

By Mr. Draisen of Boston, petition of Marc D. Draisen, Pamela P. Resor, John E. McDonough, Michael P. Cahill and Anne M. Paulsen for legislation to promote job growth by providing for incremental investment tax credits for certain corporations. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Four.

AN ACT TO PROMOTE JOB GROWTH IN MASSACHUSETTS.

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 is hereby amended by
2 striking the section in its entirety and replacing it with the
3 following: —

4 Section 31A. Incremental Investment Tax Credit for Certain
5 Corporations; Limitations

6 (1) A manufacturing corporation, or a business corporation
7 engaged primarily in research and development, which has been
8 deemed to be such under section thirty-eight C of forty-two B,
9 or a corporation primarily engaged in agriculture or commercial
10 fishing, shall be allowed a credit as hereinafter provided against
11 the excise due under this chapter. The amount of the credit shall
12 be determined at paragraph (b).

13 (b) The credit allowed shall be the sum of the following:

14 (i) one percent of the basic investment amount; (ii) three
15 percent of the first incremental investment amount; and (iii) five
16 percent of the second incremental investment amount.

17 (c) The credit allowed under this section for any taxable year
18 shall not reduce the excise to less than the amount due under
19 section thirty-two (b), thirty-nine (b) or sixty-seven and under any
20 act in addition thereto.

21 (d) A corporation may elect to deduct the amount allowable
22 under section thirty-eight D or the credit under this section, but
23 not both. Any such election must be made on or before the due

24 date for filing the return, including any extension of time and shall
25 be irrevocable.

26 (e) Definitions: (i) the basic investment amount shall be the
27 total cost of qualifying property placed in service by the
28 corporation in the current tax year and situated within the
29 commonwealth, but not in excess of the average of the total costs
30 of all qualifying property placed in service by the corporation and
31 situated within the commonwealth during the three immediately
32 preceding tax years;

33 (ii) the first incremental investment amount shall be that
34 amount by which the total of all qualifying property placed in
35 service in the current tax year and situated in Massachusetts
36 exceeds the Basic investment amount but not in excess of two
37 hundred percent of the Basic investment amount;

38 (iii) the second incremental investment amount shall be that
39 amount by which the total cost of all qualifying property placed
40 in service in the current tax year and situated in Massachusetts
41 exceeds two hundred percent of the Basic investment amount; and

42 (iv) qualifying property shall be tangible personal property and
43 other personal property including buildings and structural
44 components of buildings acquired by purchase, as defined under
45 section one hundred and seventy-nine (d) of the federal internal
46 revenue code as amended and in effect for the taxable year then
47 ended. Such qualifying property must be depreciable under
48 section one hundred and sixty-seven of said code and have a
49 _____ section one hundred sixty-eight of said code, or is
50 not taxable under chapter sixty A. Such qualifying property must
51 be used by the corporation and situated within the commonwealth
52 on the last day of the taxable year.

53 (f) With respect to property which is disposed of or ceases to
54 be in qualified use prior to the end of the taxable year in which
55 the credit is to be taken, the amount of the credit shall be that
56 portion of the credit provided for in paragraph (a) which
57 represents the ratio which the months of qualified use bear to the
58 months of useful life. If property on which credit has been taken
59 is disposed of or ceases to be in qualified use prior to the end of
60 its useful life, the difference between the credit taken and credit
61 allowed for actual use must be added back as additional taxes due
62 in the year of disposition; provided, however, if such property is

63 disposed of or ceases to be in qualified use after it has been in
64 qualified use for more than twelve consecutive years, it shall not
65 be necessary to add back the credit, as provided in this paragraph.
66 The amount of credit allowed for actual use shall be determined
67 by multiplying the original credit by the ratio which the months
68 of qualified use bear to the months of useful life. The original
69 credit is presumed to be calculated at the highest rate allowed
70 when the property was first placed in service, adjusting for
71 subsequent dispositions of other qualifying property placed in
72 service in that same year. For purposes of this paragraph, the
73 useful life of property shall be the same as that used by the
74 corporation for depreciation purposes when computing federal
75 income tax liability.

76 (g) A corporation renting or leasing tangible property
77 otherwise qualifying for the credit under this section from a
78 regional business development corporation or authority
79 authorized under chapter forty D or a regional business
80 development corporation organized as a nonprofit corporation
81 under any special act shall be deemed to have acquired such
82 property by purchase as defined under the section one hundred
83 seventy-nine (d) of the federal internal revenue code as amended
84 and in effect for the taxable year, for the purposes of this section
85 and shall be eligible for the credit under paragraph (a). The
86 amount of such credit shall be calculated according to
87 paragraph (d) and shall be based on the value of qualifying
88 property leases and placed in qualifying use during the taxable
89 year. Such value shall be the cost of such property to the regional
90 business development corporation and the books and records of
91 such corporation shall for the purposes of this section be open
92 to the commissioner for inspection. For the purposes of this
93 section, a termination or cessation of such rental or lease for any
94 reason other than a transfer of ownership of such property to the
95 lessee shall be considered a disposition of such property. No
96 further credit shall be allowed to such lessee or any successor
97 corporation, as the case may be, on account of such property in
98 the event of successive rentals or leases, replacements, alteration
99 or change of the property rented or leased; transfer of ownership
100 of such property to the lessee; or the merger, consolidation or
101 other reorganization of such lessee.

