

**HOUSE . . . . . No. 311**

**The Commonwealth of Massachusetts**

PRESENTED BY:

***Antonio F. D. Cabral and Benjamin B. Downing***

*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 promote transformative development in gateway cities.

PETITION OF:

| NAME:                        | DISTRICT/ADDRESS:                                 | DATE ADDED:     |
|------------------------------|---|-----------------|
| <i>Antonio F. D. Cabral</i>  | <i>13th Bristol</i>                               |                 |
| <i>Benjamin B. Downing</i>   | <i>Berkshire, Hampshire, Franklin and Hampden</i> | <i>2/1/2013</i> |
| <i>Mark C. Montigny</i>      | <i>Second Bristol and Plymouth</i>                |                 |
| <i>Stephen L. DiNatale</i>   | <i>3rd Worcester</i>                              |                 |
| <i>Tricia Farley-Bouvier</i> | <i>3rd Berkshire</i>                              |                 |
| <i>John F. Keenan</i>        | <i>Norfolk and Plymouth</i>                       |                 |
| <i>Paul A. Schmid, III</i>   | <i>8th Bristol</i>                                |                 |
| <i>Aaron Vega</i>            | <i>5th Hampden</i>                                |                 |
| <i>Michael D. Brady</i>      | <i>9th Plymouth</i>                               |                 |
| <i>Mary S. Keefe</i>         | <i>15th Worcester</i>                             |                 |
| <i>Robert M. Koczera</i>     | <i>11th Bristol</i>                               |                 |
| <i>Marcos A. Devers</i>      | <i>16th Essex</i>                                 |                 |
| <i>Thomas A. Golden, Jr.</i> | <i>16th Middlesex</i>                             |                 |
| <i>Eileen M. Donoghue</i>    | <i>First Middlesex</i>                            |                 |
| <i>Sal N. DiDomenico</i>     | <i>Middlesex and Suffolk</i>                      |                 |
| <i>David M. Nangle</i>       | <i>17th Middlesex</i>                             |                 |
| <i>Kevin J. Murphy</i>       | <i>18th Middlesex</i>                             |                 |



**HOUSE . . . . . No. 311**

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By Representative Cabral of New Bedford and Senator Downing, a joint petition (accompanied by bill, House, No. 311) of Antonio F. D. Cabral, Benjamin B. Downing and others for legislation to promote transformative development in gateway cities. Economic Development and Emerging Technologies.

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**The Commonwealth of Massachusetts**

\_\_\_\_\_  
**In the Year Two Thousand Thirteen**  
\_\_\_\_\_

An act to promote transformative development in gateway cities.

*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.

2           Section 3A of chapter 23A of the General Laws, as appearing in the 2010 Official  
3 Edition, is hereby amended by striking out the contents of lines 86-107, and inserting in place  
4 thereof the following: “Expansion project, either (a) a facility that in its entirety and as of the  
5 project proposal date: (i) is located or will be located within an EOA; (ii) generates substantial  
6 sales from outside of the commonwealth; and (iii) generates a net increase of full-time  
7 employees within 2 years after project certification, and which shall be maintained for a period  
8 of not less than 5 years; provided, however, that in the case of a facility that as of the project  
9 proposal date is already located in an EOA, “expansion project” shall refer only to a facility at  
10 which the controlling business has proposed to expand of the number of permanent full-time  
11 employees at such facility to occur after the project proposal date and the expansion shall  
12 represent: (1) an increase in the number of permanent full-time employees employed by the  
13 controlling business within the commonwealth; and (2) not a replacement or relocation of  
14 permanent full-time employees employed by the controlling business at any other facility located  
15 within the commonwealth; and provided further, that in the case of a facility to be located within  
16 an EOA after the project proposal date, “expansion project” shall refer only to a facility which is:  
17 (A) the first facility of the controlling business to be located within the commonwealth; or (B) a  
18 new facility of such business and not a replacement or relocation of an existing facility of such  
19 controlling business located within the commonwealth or an expansion of an existing facility of  
20 the controlling business that results in an increase in permanent full-time employees; or (b) a  
21 development project that will substantially rehabilitate, as defined in section 1 of chapter 40V, or

22 develop new commercial property in a gateway municipality or the commercial property  
23 component of a mixed use property in a gateway municipality.”

