

By Mr. Moore of Uxbridge, petition of Richard T. Moore and Mary Jeanette Murray for legislation to establish rural enterprise zones. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Seven.

AN ACT TO ESTABLISH A RURAL ENTERPRISE ZONE.

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 legislature of the Commonwealth of Massa-
2 chusetts hereby finds and declares that the health, safety and
3 welfare of the people of this state are dependent upon the con-
4 tinued development, growth and expansion of the private sector
5 within the state and that there are certain distressed areas in the
6 state that need the particular attention of government to help
7 attract private-sector investment into these areas. Therefore, it is
8 declared to be the purpose of this Act to stimulate business and
9 industrial growth in the distressed areas of the state by providing
10 special tax incentives and financial assistance to business and
11 industries in these areas.

1 SECTION 2. Definitions

2 For the purposes of this Act, the following terms shall have the
3 meanings ascribed to them in this section, unless the context indi-
4 cates otherwise:

5 (a) "Business", a sole proprietorship, a corporation as defined
6 by General Laws or a partnership.

7 (b) "The Secretary", means the Secretary of the Executive
8 Office of Economic Affairs or his/her designee.

9 (c) "The Executive Office" means the Executive Office of Eco-
10 nomic Affairs.,

11 (d) "The Department" means the Department of Revenue.

12 (e) "The Commissioner" means the Commissioner of Depart-
13 ment of Revenue.

14 (f) "Enterprise Zone" means an economically distressed United
15 States Census Department Division in need of expansion of busi-
16 ness and industry and the creation of jobs and designated to be
17 eligible for the benefits of this Act.

18 (g) "Rural Enterprise Zone" means an enterprise zone located
19 in a county or town with the following population:

20 (a) counties with a population of 150,000 or less.

21 (b) towns with a population of 5,000-20,000

22 (c) for towns under 5,000 population, the whole town can
23 be an enterprise zone

24 (h) "Governing Authority", the body holding primary legisla-
25 tive authority over a county or incorporated municipality.

1 SECTION 3. Criteria for Designation of Rural Enterprise 2 Zone

3 The Secretary shall establish criteria for qualifications of enter-
4 prise zones. Such criteria shall provide for consideration of the
5 following factors, when appropriate, but shall not be limited to
6 these factors:

7 (a) The percentage of housing units in the area built more than
8 30 years ago.

9 (b) The percentage of year-round housing units in the area that
10 they are vacant rental housing units.

11 (c) The percentage of housing units in the area that lack some
12 or all plumbing facilities.

13 (d) The per capita income in the area.

14 (e) The percentage change in per capita income in the area from
15 the prior year to the current year.

16 (f) The percentage of the population in the area that is over
17 the age of 65 and the percentage that is under the age of 18.

18 (g) The unemployment rate in the area.

19 (h) The percentage of the population in the area with incomes
20 below the poverty level.

21 (i) The per capita taxable value of property in the area.

22 (j) The percentage change in per capita taxable value of prop-
23 erty in the area from the prior year to the current year.

24 (k) The per capita local taxes levied in the area.

25 (l) Number of residents receiving public assistance.

1 SECTION 4. Application

2 The Secretary shall establish an application procedure for design-
3 nation as an enterprise zone. The applications for designation as
4 an enterprise zone shall contain, at a minimum:

5 Verification that the area is eligible for designation pursuant
6 to Section 3;

7 (b) a development plan, outlining the types of investment and
8 development within the zone that the municipality expects to take
9 place if the incentives and tax reductions specified under Section
10 6 are provided, the specific investment or development reason-
11 ably expected to take place, any commitments obtained from busi-
12 nesses, the projected number of jobs that will be created, the anti-
13 cipated wage level of those jobs, and any proposed targeting of the
14 jobs created, including affirmative action plans if any;

15 (c) the municipality's proposed means of assessing the effective-
16 ness of the development plan or other programs to be imple-
17 mented within the zone once they have been implemented;

