

HOUSE No. 988

The Commonwealth of Massachusetts

PRESENTED BY:

Linda Dorcena Forry and Sal N. DiDomenico

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 to create the community development partnership program.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Linda Dorcena Forry</i>	<i>12th Suffolk</i>	<i>1/20/2011</i>
<i>Jeffrey Sánchez</i>	<i>15th Suffolk</i>	<i>2/1/2011</i>
<i>Anne M. Gobi</i>	<i>5th Worcester</i>	<i>2/1/2011</i>
<i>Todd M. Smola</i>	<i>1st Hampden</i>	<i>2/1/2011</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>	<i>2/1/2011</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>	<i>2/1/2011</i>
<i>Peter V. Kocot</i>	<i>1st Hampshire</i>	<i>2/3/2011</i>
<i>Carlo Basile</i>	<i>1st Suffolk</i>	<i>2/3/2011</i>
<i>Paul W. Mark</i>	<i>2nd Berkshire</i>	<i>2/3/2011</i>
<i>James B. Eldridge</i>		<i>2/3/2011</i>
<i>Timothy J. Toomey, Jr.</i>	<i>26th Middlesex</i>	<i>2/3/2011</i>
<i>David M. Torrisi</i>	<i>14th Essex</i>	<i>2/3/2011</i>
<i>Stephen Kulik</i>	<i>1st Franklin</i>	<i>2/3/2011</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>	<i>2/3/2011</i>
<i>Elizabeth A. Malia</i>	<i>11th Suffolk</i>	<i>2/3/2011</i>
<i>Carl M. Sciortino, Jr.</i>	<i>34th Middlesex</i>	<i>2/3/2011</i>
<i>Joyce A. Spiliotis</i>	<i>12th Essex</i>	<i>2/3/2011</i>
<i>John P. Fresolo</i>	<i>16th Worcester</i>	<i>2/3/2011</i>

<i>Paul McMurtry</i>	<i>11th Norfolk</i>	<i>2/3/2011</i>
<i>James J. O'Day</i>	<i>14th Worcester</i>	<i>2/4/2011</i>
<i>John D. Keenan</i>	<i>7th Essex</i>	<i>2/4/2011</i>
<i>Garrett J. Bradley</i>	<i>3rd Plymouth</i>	<i>2/4/2011</i>
<i>Marcos A. Devers</i>	<i>16th Essex</i>	<i>2/4/2011</i>
<i>Kevin G. Honan</i>	<i>17th Suffolk</i>	<i>2/4/2011</i>
<i>Thomas P. Kennedy</i>		<i>2/4/2011</i>
<i>James M. Cantwell</i>	<i>4th Plymouth</i>	<i>2/4/2011</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>	<i>2/4/2011</i>
<i>Christine E. Canavan</i>	<i>10th Plymouth</i>	<i>2/3/2011</i>
<i>Carlos Henriquez</i>	<i>5th Suffolk</i>	<i>2/3/2011</i>
<i>Byron Rushing</i>	<i>9th Suffolk</i>	<i>2/4/2011</i>
<i>Denise Andrews</i>	<i>2nd Franklin</i>	<i>2/4/2011</i>
<i>Edward F. Coppinger</i>	<i>10th Suffolk</i>	<i>2/4/2011</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>	<i>2/4/2011</i>
<i>Donald F. Humason, Jr.</i>	<i>4th Hampden</i>	<i>2/4/2011</i>
<i>Ellen Story</i>	<i>3rd Hampshire</i>	<i>2/4/2011</i>
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>	<i>2/4/2011</i>

HOUSE No. 988

By Representative Forry of Boston and Senator DiDomenico, a joint petition (accompanied by bill, House, No. 988) of Linda Dorcena Forry and others for legislation to improve economic opportunities for low and moderate income households and other residents. Community Development and Small Businesses.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act to create the community development partnership program.

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 purpose of this act is to enable local residents and stakeholders to work
2 with and through community development corporations to partner with nonprofit, public and
3 private entities to improve economic opportunities for low and moderate income households and
4 other residents in urban, rural and suburban communities across the state.

5 SECTION 2. Chapter 62 of the General Laws, as appearing in the 2004 Official Edition,
6 is hereby amended by inserting after Section 6I the following new section:—

7 Section 6L. Community Investment Tax Credit.

8 (a) Definitions: For purposes of this section, the following terms shall, unless the
9 context clearly requires otherwise, have the following meanings:—

10 “Commissioner” is the Commissioner of Revenue.

