail facility and supplies only that facility, the warehouse facility is not
77 eligible for a tax credit. Catalog distribution centers are not considered point-of-final-purchase
78 retail facilities for the purposes of this division, and are eligible for tax credits under this section.

79 Financial statements and other information submitted to the Department of Revenue
80 by an applicant or recipient of a tax credit under this section, and any information taken for any
81 purpose from such statements or information, are not public records subject to the general laws.
82 However, the Commissioner of Revenue may make use of the statements and other information
83 for purposes of issuing public reports or in connection with court proceedings concerning tax
84 credit agreements under this section. The Commissioner shall preserve the confidentiality of the
85 statement of information.

86 SECTION 6. Chapter 63 of the general laws, as most recently appearing, is hereby
87 amended by adding at the end thereof the following new section:--

88 Section 38U. (a) For the purposes of this section, unless the context clearly requires
89 otherwise, the following words shall have the following meanings:-

90 “Commissioner,” the Commissioner of the Department of Revenue;

91 “Department,” the Department of Housing and Economic Development, or its successor agency;

92 “Gateway Town,” a municipality as defined by Chapter 23A;

93 “Gateway Town housing project,” a project to build, convert from non-residential uses, or
94 rehabilitate housing in a Gateway Town;

95 “Secretary,” the Secretary of Housing and Economic Development.

96 (b) (1) There shall be a tax credit for Gateway Town housing projects. The
97 department may authorize annually under this section the total sum of \$25,000,000 collectively
98 against the Gateway Towns as defined in Chapter 23A.

99 (2) The department shall allocate the total available Gateway Town housing
100 project tax credit among as many qualified projects as fiscally feasible, with the goal of
101 increasing market rate housing in the Commonwealth’s Gateway Towns.

102 (c) (1) The Gateway Town housing tax credit shall be taken against the taxes
103 imposed under this chapter, claimed equally for five years, subtracted from the amount of state
104 tax otherwise due for each taxable period and shall not be refundable. The tax credit shall not
105 exceed the amount of state tax owed annually by the claimant.

106 (2) An owner of a gateway Town housing project shall certify to the
107 commissioner the amount of credit allocated to such owner. The owner of the Gateway Town
108 housing project shall provide to the commissioner appropriate information as needed by the
109 Commissioner.

110 (d) The owner of a Gateway Town housing project eligible for the Gateway Town
111 housing tax credit shall submit, at the time of filing the project owner’s state tax return, a letter of
112 support from the Chairman of Selectmen or Chairman of Town Council or Town Manager of the
113 Gateway Town in which the project is located, and a copy of the required statements issued by
114 the department with respect to such Gateway Town housing project. In the case of failure to
115 attach the required statements, a credit under this section shall not be allowed with respect to

116 such qualified Gateway Town housing project for that year until the copy is provided to the
117 commissioner.

118 (e) The commissioner, through the promulgation of regulations, may require the filing
119 of additional documentation necessary to determine the eligibility or accuracy of a tax credit
120 claimed under the provisions of this section.

121 (f) (1) All or any portion of tax credits issued in accordance with the
122 provisions of this section may be transferred, sold, or assigned to parties who are eligible under
123 the provisions of paragraph (1) of subsection (c).

124 (2) An owner or transferee desiring to make a transfer, sale, or assignment
125 as described in paragraph (1) of subsection (f) shall submit to the commissioner a statement
126 which describes the amount of Gateway Town housing tax credit for which such transfer, sale, or
127 assignment of Gateway Town housing tax credit is eligible. The owner shall provide to the
128 commissioner appropriate information so that the housing tax credit can be properly allocated.

129 (3) In the event that recapture of Gateway Town housing tax credits is
130 required, any statement submitted to the commissioner as provided in paragraph (2) of
131 subsection (f) shall include the proportion of the Gateway Town housing tax credit required to be
132 recaptured, the identity of each transferee subject to recapture and the amount of credit
133 previously transferred to such transferee.

134 (4) The commissioner, in consultation with the department, shall
135 promulgate regulations necessary for the administration of the provisions of paragraph (f).

