

HOUSE No. 2616

The Commonwealth of Massachusetts

PRESENTED BY:

Aaron Michlewitz

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 restaurant and hotel community reinvestment program.

PETITION OF:

NAME:

Aaron Michlewitz

Paul McMurtry

DISTRICT/ADDRESS:

3rd Suffolk

11th Norfolk

HOUSE No. 2616

By Mr. Michlewitz of Boston, a petition (accompanied by bill, House, No. 2616) of Aaron Michlewitz and Paul McMurtry relative to establishing a restaurant and hotel renovation tax credit. Revenue.

The Commonwealth of Massachusetts

**In the One Hundred and Eighty-Ninth General Court
(2015-2016)**

An Act relative to a restaurant and hotel community reinvestment program.

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 63 of the General Laws is hereby amended by adding after section
2 38FF the following new section:

3 Section 38GG. (a) As used in this section the following words shall, unless the context
4 clearly requires otherwise, have the following meanings:-

5 “Certified applicant”, a person, corporation, or other entity issued a certificate by the
6 Department.

7 “Department”, the Massachusetts Office of Business Development.

8 “Director”, the Executive Director of the Massachusetts Office of Business Development.

9 “Incremental sales tax revenue increase”, the difference between the average sales tax
10 collected by the certified applicant in the three years prior to the scheduled project completion

11 date described in the application submitted under this section, and the annual sales tax collected
12 by the certified applicant following the completion of the project.

13 “Qualified applicant”, a person, corporation, or other entity which owns and operates a
14 hotel or restaurant in the Commonwealth.

15 “Qualified hotel”, a hotel with a minimum renovation expenditure of two million dollars
16 for costs incurred for repair, renovation, improvements and upgrades of guest rooms or suites
17 and common areas provided that such investment shall have a minimum expenditure of ten
18 thousand dollars per guest room or suite.

19 “Qualified restaurant”, a restaurant with a minimum expenditure of one hundred thousand
20 dollars for costs incurred for repair, renovation, improvements and upgrades relating to dining
21 areas, restrooms, kitchens and common areas, as well as exterior upgrades such as signage,
22 façade and landscaping.

23 "Qualified renovation expenditure", actual costs incurred by a certified applicant for
24 repair, renovation, improvements and upgrades relating to guest rooms or suites of a project or
25 actual costs for repair renovation, improvements and upgrades relating to dining areas,
26 restrooms, kitchens and common areas as well as exterior upgrades such as signage, façade and
27 landscaping for a project defined in this section. All costs shall be verified by an independent
28 third-party Certified Public Accountant licensed to do business in the Commonwealth of
29 Massachusetts. Applicant shall pay all costs for the third-party verification. Approved project
30 costs may not increase regardless of the actual costs incurred by the project.

31 “Incremental sales tax revenue increase”, the difference between the average annual
32 sales tax collected by the certified applicant in the three years prior to the scheduled project

33 completion date described in the application submitted under this section, and the annual sales
34 tax collected by the certified applicant following the completion of the project.

35 (b)(1) There shall be a Massachusetts restaurant and hotel renovation tax credit.

36 (i) The director shall develop, implement and administer the incentive program
37 authorized in this section.

38 (ii) A qualified applicant must submit an application to the department. The department
39 may impose a fee for the processing of applications for the certification of any renovation under
40 this section.

41 (iii) The application must include plans for the proposed project and estimated project
42 costs; a detailed description of the proposed project including an estimated completion date; a
43 record of the annual sales tax generated by the qualified applicant at the location of the proposed
44 project for the previous three years; and an estimate of the incremental growth in sales tax
45 collections at the location that are expected as a result of the project.

46 (iv) The department shall review each application for completion and provide approval
47 notification to the applicant within 60 days of receipt of the application.

48 (v) Upon completion of review of the application the department shall issue a certificate
49 to the qualified applicant designating said applicant as a certified applicant and authorizing the
50 certified applicant to participate in the restaurant and hotel renovation tax credit program.

51 (2)(i) Subject to the provisions of this subsection, the Department of Revenue, in
52 consultation with the Massachusetts Office of Business Development, shall issue payments to a
53 certified applicant that incurs qualified renovation expenditures related to a project described in

54 this section. The payments to a certified applicant shall be for twenty-five percent of the
55 incremental sales tax revenue increase collected from the operation of the project after making
56 the improvements outlined in the application certified by the department.

57 (ii) The Department of Revenue shall make payments to a certified applicant on an
58 annual basis after annual sales tax collections have been verified and the incremental sales tax
59 revenue increase has been determined by the department. The aggregate amount of incentive
60 payments that an approved applicant may receive shall not exceed twenty percent of the qualified
61 renovation expenditures incurred by the certified applicant for the project. Expansions,
62 enlargements or additional investments made by a certified applicant which are outside the scope
63 of the certified application shall not increase authorized incentive payments certified by the
64 department. The department shall make the calculations necessary to the make the payments
65 provided for in this subsection.

66 (iii) The department shall cease making incentive payments to a certified applicant when
67 the aggregate amount of twenty percent of the qualified renovation expenditures incurred by the
68 certified applicant for the project has been paid to said applicant.

69 (iv) At such time as the payments are longer required to be made to a certified applicant,
70 the department shall notify the Department of Revenue and the certified applicant's participation
71 in the program shall be deemed complete.

72 SECTION 2. This act takes effect upon its passage.