HOUSE No. 2748

The Commonwealth of Massachusetts

PRESENTED BY:

Mike Connolly

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 facilitating housing for all.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Mike Connolly	26th Middlesex	1/20/2023
Bud L. Williams	11th Hampden	1/20/2023
Lindsay N. Sabadosa	1st Hampshire	1/20/2023
David Henry Argosky LeBoeuf	17th Worcester	2/23/2023

FILED ON: 1/20/2023

HOUSE No. 2748

By Representative Connolly of Cambridge, a petition (accompanied by bill, House, No. 2748) of Mike Connolly and others for legislation to establish a homelessness prevention and reduction fund to be funded by taxes on gross receipts of business entities. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION SEE HOUSE, NO. 2855 OF 2021-2022.]

The Commonwealth of Alassachusetts

In the One Hundred and Ninety-Third General Court (2023-2024)

An Act facilitating housing for all.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- SECTION 1. Chapter 10 of the General Laws is hereby amended by inserting after
- 2 section 35DDD the following section:-
- 3 Section 35FFF. (a) There shall be established and set up on the books of the
- 4 commonwealth a separate fund to be known as the Housing First and Housing for All Fund,
- 5 hereafter referred to as the Fund. The Fund shall consist of all revenues, including all taxes,
- 6 penalties, interest and fees received by the commonwealth pursuant to chapter 63D. The state
- 7 treasurer shall be the custodian of the Fund and shall credit interest and earnings on the Fund to
- 8 the Fund. All amounts credited to the Fund shall be maintained separate and apart from all other
- 9 funds and shall be subject to appropriation. Any balance remaining in the Fund at the close of

any fiscal year shall be carried forward and accumulated in the Fund to be used in future fiscal years for the purposes described in subsection (b).

- (b) Monies in the Fund shall be appropriated on an annual or supplemental basis and used exclusively for the following purposes:
- (i) The administration or oversight of the housing first and housing for all gross receipts tax, hereafter referred to as the "gross receipts tax", established under chapter 63D; the administration and oversight of this Fund; and the administration of the annual reports required in subsection (c); provided, however, that no more than 3 per cent of total annual revenue from the gross receipts tax shall be expended for such purposes annually;
- (ii) Refunds of any overpayments of the gross receipts tax, including any related penalties, interests, and fees; and
- (iii) The prevention and reduction of homelessness and the elimination of barriers to quality affordable housing, including, but not limited to, programs that:
- (A) help adults, families, or youth who are experiencing homelessness, including but not limited to people who are experiencing homelessness and have mental health conditions or are struggling with substance use, to permanently exit homelessness and secure permanent housing, including through Housing First Programs and wraparound services.
- (B) ensure that unhoused persons with barriers to housing, including but not limited to a lack of identification and documentation, are able to access housing;
 - (C) provide rental subsidies for both short- and long-term rentals, including an expansion of the Massachusetts Rental Voucher Program;

31 (D) support the construction, acquisition, rehabilitation, lease, preservation, and operation 32 of emergency, short-term and permanent housing units;

- (E) provide onsite supportive services for formerly houseless adults, families, and youth;
- (F) protect extremely low and very low-income households, especially households with seniors, veterans or persons with disabilities;
- (G) provide financial, utility or rental assistance, including but not limited to assistance to address or cancel debts accrued during the COVID-19 state of emergency, as well as short-term case management, conflict mediation, right to counsel or other legal representation in eviction cases and cases in housing court, connections to public benefit agencies, housing search assistance, small landlord technical assistance programs, and other support services and programs relevant to ensuring guaranteed housing for all.
- (H) provide mental and behavioral health services for unhoused individuals, including the acquisition or leasing of facilities to provide such services;
- (I) support public investments in community land trusts, publicly-owned housing, social housing, deed-restricted affordable housing, limited equity cooperative housing, partnerships that increase the availability of affordable housing, municipal affordable housing trust funds, and programs that support the decommodification of housing, including but not limited to, the servicing of debt incurred by capital expenditures related to the acquisition, development, preservation, and rehabilitation of these types of housing.
- (J) support down payment assistance and other programs for first-time and first-generation homebuyers to help address multigenerational inequities in access to homeownership.

(c) Not later than February 15, 2025 and every year thereafter, the commissioner of revenue shall report the amount remaining in the Fund from the previous fiscal year, an update of revenues for the current fiscal year and the estimates of revenues to be credited to the Fund in the subsequent fiscal year. The commissioner of revenue shall file this report with the secretary of administration and finance, the secretary of housing and economic development, the chair of the house committee on ways and means, the chair of the senate committee on ways and means, the chairs of the joint committee on revenue.

