

HOUSE No. 4375

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, April 9, 2018.

The committee on Revenue to whom was referred the petition (accompanied by bill, House, No. 2632) of Harold P. Naughton, Jr., and Anne M. Gobi for legislation to authorize certain municipalities to implement tax increment financing plans to encourage housing rehabilitation, reports recommending that the accompanying bill (House, No. 4375) ought to pass [Mr. Dooley of Norfolk dissents].

For the committee,

JAY R. KAUFMAN.

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**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act relative to small town residential neighborhood revitalization.

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. Chapter 40 of the General Laws is hereby amended by inserting after
2 section 60B the following section:-

3 Section 60C. For the purposes of this section, the following terms shall have the
4 following meanings:-

5 “Executive office”, executive office of housing and community development.

6 “Neighborhood revitalization municipality”, a municipality with a population less than
7 15,000 and less than 2,500 people residing in a square mile within such municipality.

8 “Neighborhood housing”, a 1 to 3 story owner-occupied, pre-existing residential housing
9 unit contained within a neighborhood revitalization municipality.

10 “Secretary”, secretary of housing and community development.

11 (b) Notwithstanding any general or special law to the contrary, a town, by vote of its
12 town meeting, town council, with the approval of the mayor where required by law, on its own

13 behalf or in conjunction with 1 or more towns and pursuant to regulations issued by the secretary
14 of housing and economic development, may adopt and implement a neighborhood housing tax
15 increment financing plan, referred to as a NH-TIF plan in this section, intended to encourage
16 rehabilitation and revitalization of neighborhood housing in a neighborhood revitalization
17 municipality. Any such NH-TIF plan shall:

18 (i) designate 1 or more areas of such municipality a NH-TIF area subject to the approval
19 of the secretary under regulations adopted by the executive office consistent with this section.

20 (ii) describe in detail the neighborhood housing area contemplated for such NH-TIF area
21 as of the date of adoption of the NH-TIF plan that shall be eligible for the NH-TIF;

22 (iii) authorize tax increment exemptions from property taxes, under clause Fifty-first of
23 section 5 of chapter 59, for a specified term not to exceed 30 years, for any real property with
24 existing neighborhood housing which is located in the NH-TIF area and for which an agreement
25 has been executed with the owner of the parcel under clause (iv); provided, however, that the
26 NH-TIF plan shall specify the level of exemptions expressed as exemption percentages, not to
27 exceed 100 per cent, to be used in calculating the exemptions for the parcel, and for personal
28 property situated on that parcel, as provided under said clause Fifty-first of said section 5 of said
29 chapter 59; provided, further, that the exemption for each parcel of real property shall be
30 calculated using an adjustment factor for each fiscal year of the specified term equal to the
31 product of the inflation factors for each fiscal year since the parcel first became eligible for such
32 exemption pursuant to this clause; provided, further, that the inflation factor for each fiscal year
33 shall be a ratio:

34 (a) the numerator of which shall be the total assessed value of all parcels of all
35 commercial and industrial real estate that is assessed at full and fair cash value for the current
36 fiscal year minus the new growth adjustment for the current fiscal year attributable to the
37 neighborhood housing as determined by the commissioner of revenue under paragraph (f) of
38 section 21C of said chapter 59; and

39 (b) the denominator of which shall be the total assessed value for the preceding fiscal
40 year of all the parcels included in the numerator, except that such ratio shall not be less than 1;

41 (iv) include executed agreements between such city or town and each eligible owner of a
42 parcel of real property which is located in a NH-TIF area. Each such agreement shall include all
43 material representations of the parties which served as a basis for the descriptions contained in
44 the NH-TIF plan in accordance with clause (ii) and which served as a basis for the granting of a
45 NH-TIF exemption; and

46 (v) delegate to 1 board, agency or officer of the town the authority to execute agreements
47 in accordance with clause (iv).

48 SECTION 2. Paragraph (a) of Part B of section 3 of chapter 62 of the General Laws, as
49 appearing in the 2016 Official Edition, is hereby amended by adding the following
50 subparagraph:-

51 (20) An amount equal to 20 per cent of the cost of improving neighborhood housing in a
52 neighborhood housing tax increment financing area as approved by the secretary of housing and
53 economic development.

54 SECTION 3. Section 6 of chapter 62 of the General Laws, as so appearing, is hereby
55 amended by adding the following subsection:-

56 (u)(1) A credit shall be allowed against the tax liability imposed by this chapter, to the
57 extent authorized by the secretary of housing and economic development, up to an amount equal
58 to 50 per cent of such liability in any taxable year; provided, however, that the 50 per cent
59 limitation shall not apply where the credit is refundable under paragraph (5) for approved
60 projects for improving neighborhood housing in neighborhood housing revitalization
61 municipalities.

62 (2) Any taxpayer entitled to a credit under this subsection for any taxable year may carry
63 over and apply to the tax for any one or more of the next succeeding ten taxable years, the
64 portion, as reduced from year to year, of those credits which exceed the tax for the taxable year;
65 provided, however, that in no event shall the taxpayer apply the credit to the tax for any taxable
66 year beginning more than five years after the approved project ceases to qualify as such under
67 the provisions of section 60C of chapter 40.

68 (3) For purposes of this subsection, the commissioner of revenue may aggregate the
69 activities of all entities, whether or not incorporated, under common control as defined in
70 subsection (f) of section forty-one of the Code.

71 (4) The commissioner of revenue shall promulgate such rules and regulations necessary
72 to implement the provisions of this subsection. Such rules and regulations may provide for the
73 adjustment of prices and elimination of transactions between related taxpayers to ensure that all
74 amounts upon which the credit is based reasonably reflect fair market value. In addition, such

75 rules and regulations shall include provisions to prevent the generation of multiple credits with
76 respect to the same property.

77 (5) If a credit allowed under paragraph (1) exceeds the tax otherwise due under this
78 chapter, 100 per cent of the balance of such credit may, at the option of the taxpayer and to the
79 extent authorized by the department of housing and economic development, be refundable to the
80 taxpayer for the taxable year in which qualified property giving rise to that credit is placed in
81 service. If such credit balance is refunded to the taxpayer, the credit carryover provisions of
82 paragraph (2) shall not apply.

83 SECTION 4. Section 3 of chapter 121F of the General Laws, as so appearing, is hereby
84 amended by striking out, in line 106, the words, “and (7)” and inserting in place thereof the
85 following words:- (7) to support the rehabilitation and improvement of neighborhood housing as
86 defined in section 60C of chapter 40B, which may include grants, direct loans, loan guarantees
87 and loan loss reserves; and (8).