

HOUSE No. 311

The Commonwealth of Massachusetts

PRESENTED BY:

Antonio F. D. Cabral and Benjamin B. Downing

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 passage of the accompanying bill:

An act to promote transformative development in gateway cities.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>
<i>Benjamin B. Downing</i>	<i>Berkshire, Hampshire, Franklin and Hampden</i>
<i>Mark C. Montigny</i>	<i>Second Bristol and Plymouth</i>
<i>Stephen L. DiNatale</i>	<i>3rd Worcester</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>
<i>John F. Keenan</i>	<i>Norfolk and Plymouth</i>
<i>Paul A. Schmid, III</i>	<i>8th Bristol</i>
<i>Aaron Vega</i>	<i>5th Hampden</i>
<i>Michael D. Brady</i>	<i>9th Plymouth</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>
<i>Robert M. Koczera</i>	<i>11th Bristol</i>
<i>Marcos A. Devers</i>	<i>16th Essex</i>
<i>Thomas A. Golden, Jr.</i>	<i>16th Middlesex</i>
<i>Eileen M. Donoghue</i>	<i>First Middlesex</i>
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>
<i>David M. Nangle</i>	<i>17th Middlesex</i>
<i>Kevin J. Murphy</i>	<i>18th Middlesex</i>

Gale D. Candaras

First Hampden and Hampshire

HOUSE No. 311

By Mr. Cabral of New Bedford and Senator Downing, a joint petition (accompanied by bill, House, No. 311) of Antonio F. D. Cabral and others for legislation to promote transformative development in gateway cities. Economic Development and Emerging Technologies.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An act to promote transformative development in gateway cities.

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

SECTION 1.

□Section 3A of chapter 23A of the General Laws, as appearing in the 2010 Official Edition, is hereby amended by striking out the contents of lines 86-107, and inserting in place thereof the following: “Expansion project, either (a) a facility that in its entirety and as of the project proposal date: (i) is located or will be located within an EOA; (ii) generates substantial sales from outside of the commonwealth; and (iii) generates a net increase of full-time employees within 2 years after project certification, and which shall be maintained for a period of not less than 5 years; provided, however, that in the case of a facility that as of the project proposal date is already located in an EOA, “expansion project” shall refer only to a facility at which the controlling business has proposed to expand of the number of permanent full-time employees at such facility to occur after the project proposal date and the expansion shall represent: (1) an increase in the number of permanent full-time employees employed by the controlling business within the commonwealth; and (2) not a replacement or relocation of permanent full-time employees employed by the controlling business at any other facility located within the commonwealth; and provided further, that in the case of a facility to be located within an EOA after the project proposal date, “expansion project” shall refer only to a facility which is: (A) the first facility of the controlling business to be located within the commonwealth; or (B) a new facility of such business and not a replacement or relocation of an existing facility of such controlling business located within the commonwealth or an expansion of an existing facility of the controlling business that results in an increase in permanent full-time employees; or (b) a development project that will substantially rehabilitate, as defined in section 1 of chapter 40V, or develop new commercial property in a gateway municipality or the commercial property

23 component of a mixed use property in a gateway municipality.”

24 □SECTION 2.

25 □Said section 3A of chapter 23A of the General Laws, as appearing in the 2010 Official Edition,
26 is hereby further amended by striking out the contents of lines 113-130 and inserting in place
27 thereof: “Expansion project proposal, a proposal submitted by a controlling business to the
28 EACC pursuant to section 3F for designation of a project as a certified expansion project,
29 provided that: (i) the proposal is submitted in a timely manner, in such form and with such
30 information as is prescribed by the EACC, supported by independently verifiable information
31 and signed under the penalties of perjury by a person authorized to bind the controlling business;
32 (ii) the proposal, if submitted to as a project conforming with subsection (a) of the definition of
33 expansion project, includes specific targets by year for the subsequent 5 calendar year period
34 relative to the projected increase in the number of permanent full-time employees of the
35 controlling business to be employed by and at the project from among residents of the project
36 ETA; and provided further, that in the case of a project that as of the project proposal date is
37 already located in the project EOA, such projected increase shall not be less than 25 per cent
38 over the subsequent 5-year period; and (iii) in the case of a project that is a new facility within
39 the meaning of clause (B) of subsection (a) of the definition of expansion project, such proposal
40 shall include the number of permanent full-time employees employed by the controlling business
41 at other facilities located in the commonwealth.”

42 □SECTION 3.

