

HOUSE No. 2790

The Commonwealth of Massachusetts

PRESENTED BY:

Ann-Margaret Ferrante

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 establishing the Massachusetts Maritime Commercial Development tax credit.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Ann-Margaret Ferrante</i>	<i>5th Essex</i>	<i>1/18/2023</i>

HOUSE No. 2790

By Representative Ferrante of Gloucester, a petition (accompanied by bill, House, No. 2790) of Ann-Margaret Ferrante for legislation to establish maritime commercial development tax credits. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 2898 OF 2021-2022.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act establishing the Massachusetts Maritime Commercial Development 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. Chapter 62 of the General Laws is hereby amended by inserting after
2 section 6N the following section:-

3 Section 6O. (a) For purposes of this section, the following terms shall have the following
4 meanings unless the context clearly requires otherwise:

5 “Certified construction”, the construction of a qualified water-dependent facility that has
6 been approved and certified by the Secretary of Housing and Economic Development, in
7 consultation with the Executive Office of Energy and Environmental Affairs, as being consistent
8 with the standards established by the Designated Port Area for the purposes of this section.

9 “Qualified water-dependent facility”, any building or structure, located within the
10 commonwealth, constructed for the exclusive use of water-dependent commercial or industrial
11 activities, seafood processing, aquaculture, water-dependent science, research and innovation, or
12 seafood storage, and uses accessory and directly supportive thereof including wholesale and
13 retail uses, and which is located in a Designated Port Area as defined by 301 C.M.R. 25.02.

14 “Qualified water-dependent facility expenditure”, any amount properly chargeable to a
15 capital account in effect for the taxable year, incurred in connection with the certified water-
16 dependent facility construction or rehabilitation in a Designated Port Area, but the term shall not
17 include personal property, personal use property, or the cost of acquiring any building or interest
18 thereon, up to and including costs of building materials and supplies, fixtures, equipment, design,
19 engineering, permitting and labor costs, paid by the taxpayer.

20 “Taxpayer”, a person, firm, partnership, trust, estate, limited liability company, or other
21 entity subject to the income tax imposed by the provisions of this chapter.

22 “CDC” or “Community Development Corporation”, a corporation certified as a
23 community development corporation by the Department of Housing and Community
24 Development as consistent with chapter 40H.

25 (b) Massachusetts Maritime Commercial Development tax credit.

26 (1) The Secretary of Housing and Economic Development (hereto referred as the
27 Secretary) shall authorize the tax credits under this section. The Secretary shall authorize
28 annually, beginning January 1, 2018, under this section, together with section 31O of chapter 63,
29 an amount not to exceed \$100,000,000 per year. The Secretary shall determine the criteria for

30 eligibility for the credit, such criteria to be set forth in regulations promulgated under this
31 section.

32 (i) Any single municipality shall not be eligible to receive a more than fifty percent of the
33 total amount of awarded credits in a given calendar year.

34 (1) This restriction may be waived by the Secretary. Such a waiver must be made in
35 writing, and submits the decision with an adequate reasoning to the Joint Committee on
36 Economic Development and Emerging Technologies, the House and Senate Committees on
37 Rules, and the House and Senate Committees on Ways and Means.

38 (2) A taxpayer that incurs qualified water-dependent facility expenditures may be
39 allowed a credit, to be computed as hereinafter provided, against the tax imposed by this chapter.
40 The credit shall be equal to a percentage, not to exceed fifty percent, of the qualified water-
41 dependent facility expenditures made by the taxpayer with respect to a qualified water-dependent
42 facility which has received final certification and has been placed in service as provided for in
43 this section. The Secretary shall administer and determine eligibility for the Massachusetts
44 maritime commercial development tax credit and allocate the credit in accordance with this
45 section; but, the Secretary may impose a fee for the processing of applications for the
46 certification of any water-dependent facility under the provisions of this section.

47 (i) Community development corporations shall be eligible to receive this tax credit at a
48 rate equal to that of any taxpayer under this section.