11 “Community Investment Plan,” is an organizational business plan developed by a
12 certified community development corporation that details its goals, outcomes, strategies,
13 programs and activities for a three to five year period and its financial plans for supporting its
14 strategy. The plan must be designed to engage local residents and businesses to work together to
15 undertake community development programs, projects and activities which develop and improve
16 urban, rural and suburban communities in sustainable ways that create and expand economic
17 opportunities for low and moderate income households. The specific format and content of the
18 community investment plans can be adapted to the particular organization and community, but
19 must include the following elements:

20 i. A description of the community to be served by the organization, including the
21 neighborhoods, towns, or cities to be served as well as any particular constituencies that the
22 organization is dedicated to serving.

23 ii. A description of how community residents and stakeholders were engaged in the
24 development of the plan and their role in monitoring and implementing the organization’s
25 activities during the time period of the plan;

26 iii. The goals sought to be achieved during the time period of the plan, including how
27 low and moderate income households or low and moderate income communities will benefit and
28 how the entire community will benefit.

29 iv. The activities to be pursued to achieve those goals;

30 v. The manner in which success will be measured and evaluated;

- 31 vi. The partnerships that will support implementation of the plan, including
32 partnerships with nonprofit, for-profit and public entities.
- 33 vii. A description of how the different activities within the plan fit together and how
34 the entire plan fits into a larger strategy or vision for the community;
- 35 viii. The financial strategy to be deployed to support these activities; and
- 36 ix. Other information as determined by the Department of Housing and Community
37 Development.

38 “Community Investment Tax Credit allocation” is an award provided by the department
39 through a competitive process that enables the recipient of the allocation to solicit and receive
40 qualified investments from taxpayers and to provide those taxpayers with a community
41 investment tax credit as defined in this section.

42 “Community Partner” is defined as a nonprofit organization that has been certified as a
43 community development corporation by the department consistent with MGL Chapter 40H and
44 selected by the department through a competitive process to receive a community investment tax
45 credit allocation. A community partner may also include up to two nonprofit organizations
46 selected by the department that have a mission of and experience in providing support and
47 capacity building services to certified community development corporations.

48 “Community Partnership Fund,” a fund administered by a nonprofit organization
49 selected by the department of housing and community development to receive qualified
50 investments from taxpayers for the purpose of allocating such investments to community
51 partners.

52 “Department” is the Department of Housing and Community Development.

53 “Gateway city,” is a gateway municipality as defined under MGL Chapter 23A, Section
54 3A.

55 “Low and moderate income community,” an economic target area as defined pursuant to
56 Section 3A of Chapter 23A of the General Laws, an enhanced economic enterprise community
57 or empowerment zone as designated by the United States Department of Housing and Urban
58 Development, or one or more contiguous census tracts as designated by a city or town, in which
59 either:—

60 (1) a majority of the households are low and moderate income households as defined
61 herein; or (2) the unemployment rate is at least 25 per cent higher than the annual statewide
62 average unemployment rate where such statewide unemployment rate is less than or equal to 5
63 per cent; provided that, if the annual statewide average unemployment rate is greater than 5 per
64 cent, the community’s unemployment rate need only be 10 per cent higher to qualify for a
65 community investment tax credit.

66 “Low and moderate income households,” households which have incomes that do not
67 exceed 80 per cent of the median income for the area, with adjustments made for smaller and
68 larger families, as such median shall be determined from time to time by the Secretary of
69 Housing and Urban Development pursuant to 42 USC section 1437(a)(B)(2).

70 “Taxpayer,” is any person or corporation obligated to pay taxes in Massachusetts under
71 MGL Chapter 62, Section 6I, MGL Chapter 63, Section 38, or other laws as determined by the
72 Commissioner of Revenue.

73 “Qualified investment,” a cash contribution made to a community partner to support the
74 implementation of its community investment plan or to the community partnership fund, as
75 defined by this section.

76 (b) the department shall promulgate regulations for how community development
77 corporations can apply to become a community partner and receive qualified investments,
78 provided that:

79 (1) The department shall design a competitive process to review applications by certified
80 community development corporations to become community partners The department shall
81 select the highest quality plans and shall strive to ensure that all regions of the Commonwealth
82 are able to fairly compete for allocations, including Gateway Cities, rural areas and suburban
83 areas. At least 30% of the community partners shall be located in or serving Gateway Cities and
84 at least 20% of the community partners shall be located in or serving rural areas unless the
85 department finds that there are not a sufficient number of qualified applications from those
86 regions. The department shall implement at least one such allocation process each year. Each
87 tax credit allocation shall be for valid for a period of up to three years, contingent upon the
88 community partner satisfactorily meeting the reporting requirements of the department.
89 Community partners who have not fully utilized their community investment tax credit
90 allocations in three years may apply to the department for a one year extension. Community
91 investment tax credit allocations can be revoked after one or two years by the department if the
92 community partner has been unable to utilize at least 75% of its annual allocation, if the
93 community partner is found to be in non compliance with the statute, if the community partner is
94 determined by the department to be making inadequate progress on its community investment
95 plan, or for other causes as determined by the department.