43 □Chapter 23G of the General Laws, as appearing in the 2010 Official Edition, is hereby
44 amended by adding the following:

45 □“Section 45. (a)(i) There is hereby established within the agency the Gateway Cities
46 Transformative Urban Development Fund, referred to in this section as the fund. The agency
47 shall utilize the fund, and be empowered to so utilize the fund, as provided in this section,
48 provided that such use conforms with the general provisions of this chapter. (ii) The fund will be
49 administered and managed by the fund director, who shall be appointed by the executive
50 director.

51 □(b)(i) The liabilities or obligations of the fund shall not extend beyond the monies which are
52 deposited in the fund and shall not constitute a debt or pledge of the faith and credit of the
53 commonwealth or of any subdivision thereof. (ii) Those monies which are deposited in the fund,
54 pending allocation as provided in this section, may be invested in securities issued by the
55 Treasury of the United States government or the government of the commonwealth. (iii) Returns
56 from such investments shall be deposited in the fund and shall be used to support the fund
57 programs as provided in this section and to defray the administrative and operational costs of the
58 fund. (iv)The monies in the fund shall be paid out by the treasurer of the agency in furtherance of
59 the purposes of this section.

60 □(c) There is hereby established within the agency the Gateway Cities Transformative
61 Development Program to revitalize and support residential and commercial development in
62 gateway municipalities, as defined in section 32A of chapter 23A, by establishing and

63 maintaining the following: (i) a home equity insurance program for residents of gateway
64 municipalities, pursuant to subsection (d) of this section; (ii) a grant program to support
65 economic planning, development and housing creation in gateway municipalities, pursuant to
66 subsection (e) of this section; (iii) a loan or loan guarantee program designed to encourage
67 financial institutions to make loans, pursuant to subsection (f) of this section.

68 □(d) The fund director shall allocate a portion, not to exceed \$10,000,000 per year, of the fund
69 to grants to gateway municipalities designed to supplement grants made by the Commonwealth
70 pursuant to section 63 of chapter 23A; provided, however, up to 10 percent of the grants made by
71 the fund in a calendar year, pursuant to this subsection, may be made to support the hiring in
72 gateway municipalities of professional staff or professional services devoted to helping such
73 gateway municipalities engage with and use state and federal economic development programs.
74 The agency shall work with the secretary of housing and economic development to use grants
75 made by the fund to supplement awards made to gateway municipalities under section 63 of
76 chapter 23A.

77 □(e) The fund director shall allocate a portion of the fund to offering and subsidizing home
78 equity insurance to households that purchase primary residences in gateway municipalities after
79 January 1, 2015 and retain those homes as primary residences for at least 5 years. The fund
80 director shall develop and prescribe the underwriting and claims criteria necessary to provide
81 insurance on an actuarially sound basis. The insurance provided by the fund shall not be subject
82 to the provisions of chapter 175. In no event shall the home equity insurance provided by the
83 fund under this section cover more than 90 percent of the difference between the price at which a
84 homeowner purchased a home in a gateway municipality and the price at which a homeowner
85 sells the home after owning it as a primary residence for at least ten years.

86 □(f) The fund director shall allocate a portion of the fund to offering loans or guarantees on
87 loans made by private financial institutions designed to finance commercial and industrial
88 development in gateway municipalities. Such loans or loan guarantees shall be designed to
89 encourage the development or rehabilitation of mixed use development, as defined in section 2
90 of chapter 40R of the General Laws.”

91 □SECTION 4.

92 □Section 1 of chapter 40V of the General Laws, as appearing in the 2010 Official Edition, is
93 hereby amended by striking out the contents of lines 20-21 and inserting in place thereof the
94 following: “Market rate residential unit, a residential unit priced at the discretion of its owner and
95 not subject to any affordability restrictions.”

96 □SECTION 5.

97 □Said section 1 of chapter 40V of the General Laws, as appearing in the 2010 Official Edition,
98 is hereby further amended by striking out in lines 31-34 and inserting in place thereof the
99 following: “Substantial rehabilitation and substantially rehabilitated, the needed major
100 redevelopment, repair and new construction, excluding the purchase of the property, as
101 determined by the department of housing and community development.”

102 □SECTION 6.

103 □Section 4 of chapter 40V of the General Laws, as appearing in the 2010 Official Edition, is
104 hereby amended by striking out lines 1-13 and inserting in place thereof: “(a) A project shall be
105 eligible to be a certified housing development project under this chapter; provided, however, that
106 (i) the proposed project contains 2 or more residential units or includes commercial uses in
107 addition to residential units; (ii) the project is located in a designated or proposed HD Zone; and
108 (iii) the project is a substantial rehabilitation.”

