

# SENATE . . . . . No. 1636

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## 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 relative to a job creation tax credit.

PETITION OF:

NAME:

*Bruce E. Tarr*

DISTRICT/ADDRESS:

*First Essex and Middlesex*

# SENATE . . . . . No. 1636

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By Mr. Tarr, a petition (accompanied by bill, Senate, No. 1636) of Bruce E. Tarr for legislation relative to a job creation tax credit. Revenue.

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## The Commonwealth of Massachusetts

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

An Act relative to a job creation tax credit.

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

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

4           “Application year”, the calendar year for which a business submits the information  
5     required for a determination as to a jobs incentive credit.

6           “Business”, a corporation, sole proprietorship, partnership, limited liability company or  
7     any other form of business organization.

8           “Commissioner”, the commissioner of revenue.

9           “Eligible Jobs”, a number determined by first multiplying each of the local jobs created  
10    by a business during a single calendar year by the job qualifier for that job, and then totaling the  
11    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 per week out of 35 hours, not to exceed 100 per cent; (ii) that employee’s time attributable to work in the commonwealth, as a portion of that employee’s total work for the company; and (iii) the portion of the year the employee worked for the company.

“Jobs incentive credit”, a business employment incentive credit for companies as provided for in this section.

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

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

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

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

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

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

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

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

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

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

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