24 SECTION 2.

25 Said section 3A of chapter 23A of the General Laws, as appearing in the 2010 Official  
26 Edition, is hereby further amended by striking out the contents of lines 113-130 and inserting in  
27 place thereof: “Expansion project proposal, a proposal submitted by a controlling business to the  
28 EACC pursuant to section 3F for designation of a project as a certified expansion project,  
29 provided that: (i) the proposal is submitted in a timely manner, in such form and with such  
30 information as is prescribed by the EACC, supported by independently verifiable information  
31 and signed under the penalties of perjury by a person authorized to bind the controlling business;  
32 (ii) the proposal, if submitted to as a project conforming with subsection (a) of the definition of  
33 expansion project, includes specific targets by year for the subsequent 5 calendar year period  
34 relative to the projected increase in the number of permanent full-time employees of the  
35 controlling business to be employed by and at the project from among residents of the project  
36 ETA; and provided further, that in the case of a project that as of the project proposal date is  
37 already located in the project EOA, such projected increase shall not be less than 25 per cent  
38 over the subsequent 5-year period; and (iii) in the case of a project that is a new facility within  
39 the meaning of clause (B) of subsection (a) of the definition of expansion project, such proposal  
40 shall include the number of permanent full-time employees employed by the controlling business  
41 at other facilities located in the commonwealth.”

42 SECTION 3.

43 Chapter 23G of the General Laws, as appearing in the 2010 Official Edition, is hereby  
44 amended by adding the following:

45 “Section 45. (a)(i) There is hereby established within the agency the Gateway Cities  
46 Transformative Urban Development Fund, referred to in this section as the fund. The agency  
47 shall utilize the fund, and be empowered to so utilize the fund, as provided in this section,  
48 provided that such use conforms with the general provisions of this chapter. (ii) The fund will be  
49 administered and managed by the fund director, who shall be appointed by the executive  
50 director.

51 (b)(i) The liabilities or obligations of the fund shall not extend beyond the monies which  
52 are deposited in the fund and shall not constitute a debt or pledge of the faith and credit of the  
53 commonwealth or of any subdivision thereof. (ii) Those monies which are deposited in the fund,  
54 pending allocation as provided in this section, may be invested in securities issued by the  
55 Treasury of the United States government or the government of the commonwealth. (iii) Returns  
56 from such investments shall be deposited in the fund and shall be used to support the fund  
57 programs as provided in this section and to defray the administrative and operational costs of the

58 fund. (iv)The monies in the fund shall be paid out by the treasurer of the agency in furtherance of  
59 the purposes of this section.

60 (c) There is hereby established within the agency the Gateway Cities Transformative  
61 Development Program to revitalize and support residential and commercial development in  
62 gateway municipalities, as defined in section 32A of chapter 23A, by establishing and  
63 maintaining the following: (i) a home equity insurance program for residents of gateway  
64 municipalities, pursuant to subsection (d) of this section; (ii) a grant program to support  
65 economic planning, development and housing creation in gateway municipalities, pursuant to  
66 subsection (e) of this section; (iii) a loan or loan guarantee program designed to encourage  
67 financial institutions to make loans, pursuant to subsection (f) of this section.

68 (d) The fund director shall allocate a portion, not to exceed \$10,000,000 per year, of the  
69 fund to grants to gateway municipalities designed to supplement grants made by the  
70 Commonwealth pursuant to section 63 of chapter 23A; provided, however, up to 10 percent of  
71 the grants made by the fund in a calendar year, pursuant to this subsection, may be made to  
72 support the hiring in gateway municipalities of professional staff or professional services devoted  
73 to helping such gateway municipalities engage with and use state and federal economic  
74 development programs. The agency shall work with the secretary of housing and economic  
75 development to use grants made by the fund to supplement awards made to gateway  
76 municipalities under section 63 of chapter 23A.

