

HOUSE No. 4680

By Mr. Flood of Canton, petition of John H. Flood and other members of the General Court for legislation to extend the investment tax credit. Taxation.

The Commonwealth of Massachusetts

Petition signed by:

John H. Flood	William B. Vernon
William J. Glodis, Jr.	Frank M. Hynes
Robert J. Bohigian	Charles N. Decas
Mary Jeanette Murray	William J. Flynn, Jr.
Francis H. Woodward	Mary L. Padula
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In the Year One Thousand Nine Hundred and Ninety.

AN ACT EXTENDING THE INVESTMENT 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 31A of chapter 63 of the General Laws,
2 as appearing in the 1988 Official Edition, is hereby amended by
3 inserting after the words “tangible personal property” as
4 appearing in line 11, the following: — except motor vehicles
5 taxable under Chapter 60A.

1 SECTION 2. Said chapter 63, as so appearing, is hereby
2 further amended by inserting after section 31G the following new
3 section: —

4 Section 31H. (a) A manufacturing corporation, or a business
5 corporation engaged primarily in research and development,
6 which has been deemed to be such under section thirty-eight C
7 or forty-two B, or a corporation primarily engaged in agriculture
8 or commercial fishing shall be allowed a credit hereinafter
9 provided against its excise due under this chapter. The amount
10 of such credit shall be two per cent of the cost or other basis for
11 federal income tax purposes of qualifying tangible property
12 acquired, constructed, reconstructed, or erected during the
13 taxable year, after deduction therefrom of any federally
14 authorized tax credit taken with respect to such property.
15 Qualifying property shall be tangible personal property and other
16 tangible property including buildings and structural components
17 of buildings acquired by purchase, as defined under section one

18 hundred and seventy-nine (d) of the Federal Internal Revenue
19 Code as amended and in effect for the taxable year is not taxable
20 under section sixty-seven or chapter sixty A; is used by the
21 corporation at a qualified location in the commonwealth, certified
22 pursuant to subsection (b) or (c); is situated at a qualifying
23 location in the commonwealth on the last day of the taxable year;
24 and which is (1) depreciable under section one hundred and sixty-
25 seven of said Code and has a useful life of four years or more,
26 or (2) is considered recovery property under section one hundred
27 and sixty-eight of said Code. For the purposes of this section
28 property shall not cease to be in qualified use solely because the
29 place at which it is used ceases to be a qualified location while
30 the property remains in continuous use by the corporation at that
31 location.

32 (b) Prior to the start of each calendar year, the secretary for
33 administration shall certify a list of all cities and towns that are
34 qualifying locations, as defined in this paragraph, for the ensuing
35 calendar year. For purposes of this paragraph, a city or town is
36 a qualifying location if the following distress factor, calculated for
37 the city or town on the basis of the most current available data,
38 is greater than 1.33:

39 The distress factor shall be a fraction, the numerator of which
40 is the sum of (1) the city or town's unemployment rate for the
41 most recent three years divided by the commonwealth's
42 unemployment rate for the same period and (2) the common-
43 wealth's per capita personal income divided by the city or town's
44 per capita personal income and the denominator of which is two.

45 The secretary shall specify, by regulation, the manner in which
46 said fraction shall be computed and the data sources that will be
47 employed.

48 (c) In addition to qualifying locations as defined in the
49 preceding paragraph, the secretary of administration may
50 designate additional economically distressed areas as qualifying
51 locations. Each such additional area shall consist of one or more
52 census tracts within a single city or town, provided that the area
53 may be extended to also include land adjacent to the designated
54 census tract or tracts which is zoned for commercial or industrial
55 use. Economic distress may be determined for the purposes of this
56 paragraph, on the basis of a distress factor greater than 1.33,

57 calculated for the census tract or tracts pursuant to the formula
58 set forth in paragraph (b), or on the basis of consideration of the
59 distress factor in conjunction with other reasonable indicia of
60 economic distress, which shall be specifically identified by the
61 secretary at the time of each designation. Such other indicia of
62 economic distress may include, but shall not be limited to, high
63 levels of dependence on public assistance and recent or anticipated
64 plant closing in an area. The secretary shall evaluate candidate
65 areas nominated by the cities or towns in which such candidate
66 areas are situated and shall consider such indicia of economic
67 distress as are identified by said cities or towns along with such
68 other factors as the secretary deems appropriate; provided,
69 however, that the secretary may also nominate candidate areas
70 on his own initiative. The secretary shall consult with appropriate
71 representatives of a city or town before designating a location in
72 that city or town and before declining to designate a candidate
73 area therein. The secretary shall promulgate regulations setting
74 forth the method by which candidate areas will be nominated and
75 evaluated for purposes of this paragraph.

76 (d) The provisions of subsections (b) through (h), inclusive, of
77 section thirty-one A shall apply to the credit allowed by this
78 section.

1 SECTION 3. Section 32C of said chapter 63, as appearing in
2 the 1988 Official Edition is hereby amended by inserting, in line 1,
3 after the word "thirty-one A" the following: — thirty-one H.

1 SECTION 4. There shall be allowed, in addition to the credit
2 provided by section thirty-one A of chapter sixty-three of the
3 General Laws, an additional credit of two percent for taxable
4 years ending on and after December thirty-first, nineteen hundred
5 and eighty-seven and before December thirty-first, nineteen
6 hundred and ninety-two and as limited by paragraph twelve of
7 section thirty and section thirty-two C of said chapter sixty-three;
8 provided, however, that for the purpose of this section, qualifying
9 property shall not include motor vehicles taxable under chapter
10 sixty A, buildings or other structures, or any leasehold
11 improvements thereto, which would otherwise be defined as
12 qualifying property under section thirty-one A; and, provided

13 further, that any corporation claiming such credits meets all other
14 requirements of said section thirty-one A; and provided, further,
15 that any corporation claiming such credit shall furnish such
16 information relative to job opportunities created by the
17 investment, for which the credit is allowed, as is required by the
18 commissioner of revenue.