49 (3) The credit allowable under this section shall be allowed for the taxable year in which
50 the water-dependent facility property is placed in service, that is, when occupancy of the entire
51 structure or some identifiable portion of the structure is permitted. A taxpayer allowed a credit

52 under this section for a taxable year may carry over and apply to the tax imposed by this chapter
53 in any of the succeeding 5 taxable years, the portion, as reduced from year to year, of those
54 credits which exceed the tax for the taxable year.

55 (d) Maritime commercial development tax credits allowed to a partnership, a limited
56 liability company taxed as a partnership or multiple owners of property shall be passed through
57 to the persons designated as partners, members or owners, respectively, pro rata or pursuant to an
58 executed agreement among the persons designated as partners, members or owners documenting
59 an alternative distribution method without regard to their sharing of other tax or economic
60 attributes of the entity.

61 (e) Taxpayers eligible for the Massachusetts maritime commercial development tax credit
62 may, with prior notice to and in accordance with regulations adopted by the Secretary, transfer
63 the credits, in whole or in part, to any individual or entity, and the transferee shall be entitled to
64 apply the credits against the tax with the same effect as if the transferee had incurred the
65 qualified rehabilitation expenditures itself. The transferee shall use the credit in the year it is
66 transferred. If the credit allowable for any taxable year exceeds the transferee's tax liability for
67 that tax year, the transferee may carry forward and apply in any subsequent taxable year, the
68 portion, as reduced from year to year, of those credits which exceed the tax for the taxable year;
69 but, the carryover period shall not exceed 5 taxable years after the close of the taxable year
70 during which the qualified historic structure received final certification and was placed in service
71 as provided for in this section.

72 (f) The Secretary shall annually, not later than September 1 of each year, file a report
73 with the House and Senate Committees on Ways and Means, the chairs of the Joint Committee

74 on Community Development and Small Businesses, and the chairs of the Joint Committee on
75 Economic Development and Emerging Technologies, identifying the total amount of tax credits
76 claimed pursuant to this subsection and the total amount of tax credits transferred, sold, or
77 assigned hereunder for the preceding fiscal year.

78 (g) If the certified water-dependent facility is disposed of, or ceases to be used for the
79 exclusive use of water-dependent commercial or industrial activities, before the end of such
80 facility's useful life, the recapture provisions Chapter 63, section 31A, subsection (e) shall apply.

81

82 SECTION 2. Chapter 63 of the General Laws is hereby amended by inserting after
83 section 6N the following section:-

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

86 "Certified construction", the construction of a qualified water-dependent facility that has
87 been approved and certified by the Secretary of Housing and Economic Development, in
88 consultation with the Executive Office of Energy and Environmental Affairs, as being consistent
89 with the standards established by the Designated Port Area for the purposes of this section.

90 "Qualified water-dependent facility", any building or structure, located within the
91 commonwealth, constructed for the exclusive use of water-dependent commercial or industrial
92 activities, seafood processing, aquaculture, water-dependent science, research and innovation, or
93 seafood storage, and uses accessory and directly supportive thereof including wholesale and
94 retail uses, and which is located in a Designated Port Area as defined by 301 C.M.R. 25.02.

95 “Qualified water-dependent facility expenditure”, any amount properly chargeable to a
96 capital account in effect for the taxable year, incurred in connection with the certified water-
97 dependent facility construction or rehabilitation in a Designated Port Area, but the term shall not
98 include personal property, personal use property, or the cost of acquiring any building or interest
99 thereon, up to and including costs of building materials and supplies, fixtures, equipment, design,
100 engineering, permitting and labor costs, paid by the taxpayer.

101 “Taxpayer”, a taxpayer subject to an excise under this chapter.

102 “CDC” or “Community Development Corporation”, a corporation certified as a
103 community development corporation by the Department of Housing and Community
104 Development as consistent with chapter 40H.

105

106 (b) Massachusetts Maritime Commercial Development tax credit.