77 (e) The fund director shall allocate a portion of the fund to offering and subsidizing home  
78 equity insurance to households that purchase primary residences in gateway municipalities after  
79 January 1, 2015 and retain those homes as primary residences for at least 5 years. The fund  
80 director shall develop and prescribe the underwriting and claims criteria necessary to provide  
81 insurance on an actuarially sound basis. The insurance provided by the fund shall not be subject  
82 to the provisions of chapter 175. In no event shall the home equity insurance provided by the  
83 fund under this section cover more than 90 percent of the difference between the price at which a  
84 homeowner purchased a home in a gateway municipality and the price at which a homeowner  
85 sells the home after owning it as a primary residence for at least ten years.

86 (f) The fund director shall allocate a portion of the fund to offering loans or guarantees on  
87 loans made by private financial institutions designed to finance commercial and industrial  
88 development in gateway municipalities. Such loans or loan guarantees shall be designed to  
89 encourage the development or rehabilitation of mixed use development, as defined in section 2  
90 of chapter 40R of the General Laws.”

#### 91 SECTION 4.

92 Section 1 of chapter 40V of the General Laws, as appearing in the 2010 Official Edition,  
93 is hereby amended by striking out the contents of lines 20-21 and inserting in place thereof the

94 following: “Market rate residential unit, a residential unit priced at the discretion of its owner and  
95 not subject to any affordability restrictions.”

96 SECTION 5.

97 Said section 1 of chapter 40V of the General Laws, as appearing in the 2010 Official  
98 Edition, is hereby further amended by striking out in lines 31-34 and inserting in place thereof  
99 the following: “Substantial rehabilitation and substantially rehabilitated, the needed major  
100 redevelopment, repair and new construction, excluding the purchase of the property, as  
101 determined by the department of housing and community development.”

102 SECTION 6.

103 Section 4 of chapter 40V of the General Laws, as appearing in the 2010 Official Edition,  
104 is hereby amended by striking out lines 1-13 and inserting in place thereof: “(a) A project shall  
105 be eligible to be a certified housing development project under this chapter; provided, however,  
106 that (i) the proposed project contains 2 or more residential units or includes commercial uses in  
107 addition to residential units; (ii) the project is located in a designated or proposed HD Zone; and  
108 (iii) the project is a substantial rehabilitation.”

109 SECTION 7.

110 Section 5 of chapter 40V of the General Laws, as appearing in the 2010 Official Edition,  
111 is hereby amended by striking out, in line 3, the figure “10” and inserting in place thereof “30”.

112 SECTION 8.

113 Section 6 of chapter 62 of the General Laws, as appearing in the 2010 Official Edition, is  
114 hereby amended by striking out, in lines 838 and 843, the figure “5,000,000” and inserting in  
115 place thereof the following figure: “15,000,000”.

116 SECTION 9.

117 Said section 6 of said chapter 62 of the General Laws, as so appearing, is hereby further  
118 amended by striking out, in line 273, the figure “2013” and inserting in place thereof the  
119 following figure: “2018”.

120 SECTION 10.

121 Said section 6 of said chapter 62, as so appearing, is hereby further amended by striking  
122 out, in line 278, the figure “2014” and inserting in place thereof the following figure: “2019”.

123 SECTION 11.

124 Section 6J of chapter 62 of the General Laws, as appearing in the 2010 Official Edition,  
125 is hereby amended by inserting, in line 8, the following after the word properties: “or consistent

126 with standards established by the Massachusetts historical commission designed to promote the  
127 rehabilitation of historic properties for mixed commercial and residential uses.”

128 SECTION 12.

129 Said section 6J of chapter 62 of the General Laws, as so appearing, is hereby further  
130 amended by striking out, in line 39, the figure “50,000,000” and inserting in place thereof the  
131 figure “60,000,000”.

132 SECTION 13.

133 Section 6J of chapter 62 of the General Laws, as so appearing, is hereby further amended  
134 by striking out, in lines 46-47, the words “a percentage, not to exceed 20 percent,” and inserting  
135 in place thereof the following: “20 percent”.