96 (2) No community partner shall receive a community investment tax credit allocation of
97 less than \$50,000 in any one tax year and no more than one hundred and fifty thousand dollars
98 (\$150,000) of in any one tax year or four hundred and fifty thousand dollars (\$450,000) over a
99 three year period. No community partner can receive a subsequent allocation unless and until
100 they have utilized at least 95% of any prior allocation.

101 (3) A community partner may receive a qualified investment directly from a taxpayer or
102 it may transfer some or all of its community investment tax credit allocation to a Community
103 Partnership Fund and receive qualified investments from said Fund.

104 (4) Before receiving a qualified investment from a taxpayer or from the community
105 partnership fund, the community partner shall first receive certification from the department that
106 its community investment plan has been awarded a community investment tax credit allocation,
107 as prescribed by this section.

108 (5) The department may authorize up to two nonprofit organizations to operate a
109 community investment partnership fund. Such nonprofit organizations must demonstrate that
110 they have the capacity to solicit, administer and re-grant qualified investments. In selecting a
111 nonprofit to serve in this function the department shall seek organizations that can advance the
112 purposes of this statute.

113 (6) The department, in consultation with the commissioner, shall prescribe regulations
114 necessary to carry out this section. Such regulations, shall include, requirements for annual
115 reports from the community partner regarding outcomes achieved during the prior year.

116 (c) There is hereby established a Massachusetts community investment tax credit.

117 (1) The commissioner or revenue (hereinafter, “the commissioner”), in consultation with
118 the department of housing and community development (hereinafter, “the department”), shall
119 authorize annually beginning January 1, 2013 under this section an amount not to exceed
120 \$2,000,000 in 2013, \$4,000,000 in 2014, and \$6,000,000 in 2015 and each year thereafter for the
121 community investment tax credit.

122 (2) The total of all tax credits granted to a taxpayer pursuant to this section shall not
123 exceed one million dollars (\$1,000,000) in any one tax year and no tax credit shall be granted to
124 any tax payer for any individual qualified in a community investment activity of less than one
125 thousand dollars (\$1,000).

126 (3) A taxpayer that makes a qualified investment to a community partner or to the
127 community partnership fund shall be allowed a credit, to be computed as hereinafter provided,
128 against taxes owed to the Commonwealth under M.G.L. Chapter 62, M.G.L. Chapter 63 or other
129 applicable law. The credit shall be equal to 50 per cent of the total qualified investments made by
130 the taxpayer. In order to receive a credit, a taxpayer must receive a certification that the taxpayer
131 made a qualified investment to the community partnership fund or to a community partner in the
132 tax year. The taxpayer may make a qualified investment to a community partner or a taxpayer
133 may make a qualified investment to the community partnership fund. The department shall issue
134 a certification to the taxpayer after the taxpayer makes a qualified investment to the fund or to a
135 community partner. Such certification shall be acceptable as proof that the expenditures related
136 to such investment qualify as qualified investment for purposes of the credit allowed under this
137 section.

138 (4) The credit allowable under this section shall be allowed for the taxable year in which
139 a qualified investment is made. A taxpayer allowed a credit under this section for a taxable year
140 may carry over and apply to the tax imposed by this chapter in any of the succeeding 5 taxable
141 years, the portion, as reduced from year to year, of those credits which exceed the tax for the
142 taxable year.

143 (5) Community investment tax credits allowed to a partnership, or a limited liability
144 company taxed as a partnership shall be passed through to the persons designated as partners,
145 members or owners, respectively, pro rata or pursuant to an executed agreement among the
146 persons designated as partners, members or owners documenting an alternative distribution
147 method without regard to their sharing of other tax or economic attributes of the entity.

148 (6) Taxpayers eligible for the community investment tax credit may, with prior notice to
149 and in accordance with regulations adopted by the commissioner, transfer the credits, in whole or
150 in part, to any individual or entity, and the transferee shall be entitled to apply the credits against
151 the tax with the same effect as if the transferee had incurred the qualified rehabilitation
152 expenditures itself. The transferee shall use the credit in the year it is transferred. If the credit
153 allowable for any taxable year exceeds the transferee's tax liability for that tax year, the
154 transferee may carry forward and apply in any subsequent taxable year, the portion, as reduced
155 from year to year, of those credits which exceed the tax for the taxable year; but, the carryover
156 period shall not exceed 5 taxable years after the close of the taxable year during which the
157 qualified historic structure received final certification and was placed in service as provided for
158 in this section.

159 (7) The commissioner, in consultation with the department, shall prescribe regulations
160 necessary to carry out this section.