HOUSE No. 4016

The Commonwealth of Massachusetts

PRESENTED BY:

Michelle L. Ciccolo

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 public benefit corporations.

PETITION OF:

NAME:DISTRICT/ADDRESS:DATE ADDED:Michelle L. Ciccolo15th Middlesex1/19/2023

By Representative Ciccolo of Lexington, a petition (accompanied by bill, House, No. 4016) of Michelle L. Ciccolo for legislation to provide preferential tax rates to certain public benefit corporations. Revenue.

The Commonwealth of Alassachusetts

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

An Act relative to public benefit corporations.

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

- 1 Chapter 63 of the General Laws is hereby amended by inserting after section 38MM the
- 2 following section:-
- 3 Section 38NN.
- 4 (a) For the purposes of this section the following word "Living wage" shall mean the
- 5 remuneration received for a standard workweek by a worker in the commonwealth sufficient to
- 6 afford a decent standard of living for the worker and their family as determined by the MIT
- 7 Living Wage Calculator . Elements of a decent standard of living include food, water, housing,
- 8 education, health care, transportation, clothing and other essential needs including provision for
- 9 unexpected events.
- 10 (b) A corporation that has elected to be a benefit corporation pursuant to chapter 156E
- shall be allowed a preferential tax rate equal to the Commonwealth's corporate tax rate, minus

12 1.5% points for providing certain benefits to its employees if it meets the standards laid out in 13 section (c) and certified by the department of revenue pursuant to subsection (d). 14 (c) To be eligible for the tax rate benefit under this section a benefit corporation shall: 15 (1) offer at least 4 of the following 6 employee benefits: 16 (i) a living wage; 17 (ii) paid parental leave for 12 weeks following the birth or adoption of a child; 18 (iii) flexible spending accounts; 19 (iv) a chief executive officer-to-lowest paid employee compensation ratio of no greater 20 than 25:1; and 21 (v) the election of the benefit corporation to be governed as an employee cooperative 22 pursuant to chapter 157A; 23 (vi) profit sharing provisions that return at least 10% of the corporate profits to the employees; 24 25 (2) receive certification from the department of revenue pursuant to subsection (d); 26 (3) offer at least 4 of the employee benefits listed in paragraph (1) for at least 12 27 consecutive months prior to and in the taxable year in which the tax rate benefit is claimed. 28 (d) The commissioner shall promulgate regulations to establish a certification process for 29 benefit corporations that offer 4 of the employee benefits listed in paragraph (1) of subsection 30 (c).

- 31 (f) The state secretary, in consultation with the commissioner, shall promulgate
- 32 regulations establishing an application process for determining eligibility for the preferential tax
- 33 rate.