136 SECTION 14.

137 Section 6J of chapter 62 of the General Laws, as so appearing, is hereby further amended  
138 by striking out, in lines 39-43, the sentence beginning with “The Massachusetts historical  
139 commission” and inserting in place thereof the following: “The Massachusetts historical  
140 commission shall administer and determine eligibility for the Massachusetts rehabilitation tax  
141 credit and allocate the credit in accordance with this section; provided, however, that the  
142 commission shall ensure the award of tax credits pursuant to this section will allow a taxpayer  
143 that acquires a qualified historic structure to receive any tax credits for qualified rehabilitation  
144 expenditures previously awarded to the transferor of such qualified historic structure if: (A) the  
145 rehabilitation was not placed in service by the transferor, (B) no credit has been claimed by  
146 anyone other than the acquiring taxpayer, (C) the taxpayer completes the rehabilitation and  
147 obtains certification as provided for in this section and (D) the taxpayer conforms with all other  
148 requirements created by this section. The Massachusetts historical commission may impose a fee  
149 to tax credit applicants that may be applied to the processing of applications and development of  
150 regulations for the certification of any rehabilitation under the provisions of this section.”

151 SECTION 15.

152 The following is hereby added to chapter 62 of the General Laws, as appearing in the  
153 2010 Official Edition:

154 Section 6M. Urban Development Tax Credits.

155 (a) For the purposes of this section, the following terms shall have the following  
156 meanings unless the context clearly requires otherwise:

157 “Fund director” is the director of the Gateway Cities Transformative Urban Development  
158 Fund, as provided in section 45 of chapter 23G.

159 “Par value” is equal to one United States dollar.

160 “Qualifying tax credits” shall consist of the difference between the total value of tax  
161 credits that may be awarded or authorized in a calendar year and the value of tax credits actually  
162 awarded or authorized in the previous calendar year pursuant to the following provisions of the  
163 General Laws: (i) section 6(g)(1) of chapter 62 and section 38N(a) of chapter 63; (ii) section  
164 6(q)(5) of chapter 62 and section 38BB(5) of chapter 63; (iii) section 6J(b)(1)(i) of chapter 62  
165 and section 38R(b)(1)(i) of chapter 63.

166 “Taxpayer” is a person, firm, partnership, trust, estate, limited liability company or other  
167 entity subject to the income tax imposed by the provisions of this chapter or chapter 63 of the  
168 General Laws.

169 (b) (1) There shall be an Urban Development Tax Credit. The commissioner, in  
170 consultation with the fund director, shall authorize annually, for the 15 year period beginning  
171 January 1, 2015 and ending December 31, 2030, an amount of such Urban Development Tax  
172 Credits equal to the number of qualifying tax credits.

173 (2) A taxpayer that purchases an Urban Development Tax Credit pursuant to subsection  
174 (c) of this section shall be allowed a credit against any tax imposed by this chapter or chapter 63  
175 of the General Laws; provided that the credit against such tax shall be equal to the number of  
176 Urban Development Tax Credits the taxpayer has purchased and wishes to use in a taxable year.  
177 The credit allowable under this section shall be allowed for any taxable year until 2031. A  
178 taxpayer that purchases an Urban Development Tax Credit, pursuant to subsection (c), of this  
179 section may, with prior notice to and in accordance with regulations adopted by the  
180 commissioner, transfer the credits, in whole or in part, to any individual or entity, and the  
181 transferee shall be entitled to apply the credits against its tax liability with the same effect as if  
182 the transferee had purchased the Urban Development Tax Credit.

183 (c) The fund director, after consultation with the commissioner, shall determine annually  
184 the number of Urban Development Tax Credits that may be auctioned based on the number of  
185 qualifying tax credits. The fund director is authorized to organize the sale at auction of such  
186 Urban Development Tax Credits and deposit the proceeds of such sales in the Gateway Cities  
187 Transformative Urban Development Fund; provided, however, that no Urban Development Tax  
188 Credit may be sold for less than 85 percent of its par value. Urban Development Tax Credits that  
189 remain unsold after an auction may be sold by the fund director at later auctions.