Beginning in fiscal year 2026 and each fiscal year thereafter, the state auditor shall issue a report on appropriations made from the Fund in the prior fiscal year. The auditor shall include in the report, at a minimum, the percentage of total appropriations intended for housing and housing support services drawn from the Fund as compared to appropriations for such purposes not drawn from the fund. The report shall compare the latter to appropriations made for such purposes in fiscal year 2024, which shall serve as the "base year". If non-Fund appropriations for such purposes in the fiscal year for which the report is generated are significantly lower than the base year, after taking into account inflation, the state auditor shall note the discrepancy.

The state auditor may audit any organization or agency receiving appropriations from the Fund to ensure that the appropriations were used for their intended purpose. The state auditor shall submit all audit reports regarding the Fund to the secretary of administration and finance, the secretary of housing and economic development, the secretary of transportation, the chair of the house committee on ways and means, the chair of the senate committee on ways and means, the chairs of the joint committee on revenue.

73 SECTION 2. The General Laws are hereby amended by adding the following chapter:74 CHAPTER 63D.

HOUSING FIRST AND HOUSING FOR ALL GROSS RECEIPTS TAX

Section 1. For the purposes of this chapter, the following terms shall, unless the context clearly requires otherwise, have the following meanings:

"Business entity", any corporation, partnership, limited liability company, limited liability partnership or other such pass-through entity, or any individual, association or trust engaged in business in the commonwealth and subject to tax under chapters 62 or 63.

"Commissioner", the commissioner of revenue.

"Engaged in business in the commonwealth" shall have the same meaning as found in section 1 of chapter 63; provided, however, that it shall be construed to include individuals conducting such business activities as described in said section 1 of said chapter 63 but who are taxed under chapter 62.

"Gross receipts", shall: (i) include the total amounts received or accrued by a business entity from whatever source derived, including, but not limited to, amounts derived from sales, services, dealings in property, interest, rent, royalties, dividends, licensing fees, other fees, commissions and distributed amounts from other business entities. Except as otherwise specifically provided in this chapter, gross receipts includes but is not limited to all amounts that constitute gross income for federal income tax purposes. Except as otherwise specifically provided in this chapter, gross receipts includes all receipts, cash, credits and property of any kind or nature and including any amount for which credit is allowed by the seller to the

purchaser, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, losses or any other expense whatsoever, except that cash discounts allowed or taken on sales shall not be included as gross receipts; (ii) with respect to any lease or rental, include payment for any services that are part of the lease or rental, whether received in money or otherwise, that are paid to, on behalf of, or for the benefit of, the lessor, and all receipts, cash, credits, property of any kind or character and the fair market value of services so paid or rendered by the lessee; (iii) not include the amount of any federal, state, or local tax imposed on or with respect to retail sales whether imposed upon the retailer or upon the purchaser and regardless of whether the amount of tax is stated as a separate charge, or such part of the sales price of any property previously sold and returned by the purchaser to the seller which is refunded by the seller by way of cash or credit allowances given or taken as part payment on any property so accepted for resale. Gross receipts shall also not include any federal, state or local tax imposed upon a business entity for which that business entity is reimbursed by means of a separately stated charge to a purchaser, lessee, licensee or customer. Gross receipts shall not include any amount of third-party taxes that a taxpayer collects from or on behalf of the taxpayer's customers and remits to the appropriate governmental entity imposing such tax. Gross receipts shall not include any tax refunds received by a business entity from a governmental entity. Gross receipts shall include any federal, state or local tax not specifically excluded; (iv) not include any amount received from or charged to any business entity that is a related entity to the taxpayer. Nor shall gross receipts include any grants received from governmental entities or any gifts. Any gross receipts of a pass-through entity which is subject to the gross receipts tax shall not also constitute gross receipts of any owner of that entity.

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Section 2. Except as otherwise provided in this chapter, their shall be an annual 0.25 per cent tax on gross receipts of each business entity engaged in business in the commonwealth; provided, however, that there shall be an exemption on the first \$50,000,000 of gross receipts received by each such business entity. This tax shall be known as the housing first and housing for all gross receipts tax and shall be referred to in this chapter as the "gross receipts tax".

Section 3. A business entity subject to the gross receipts tax under section 2 shall file returns at the same time and in the same manner as the income tax returns required to be filed by such business entity under chapter 62 or 63, whichever is applicable.

Section 4. The commissioner may, in his or her reasonable discretion, establish or reallocate gross receipts among related business entities so as to fairly reflect the gross receipts of all such business entities.

Section 5. All gross receipts tax revenues received by the commonwealth shall be deposited into the Housing First and Housing for All Fund established by section 35DDD of chapter 10.

SECTION 3. This act shall take effect on January 1, 2024.