

**HOUSE . . . . . No. 2582**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Harold P. Naughton, Jr.*

*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 small town residential neighborhood revitalization.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Harold P. Naughton, Jr.</i>	<i>12th Worcester</i>	<i>1/17/2019</i>

**HOUSE . . . . . No. 2582**

By Mr. Naughton of Clinton, a petition (accompanied by bill, House, No. 2582) of Harold P. Naughton, Jr., for legislation to authorize certain municipalities to implement tax increment financing plans to encourage housing rehabilitation. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 2632 OF 2017-2018.]

**The Commonwealth of Massachusetts**

**In the One Hundred and Ninety-First General Court  
(2019-2020)**

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 60A 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 is  
49 hereby amended by adding the following subparagraph:-

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

53 SECTION 3. Section 6 of chapter 62 of the General Laws is hereby amended by adding  
54 the following subsection:-

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

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

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

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

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

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

82 SECTION 4. Section 3 of chapter 121F of the General Laws, as appearing in the 2010  
83 Official Edition is hereby amended by striking out, in line 99, the words, “and (7)” and inserting  
84 in place thereof the following words:- (7) to support the rehabilitation and improvement of  
85 neighborhood housing as defined in section 60C of chapter 40B, which may include grants,  
86 direct loans, loan guarantees and loan loss reserves; and (8).