109 □SECTION 7.

110 □Section 5 of chapter 40V of the General Laws, as appearing in the 2010 Official Edition, is
111 hereby amended by striking out, in line 3, the figure “10” and inserting in place thereof “30”.

112 □SECTION 8.

113 □Section 6 of chapter 62 of the General Laws, as appearing in the 2010 Official Edition, is
114 hereby amended by striking out, in lines 838 and 843, the figure “5,000,000” and inserting in
115 place thereof the following figure: “15,000,000”.

116 □SECTION 9.

117 □Said section 6 of said chapter 62 of the General Laws, as so appearing, is hereby further
118 amended by striking out, in line 273, the figure “2013” and inserting in place thereof the
119 following figure: “2018”.

120 □

121 □SECTION 10.

122 □Said section 6 of said chapter 62, as so appearing, is hereby further amended by striking out, in
123 line 278, the figure “2014” and inserting in place thereof the following figure: “2019”.

124 □SECTION 11.

125 □Section 6J of chapter 62 of the General Laws, as appearing in the 2010 Official Edition, is
126 hereby amended by inserting, in line 8, the following after the word properties: “or consistent
127 with standards established by the Massachusetts historical commission designed to promote the
128 rehabilitation of historic properties for mixed commercial and residential uses.”

129 □SECTION 12.

130 □Said section 6J of chapter 62 of the General Laws, as so appearing, is hereby further amended
131 by striking out, in line 39, the figure “50,000,000” and inserting in place thereof the figure
132 “60,000,000”.

133 □SECTION 13.

134 □Section 6J of chapter 62 of the General Laws, as so appearing, is hereby further amended by
135 striking out, in lines 46-47, the words “a percentage, not to exceed 20 percent,” and inserting in
136 place thereof the following: “20 percent”.

137 □SECTION 14.

138 □Section 6J of chapter 62 of the General Laws, as so appearing, is hereby further amended by
139 striking out, in lines 39-43, the sentence beginning with “The Massachusetts historical
140 commission” and inserting in place thereof the following: “The Massachusetts historical
141 commission shall administer and determine eligibility for the Massachusetts rehabilitation tax
142 credit and allocate the credit in accordance with this section; provided, however, that the

143 commission shall ensure the award of tax credits pursuant to this section will allow a taxpayer
144 that acquires a qualified historic structure to receive any tax credits for qualified rehabilitation
145 expenditures previously awarded to the transferor of such qualified historic structure if: (A) the
146 rehabilitation was not placed in service by the transferor, (B) no credit has been claimed by
147 anyone other than the acquiring taxpayer, (C) the taxpayer completes the rehabilitation and
148 obtains certification as provided for in this section and (D) the taxpayer conforms with all other
149 requirements created by this section. The Massachusetts historical commission may impose a fee
150 to tax credit applicants that may be applied to the processing of applications and development of
151 regulations for the certification of any rehabilitation under the provisions of this section.”

152 □SECTION 15.

153 □The following is hereby added to chapter 62 of the General Laws, as appearing in the 2010
154 Official Edition:

155 □Section 6M. Urban Development Tax Credits.

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

158 □“Fund director” is the director of the Gateway Cities Transformative Urban Development
159 Fund, as provided in section 45 of chapter 23G.

160 □“Par value” is equal to one United States dollar.

161 □“Qualifying tax credits” shall consist of the difference between the total value of tax credits
162 that may be awarded or authorized in a calendar year and the value of tax credits actually
163 awarded or authorized in the previous calendar year pursuant to the following provisions of the
164 General Laws: (i) section 6(g)(1) of chapter 62 and section 38N(a) of chapter 63; (ii) section
165 6(q)(5) of chapter 62 and section 38BB(5) of chapter 63; (iii) section 6J(b)(1)(i) of chapter 62
166 and section 38R(b)(1)(i) of chapter 63.

167 □“Taxpayer” is a person, firm, partnership, trust, estate, limited liability company or other entity
168 subject to the income tax imposed by the provisions of this chapter or chapter 63 of the General
169 Laws.

170 □(b) (1)There shall be an Urban Development Tax Credit. The commissioner, in consultation
171 with the fund director, shall authorize annually, for the 15 year period beginning January 1, 2015
172 and ending December 31, 2030, an amount of such Urban Development Tax Credits equal to the
173 number of qualifying tax credits.