## 190 SECTION 16.

191 Section 38N of chapter 63, as so appearing in the 2010 Official Edition, is hereby  
192 amended by striking out, in line 22, the figure “25,000,000” and replacing it with the figure  
193 “75,000,000”.



194 SECTION 17.

195 Section 38Q of said chapter 63 of the General Laws, as so appearing, is hereby amended  
196 by striking out, in line 3, the figure “2013” and inserting in place thereof the following figure:  
197 “2018”.

198 SECTION 18.

199 Said section 38Q of said chapter 63, as so appearing, is hereby further amended by  
200 striking out, in line 8, the figure “2014” and inserting in place thereof the following figure:  
201 “2019.”

202 SECTION 19.

203 Section 38R of said chapter 63 is hereby further amended by adding after the word  
204 “properties,” in line 8, the following: “or consistent with standards established by the  
205 Massachusetts historical commission designed to promote the rehabilitation of historic properties  
206 for mixed commercial and residential uses.”

207 SECTION 20.

208 Said section 38R of said chapter 63 is further amended by striking out, in line 37, the  
209 figure “50,000,000” and inserting in place thereof the following figure: “60,000,000”.

210 SECTION 21.

211 Said section 38R of said chapter 63 is hereby further amended by striking out, in lines 45-  
212 47, the words “a percentage, not to exceed 20 percent,” and inserting in place thereof the  
213 following: “20 percent”.

214 SECTION 22.

215 Said section 38R of chapter 63 is hereby further amended by striking out, in lines 39-43,  
216 the sentence beginning with “The Massachusetts historical commission” and inserting in place  
217 thereof the following: “The Massachusetts historical commission shall administer and determine  
218 eligibility for the Massachusetts rehabilitation tax credit and allocate the credit in accordance  
219 with this section; provided, however, that the commission shall ensure the award of tax credits  
220 pursuant to this section will allow a taxpayer that acquires a qualified historic structure to receive  
221 any tax credits for qualified rehabilitation expenditures previously awarded to the transferor of  
222 such qualified historic structure if: (A) the rehabilitation was not placed in service by the  
223 transferor, (B) no credit has been claimed by anyone other than the acquiring taxpayer, (C) the  
224 taxpayer completes the rehabilitation and obtains certification as provided for in this section and  
225 (D) the taxpayer conforms with all other requirements created by this section. The Massachusetts  
226 historical commission may impose a fee to tax credit applicants that may be applied to the

227 processing of applications and development of regulations for the certification of any  
228 rehabilitation under the provisions of this section.”

229 SECTION 23.

230 To provide for the capitalization of the Gateway Cities Urban Transformation Fund,  
231 established in section 45(a) of chapter 23G of the General Laws, the sum set forth in Section 24  
232 for the purpose and subject to the conditions specified in this act, is hereby made available,  
233 subject to the laws regulating the disbursement of public funds, which sum is in addition to any  
234 other amounts previously appropriated for these purposes.

235 SECTION 24.

236 Gateway Cities Urban Transformation Fund

237 —Office of the Fund Director —

238 7004-9205 For the Gateway Cities Urban Transformation Fund established in section  
239 45(a) of chapter 23G of the General Laws for application by the fund to the purposes specified in  
240 section 45 of said chapter 23G.....\$125,000,000

241 SECTION 25.

242 To meet the expenditures necessary in carrying out Section 24, the state treasurer shall,  
243 upon request of the governor, issue and sell bonds of the commonwealth in an amount to be  
244 specified by the governor from time to time but not less than \$25,000,000 per year. All such  
245 bonds issued by the commonwealth shall be designated on their face, Gateway Cities Urban  
246 Transformation Act of 2013, and shall be issued for a maximum term of years, not exceeding 30  
247 years, as the governor may recommend to the general court under section 3 of Article LXII of the  
248 Amendments to the Constitution; provided, however, that all such bonds shall be payable not  
249 later than June 30, 2043. All interest and payments on account of principal on these obligations  
250 shall be payable from the General Fund. Notwithstanding any other provision of this act, bonds  
251 and interest thereon issued under this section shall be general obligations of the commonwealth.