102 (h) Any corporation entitled to a credit for any taxable year
103 in accordance with the provisions of paragraphs (a) through (g),
104 inclusive, may carry over and apply to its excise for any one or
105 more of the next succeeding three taxable years, the portion, as
106 reduced from year to year, of its credit which exceeds its excise
107 for the taxable year.

108 (i) Any corporation entitled to a credit for any taxable year
109 under this section shall apply it only to its excise for any of the
110 eligible taxable years. Such credit may not be applied against the
111 excise liability of any other corporation pursuant to an election
112 under the provisions of section thirty-two.

1 SECTION 2. Section 1 of Chapter 40F of the General Laws
2 is hereby amended by inserting after the definition of "project"
3 the following definition: —

4 "Regional corporation", any regional economic development
5 corporation, community development corporation, or group
6 thereof or any corporation formed by three or more
7 municipalities.

1 SECTION 3. Chapter 40F of the General Laws is hereby
2 amended by inserting the following sections: —

3 Section 6. The CDFC shall provide grants to regional
4 corporations for the purpose of establishing regional revolving
5 loan funds.

6 To be eligible for a grant under this section, a regional
7 corporation shall:

8 (a) have available to it staff with sufficient expertise to analyze
9 applications for financial assistance and to regularly monitor
10 financial assistance to clients, and have made arrangements to
11 provide management or technical assistance to clients;

12 (b) have an effective plan to market its services to small
13 businesses through such entities as chambers of commerce,
14 industry trade associations, banks, local development corpora-
15 tions, community-based organizations and industrial develop-
16 ment agencies;

17 (c) have established a loan committee composed of five or more
18 persons experienced in commercial lending or in the operation of
19 a for-profit business and a staff person of the regional corporation.

20 Such loan committee shall review every application to the regional
21 corporation for financial assistance to determine the feasibility of
22 the transaction proposed in the application and shall recommend
23 to the board of directors or other governing body of the regional
24 corporation such action as the committee deems appropriate.

25 No employee or officer of any regional corporation shall be a
26 party to or have any financial interest in any project that receives
27 financial assistance pursuant to this section.

28 The CDFC shall select regional corporations on the basis of
29 the ability of the regional corporation to administer a regional
30 revolving loan fund, the extent of coordination with other publicly
31 supported financial assistance programs, the degree of public and
32 private support within the region, and the ability of the regional
33 corporation to provide financial and other assistance to businesses
34 located in distressed areas.

35 A regional corporation, in approving applications for financial
36 assistance, shall give priority to projects:

37 (a) that will provide increases in net new permanent jobs or
38 retain jobs in businesses that need such financial assistance to
39 remain viable;

40 (b) of minority or women-owned enterprises or enterprises
41 owned by dislocated workers, as defined in the Federal Job
42 Training Partnership Act; and

43 (c) of businesses in the early stages of development that have
44 been denied access to credit.

45 The decision to approve or reject an application for financial
46 assistance shall be made by a majority of the directors of the
47 regional corporation, and such decision shall be final. No member
48 of the board or other governing body of a regional corporation
49 shall participate in a decision on a project application when such
50 member is a party to or has a financial interest in such project.
51 Any member who cannot participate in a decision on a project
52 application for such reason shall not be counted as a member of
53 the board or other governing body for purposes of determining
54 the number of members required for a majority vote on such
55 application.

56 Funds allocated to each regional corporation may be used to
57 provide loans for eligible projects. The interest rate on such loans
58 shall be determined by the regional corporation, but in no event

142 submit a written report to the chairs of the house and senate
143 committees on ways and means and human services and elderly
144 affairs describing the efforts made by the department to place
145 recipients in jobs through this program, the number of recipients
146 so placed, the wages paid, whether health insurance is provided
147 by the employer, the number of recipients retained by the
148 employer after the period of subsidy ends and at the time the
149 report is made, and the costs and savings associated with the
150 program.

1 SECTION 12. In order to promote and support economic
2 growth in the Commonwealth, there shall be established a welfare
3 reinvestment corporation, or other similar model, to create
4 permanent jobs and job training opportunities for recipients of
5 public assistance.

6 The department of public welfare, in cooperation with relevant
7 state agencies and departments, or service providers contracted
8 thereof, shall develop and implement a plan for said programs
9 that shall incorporate the organizational and operating structure
10 of the programs, and the services and support program elements
11 to be provided to participants.

12 The plan shall include, but not be limited to, the identification
13 of sources of funding streams and revenues, program prototypes,
14 public and private agencies to be involved in local planning and
15 organization, and other such components of the program,
16 services, and employment projects.