18 (d) the specific form of tax reductions, proposed, to be granted
19 to businesses, the duration of the tax reductions, an estimate of
20 the total state taxes likely to be foregone as a result, and a state-
21 ment of the relationship between the proposed tax reductions and
22 the type of investment or development sought or expected to be
23 attracted to or maintained in the area if it is designated as a zone;

24 (e) the municipality's contribution to the zone;

25 (f) a specific and practical process for individual businesses to
26 obtain waivers from burdensome local regulations, ordinances,
27 and orders which serve to discourage economic development
28 within the area to be designated an enterprise zone; provided,
29 however, that such waivers shall not substantially endanger the
30 health or safety of the employees of any such business or the resi-
31 dents of the area;

32 (g) a description of what other specific actions will be taken
33 to support and encourage private investment within the area;

34 (h) a plan to insure that resources are available to assist area
35 residents to participate in increased development through self-
36 help efforts and in ameliorating any negative effects of designa-
37 tion of the area as an enterprise zone;

38 (i) a statement describing the projected positive and negative
39 effects of designation of the area as an enterprise zone; and

40 (j) a specific plan to provide assistance to any person or busi-
41 ness dislocated as a result of activities within the zone. Such plan
42 shall determine the need of dislocated persons for relocation
43 assistance; provide, prior to displacement, information about the
44 type, location and price of comparable housing or commercial
45 property; provide information concerning state and federal pro-
46 grams for relocation assistance and provide other advisory serv-
47 ices to displaced persons;

48 (k) any additional information required by the Secretary; and

49 (l) any additional information which the municipality con-
50 sidered relevant to the designation of the area as an enterprise zone.

1 SECTION 5. Designation as Enterprise Zone: Procedures

2 A. Any governing authority which desires to have any portion
3 of its town or county under its jurisdiction designated as an enter-
4 prise zone shall hold a public hearing for the purpose of obtain-
5 ing the opinion and suggestions of those persons who will be
6 affected by such designation. The governing authority shall notify
7 the Secretary of such hearing at least thirty days prior thereto and
8 shall publish notice of such hearing in a newspaper of general cir-
9 culation in the area to be affected by such designation at least
10 twenty days prior to the date of the hearing but not more than
11 thirty days prior to such hearing. Such notice shall state the time,
12 location, date and purpose of the hearing. The Secretary or his
13 designee shall attend such hearing.

14 B. After a public hearing is held as required by this section,
15 the governing authority may file a petition with the Executive
16 Office requesting the designation of a specific area as an enter-
17 prise zone.

18 C. Upon receipt of an application from a governing author-
19 ity, the Secretary shall review such application and secure any
20 additional information it deems necessary for the purpose of
21 determining whether the area described in the application quali-
22 fies to be declared an enterprise zone.

23 D. The Secretary shall complete its review within ninety (90)
24 days of the receipt of the application, but it may extend this time
25 period an additional thirty (30) days if necessary. If the applica-
26 tion meets the established criteria, then the Secretary may declare
27 the area to be an enterprise zone. If the application does not meet

28 the criteria, then the Secretary shall deny the application and
29 inform the governing authority of that fact along with a descrip-
30 tion of the ways which the application failed to meet the criteria.

31 E. The board may remove the designation as an enterprise zone
32 if such zone no longer meets the criteria for designation as set out
33 in this chapter or by regulation adopted by the Secretary pursuant
34 to this Act; however, the removal of designation shall not affect
35 the terms of any contract executed pursuant to this Act prior to
36 such removal unless otherwise specifically provided by the terms
37 of such contract.

1 SECTION 6. Incentives

2 A. The Secretary, after consultation with the Commissioner of
3 the Department of Revenue, and with the approval of the Gov-
4 ernor, may enter into contracts to provide:

5 (1) For the exemption from sales and use tax imposed by the
6 Commonwealth of Massachusetts of the purchases of the material
7 used in the construction of a building, or any addition or improve-
8 ment thereon, for housing any legitimate business enterprise, and
9 machinery and equipment used in that enterprise.

