SENATE DOCKET, NO. 1762 FILED ON: 1/18/2013

SENATE . . . . . No. 1445

The Commonwealth of Massachusetts

PRESENTED BY:

Bruce E. Tarr

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 creating an incentive for job creation.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Bruce E. Tarr	*First Essex and Middlesex*
James E. Timilty	*Bristol and Norfolk*
Michael R. Knapik	*Second Hampden and Hampshire*
Richard J. Ross	*Norfolk, Bristol and Middlesex*
Robert L. Hedlund	*Plymouth and Norfolk*

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SENATE . . . . . No. 1445

By Mr. Tarr, a petition (accompanied by bill, Senate, No. 1445) of Bruce E. Tarr, James E. Timilty, Michael R. Knapik, Richard J. Ross and others for legislation to create an incentive for job creation. Revenue.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An act creating an incentive for job creation.

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

SECTION1. Section 67D of Chapter 62C of the General Laws is hereby amended by inserting after subsection (g) the following new sections:-

(h) when used in section (i)-(n), the following words shall have the following meaning:

"Application year", the calendar year for which a business submits the information required for a determination as to a jobs incentive credit.

"Business", a corporation, sole proprietorship, partnership, limited liability company or any other form of business organization.

"Commissioner", the commissioner of revenue.

"Eligible Jobs", a number determined by first multiplying each of the local jobs created by a business during a single calendar year by the job qualifier for that job, and then totaling the number for all of the local jobs created.

"Full time employee", a person who is employed for consideration for at least 35 hours per week and whose salary is subject to withholding as provided in chapter 62B.

"Job qualifier fraction", in the case of either a full-time employee or a part-time employee of a business, the figure that determines the extent to which that employee is employed in the commonwealth during a single calendar year. The job qualifier fraction for each employer shall be determined by multiplying the following percentages together: (i) the percentage of time that an employee worked while employed by the company expressed as average hours worked

19 per week out of 35 hours, not to exceed 100 per cent; (ii) that employee's time attributable to
20 work in the commonwealth, as a portion of that employee's total work for the company; and (iii)
21 the portion of the year the employee worked for the company.

22 "Jobs incentive credit", a business employment incentive credit for companies as
23 provided for in this section.

24 "Local jobs created", the total number of jobs created by a business during a single
25 calendar year in which the new employees perform qualified services in at least 1 in-state
26 location, including jobs performed by persons that are transferred within the company to work at
27 an in-state location from a location based outside the state.

28 "Part-time employee", a person who is employed for consideration for less than 35 hours
29 a week and whose salary is subject to withholding as provided in chapter 62B.

30 "Credit years", in the case of a business that is determined to be eligible for a jobs
31 incentive credit, the 3 calendar years following the application year.

32 "Weighted, average employment", for a calendar year, the total number of jobs
33 maintained by a business in which the employees performed employment services in at least 1
34 in-state location. The number is to be determined by first multiplying each of the individual jobs
35 maintained by the company for that year by the job qualifier fraction for that job and then
36 totaling the number for all of these jobs.

37 (i) A business that creates an eligible job in the commonwealth during its application year
38 shall be entitled to a jobs incentive credit, spread equally over three calendar years, if its
39 weighted average employment for such application year reflects a net increase over the
40 company's weighted average employment for the prior calendar year. The total jobs incentive
41 credit shall be equal to 50 per cent of the amount paid by the company as salary attributable to
42 eligible jobs created by the company in such year to the extent that the salary was subject to
43 Massachusetts withholding pursuant to chapter 62B for such year, multiplied by the applicable
44 Massachusetts income tax rate for such salary, and such credit shall be applied toward the
45 company's liability imposed by Chapter 62B, Section 2. A company shall take a jobs incentive
46 credit for no more than 50 jobs created over its weighted average employment for the prior
47 calendar year. For companies creating greater than 50 jobs over the weighted average
48 employment for the prior calendar year, the total tax credit, which will be taken in three equal
49 installments subject to the terms and conditions in the following sections, shall be determined by
50 the salary of the first 50 eligible jobs created. For the purposes of this provision, an eligible job
51 shall be deemed created in the commonwealth on the first day for which Massachusetts
52 withholding is required in connection with the compensation paid to the employee.

53 (j) The jobs incentive credit shall be taken by a business in 3 equal installments in each of
54 the 3 calendar years commencing with the calendar year subsequent to the application year. If,

55 for the first or second credit year, the company's weighted average employment falls below its
56 weighted average for the application year, the company shall be disqualified from taking its
57 second installment credit. It may nonetheless take its third installment credit if its weighted
58 average employment for its second credit year is above its weighted average employment for the
59 application year.

60 (k) A company that seeks a jobs incentive credit shall apply to the commissioner to
61 receive permission to take such a credit on a form prescribed by the commissioner. This form
62 shall reference the necessary information concerning the eligible jobs created by the company in
63 the Commonwealth during the application year and also the company's weighted average
64 employment for such year and the prior calendar year. The commissioner shall advise the
65 company of the determination in writing.

66 (l) Not later than March 1 of each calendar year for which a company has been approved
67 to take a job incentives credit , the company shall submit to the commissioner, in a form
68 prescribed by the commissioner, the information necessary to evaluate the company's prior year
69 weighted employment average.

70 (m) A company that has previously been approved to take a job incentive credit is
71 entitled to re-apply for an additional credit for a second or third application year. In such cases,
72 the company may be entitled to take a job incentive credit that relates to different application
73 years in the same calendar year. When a company has previously been granted permission to
74 take a jobs incentive credit for 3 application years, it shall not request an additional jobs
75 incentive credit. In no case shall a company take a jobs incentive credit after June 30, 2016,
76 when all provisions in (i)-(m) shall sunset and no longer be in effect.

77 (n) Following the termination of the job creation tax credit program, the commissioner of
78 the department of revenue, in consultation with one or more institutes of higher learning, shall
79 conduct a cost benefit analysis of said program, which shall take into consideration the total
80 number of permanent in-state jobs created under the program, the total amount of tax credits
81 provided, and any other factors that would be useful in measuring the success of the program.
82 The commissioner shall prepare a report on the findings, which shall be filed with the clerk of
83 the house of representatives and the clerk of the senate, the chairs of the house and senate
84 committees on ways and means, and the house and senate chairs of the joint committee on
85 revenue no later than September 30, 2016. Said report shall include the commissioner's findings
86 as to the feasibility of extending the job creation tax credit program beyond the sunset date,
87 along with any recommendations for revising the program to make it more effective in enhancing
88 the creation of jobs.