107 (1) The Secretary of Housing and Economic Development (hereto referred as the
108 Secretary) shall authorize the tax credits under this section. The Secretary shall authorize
109 annually, beginning January 1, 2018, under this section, together with section 6O of chapter 62,
110 an amount not to exceed \$100,000,000 per year. The Secretary shall determine the criteria for
111 eligibility for the credit, such criteria to be set forth in regulations promulgated under this
112 section.

113 (i) Any single municipality shall not be eligible to receive a more than fifty percent of the
114 total amount of awarded credits in a given calendar year.

115 (1) This restriction may be waived by the Secretary. Such a waiver must be made in
116 writing, and submits the decision with an adequate reasoning to the Joint Committee on
117 Economic Development and Emerging Technologies, the House and Senate Committees on
118 Rules, and the House and Senate Committees on Ways and Means.

119 (2) A taxpayer that incurs qualified water-dependent facility expenditures may be
120 allowed a credit, to be computed as hereinafter provided, against the tax imposed by this chapter.
121 The credit shall be equal to a percentage, not to exceed 50 percent, of the qualified water-
122 dependent facility expenditures made by the taxpayer with respect to a qualified water-dependent
123 facility which has received final certification and has been placed in service as provided for in
124 this section. The Secretary shall administer and determine eligibility for the Massachusetts
125 maritime commercial development tax credit and allocate the credit in accordance with this
126 section; but, the Secretary may impose a fee for the processing of applications for the
127 certification of any water-dependent facility under the provisions of this section.

128 (i) Community development corporations shall be eligible to receive this tax credit at a
129 rate equal to that of any taxpayer under this section.

130 (3) The credit allowable under this section shall be allowed for the taxable year in which
131 the water-dependent facility property is placed in service, that is, when occupancy of the entire
132 structure or some identifiable portion of the structure is permitted. A taxpayer allowed a credit
133 under this section for a taxable year may carry over and apply to the tax imposed by this chapter
134 in any of the succeeding 5 taxable years, the portion, as reduced from year to year, of those
135 credits which exceed the tax for the taxable year.

136 (d) Maritime commercial development tax credits allowed to a partnership, a limited
137 liability company taxed as a partnership or multiple owners of property shall be passed through
138 to the persons designated as partners, members or owners, respectively, pro rata or pursuant to an
139 executed agreement among the persons designated as partners, members or owners documenting
140 an alternative distribution method without regard to their sharing of other tax or economic
141 attributes of the entity.

142 (e) Taxpayers eligible for the Massachusetts maritime commercial development tax credit
143 may, with prior notice to and in accordance with regulations adopted by the Secretary, transfer
144 the credits, in whole or in part, to any individual or entity, and the transferee shall be entitled to
145 apply the credits against the tax with the same effect as if the transferee had incurred the
146 qualified rehabilitation expenditures itself. The transferee shall use the credit in the year it is
147 transferred. If the credit allowable for any taxable year exceeds the transferee's tax liability for
148 that tax year, the transferee may carry forward and apply in any subsequent taxable year, the
149 portion, as reduced from year to year, of those credits which exceed the tax for the taxable year;
150 but, the carryover period shall not exceed 5 taxable years after the close of the taxable year
151 during which the qualified historic structure received final certification and was placed in service
152 as provided for in this section.

153 (f) The Secretary shall annually, not later than September 1 of each year, file a report
154 with the House and Senate Committees on Ways and Means, the chairs of the Joint Committee
155 on Community Development and Small Businesses, and the chairs of the Joint Committee on
156 Economic Development and Emerging Technologies, identifying the total amount of tax credits
157 claimed pursuant to this subsection and the total amount of tax credits transferred, sold, or
158 assigned hereunder for the preceding fiscal year.

159 (g) If the certified water-dependent facility is disposed of, or ceases to be used for the
160 exclusive use of water-dependent commercial or industrial activities, before the end of such
161 facility's useful life, the recapture provisions Chapter 63, section 31A, subsection (e) shall apply.