136 (g) The department, in consultation with the commissioner, shall monitor and oversee
137 compliance with the Gateway Town housing tax credit program and may promulgate regulations
138 requiring the filing of additional documentation deemed necessary to determine continuing
139 eligibility for the Gateway Town housing tax credit. The department or the commissioner shall
140 report specific occurrences of noncompliance to appropriate state, federal, and local authorities.

141 SECTION 7. Chapter 62 of the general laws, as most recently appearing, is hereby
142 amended by adding at the end thereof the following new section:--

143 (a) For the purposes of this section, unless the context clearly requires otherwise, the
144 following words shall have the following meanings:--

145 “Certified housing structure,” a housing structure within a Gateway Town Housing
146 Rehabilitation Zone which meets the rehabilitation requirements set forth by the Department of
147 Housing and Community Development;

148 “Department,” the department of housing and community development, or its successor agency;

149 “Gateway Town,” a municipality as defined by Chapter 23A;

150 “Gateway Town Rehabilitation Zone,” an area of a Gateway City designed pursuant to
151 subsection (b);

152 “Qualified rehabilitation expenditure,” means any amount that is properly chargeable to the
153 homeowner, is expended in the rehabilitation of a structure that, by the end of the taxable year in
154 which the certified rehabilitation is completed, is certified heritage structure, is expended in
155 compliance with a plan of proposed rehabilitation that has been approved by the department, and
156 is not funded, financed, or otherwise reimbursed by any state or local grant, grant made from the

157 proceeds of tax-exempt bonds issued by the commonwealth, a political subdivision of the
158 commonwealth, or an instrumentality of the commonwealth or of a political subdivision of the
159 commonwealth, state tax credit other than the tax credit provided for under the Act, or other
160 financial assistance from the federal government, the commonwealth, or a political subdivision
161 of the commonwealth;

162 “Rehabilitation,” means the process of returning a structure to a state of utility, through repair or
163 alteration, which makes possible an efficient use while preserving those portions and features of
164 the structure and its site and environment which make the structure and its site and environment
165 historically, architecturally, or culturally significant;

166 “Secretary,” means the secretary of housing and economic development;

167 “Substantial rehabilitation,” means rehabilitation of a structure for which the qualified
168 rehabilitation expenditures, during the 24-month period selected by the taxpayer ending with or
169 within the taxable year, exceed \$5,000;

170 “Taxpayer,” means resident of the commonwealth that makes qualified rehabilitation
171 expenditures.

172 (b) There shall be a Gateway Town Homeowner Rehabilitation Tax Credit. The
173 secretary, or her designee, in an agreement with the Gateway City shall establish a Gateway
174 Town Rehabilitation Zone within which homes will be eligible for the Gateway Town
175 Homeowner Rehabilitation Tax Credit. The secretary shall establish standards to determine an
176 application process by which a taxpayer may request the Gateway Town Homeowner
177 Rehabilitation Tax Credit. The application shall include proof of ownership, rehabilitation plans,

178 estimated rehabilitation expenses, and any other information he needs to be able to award the
179 Gateway Town Homeowner Rehabilitation Tax Credit.

180 A taxpayer may file an application with the secretary or his designee. An incomplete
181 application may not be processed until all required application information has been received.

182 The Gateway Town Homeowner Rehabilitation Tax Credit shall be for individual
183 homeowners who make substantial rehabilitation to their home. The credit shall not exceed 25%
184 of the home appraised value. The credit shall be awarded annually in an amount not to exceed
185 \$5,000. If the credit allowable for any taxable year exceeds the annual limit for that tax year, the
186 taxpayer may carry forward and apply in the next nine subsequent taxable years, the remaining
187 portion, still subject to the annual limit. The carryover period shall not exceed 9 taxable years
188 after the close of the taxable year during which the Gateway Town Homeowner Rehabilitation
189 Tax Credit was first taken. The secretary or his designee shall determine whether the proposed
190 substantial rehabilitation for which a complete application is received meets the standards in
191 determining the awarding of the tax credit.