10 (2) For a two thousand five hundred dollar tax credit per
11 employee during the taxable year for which the credit is claimed.
12 This credit may be applied to any state income tax liability or any
13 state corporate franchise tax liability. If the entire credit cannot
14 be used in the year claimed, the remainder may be applied against
15 the income tax or corporate franchise tax for the succeeding four
16 years or until the entire credit is used, whichever occurs first.

17 (3) The tax credit provided in paragraph (2) of this subsection,
18 when claimed by a business enterprise in an enterprise zone desig-
19 nated as an enterprise zone under the provisions of this act shall
20 only be applicable to a position that did not previously exist in
21 the business enterprise and that is filed by a Massachusetts resi-
22 dent performing duties in connection with the operation of the
23 business enterprise either as a regular, full-time employee or as
24 a part-time employee employed for at least twenty hours per week
25 for at least six months during the taxable year.

26 B. The Secretary may enter into the contracts provided in Sub-
27 section A of this Section provided that:

28 (1) The business and its contractors give preference and priority
29 to Massachusetts manufacturers and in the absence of Massa-
30 chusetts manufacturers, to Massachusetts suppliers, contractors,
31 and labor, except where not reasonably possible to do so with-
32 out added expense, substantial inconvenience, or sacrifice in
33 operational efficiency.

34 (2) The request for such exemption is accompanied by an
35 endorsement resolution approved by the governing body of the
36 appropriate municipality, or county in whose jurisdiction the
37 establishment is to be located.

38 (3) The business is or shall be located within the boundaries
39 of a rural enterprise zone.

40 (4) The business seeks to the greatest extent possible new
41 employees who are residents of the same or contiguous enterprise
42 zone as the location of the business; were considered unemploy-
43 able by traditional standards, or lacking in basic skills, or were
44 receiving some form of public assistance prior to employment.

45 C. In the event it is found that any business receiving the bene-
46 fits contained in subsection A(1) of this section has failed to com-
47 ply with the conditions contained in subsection B of this section,
48 that business will be liable for the payment of all sales and use
49 tax from which it was exempted under subsection A(1) of this sec-
50 tion.

51 In the event it is found that any business receiving the bene-
52 fits contained in subsection A(2) of this section has failed to com-
53 ply with the conditions contained in subsection B of this section,
54 that business shall be liable for the payment of such additional
55 income taxes as may be due after the income tax credits provided
56 for in subsection A(2) are disallowed.

57 E. The Secretary shall have the following powers and duties
58 in addition to those mentioned elsewhere in this Act:

59 (1) To assist the governing authority of an enterprise zone in
60 obtaining assistance from the federal government, including the
61 suspension of federal regulations within the enterprise zone.

62 (2) To assist the governing authority of an enterprise zone in
63 obtaining assistance from any other department of state govern-
64 ment, including assistance in providing training, technical
65 assistance, and wage subsidies to new businesses and small busi-
66 nesses within an enterprise zone.

67 (3) To assist any employer or prospective employer within an
68 enterprise zone in obtaining the benefits of any incentive or
69 inducement program authorized by Massachusetts law.

70 (4) To give preference on public financing and assistance to
71 businesses within a designated rural enterprise zone.

1 SECTION 7. Administration of Act by the Secretary

2 The Secretary shall administer the provisions of this Act and
3 shall have the following powers and duties in addition to those
4 mentioned elsewhere in this Act and in other laws of this state:

5 (1) To monitor the implementation and operation of this chap-
6 ter and conduct a continuing evaluation of the progress made in
7 the enterprise zone.

8 (2) To submit an annual written report evaluating the effective-
9 ness of the program and any suggestions for legislation to the gov-
10 ernor and the legislature no later than December 31st of each year.

11 (3) To promulgate rules and regulations to effectuate this act.

12 (4) To notify each legislator whose district includes any portion
13 of the enterprise zone when the Secretary designates such a zone.