174 □(2) A taxpayer that purchases an Urban Development Tax Credit pursuant to subsection (c) of
175 this section shall be allowed a credit against any tax imposed by this chapter or chapter 63 of the
176 General Laws; provided that the credit against such tax shall be equal to the number of Urban
177 Development Tax Credits the taxpayer has purchased and wishes to use in a taxable year. The
178 credit allowable under this section shall be allowed for any taxable year until 2031. A taxpayer
179 that purchases an Urban Development Tax Credit, pursuant to subsection (c), of this section may,
180 with prior notice to and in accordance with regulations adopted by the commissioner, transfer the
181 credits, in whole or in part, to any individual or entity, and the transferee shall be entitled to
182 apply the credits against its tax liability with the same effect as if the transferee had purchased

183 the Urban Development Tax Credit.

184 ☐(c) The fund director, after consultation with the commissioner, shall determine annually the
185 number of Urban Development Tax Credits that may be auctioned based on the number of
186 qualifying tax credits. The fund director is authorized to organize the sale at auction of such
187 Urban Development Tax Credits and deposit the proceeds of such sales in the Gateway Cities
188 Transformative Urban Development Fund; provided, however, that no Urban Development Tax
189 Credit may be sold for less than 85 percent of its par value. Urban Development Tax Credits that
190 remain unsold after an auction may be sold by the fund director at later auctions.

191 ☐SECTION 16.

192 ☐Section 38N of chapter 63, as so appearing in the 2010 Official Edition, is hereby amended by
193 striking out, in line 22, the figure “25,000,000” and replacing it with the figure “75,000,000”.

194 ☐SECTION 17.

195 ☐Section 38Q of said chapter 63 of the General Laws, as so appearing, is hereby amended by
196 striking out, in line 3, the figure “2013” and inserting in place thereof the following figure:
197 “2018”.

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199 ☐SECTION 18.

200 ☐Said section 38Q of said chapter 63, as so appearing, is hereby further amended by striking out,
201 in line 8, the figure “2014” and inserting in place thereof the following figure: “2019.”

202 ☐SECTION 19.

203 ☐Section 38R of said chapter 63 is hereby further amended by adding after the word
204 “properties,” in line 8, the following: “or consistent with standards established by the
205 Massachusetts historical commission designed to promote the rehabilitation of historic properties
206 for mixed commercial and residential uses.”

207 ☐SECTION 20.

208 ☐Said section 38R of said chapter 63 is further amended by striking out, in line 37, the figure
209 “50,000,000” and inserting in place thereof the following figure: “60,000,000”.

210 ☐SECTION 21.

211 ☐Said section 38R of said chapter 63 is hereby further amended by striking out, in lines 45-47,
212 the words “a percentage, not to exceed 20 percent,” and inserting in place thereof the following:
213 “20 percent”.

214 ☐SECTION 22.

215 ☐Said section 38R of chapter 63 is hereby further amended by striking out, in lines 39-43, the
216 sentence beginning with “The Massachusetts historical commission” and inserting in place
217 thereof the following: “The Massachusetts historical commission shall administer and determine
218 eligibility for the Massachusetts rehabilitation tax credit and allocate the credit in accordance
219 with this section; provided, however, that the commission shall ensure the award of tax credits
220 pursuant to this section will allow a taxpayer that acquires a qualified historic structure to receive
221 any tax credits for qualified rehabilitation expenditures previously awarded to the transferor of
222 such qualified historic structure if: (A) the rehabilitation was not placed in service by the

223 transferor, (B) no credit has been claimed by anyone other than the acquiring taxpayer, (C) the
224 taxpayer completes the rehabilitation and obtains certification as provided for in this section and
225 (D) the taxpayer conforms with all other requirements created by this section. The Massachusetts
226 historical commission may impose a fee to tax credit applicants that may be applied to the
227 processing of applications and development of regulations for the certification of any
228 rehabilitation under the provisions of this section.”

229 SECTION 23.

230 To provide for the capitalization of the Gateway Cities Urban Transformation Fund,
231 established in section 45(a) of chapter 23G of the General Laws, the sum set forth in Section 24
232 for the purpose and subject to the conditions specified in this act, is hereby made available,
233 subject to the laws regulating the disbursement of public funds, which sum is in addition to any
234 other amounts previously appropriated for these purposes.

235 SECTION 24.

236 Gateway Cities Urban Transformation Fund

237 —Office of the Fund Director —

238 7004-9205 For the Gateway Cities Urban Transformation Fund established in section 45(a)
239 of chapter 23G of the General Laws for application by the fund to the purposes specified in
240 section 45 of said chapter 23G.....\$125,000,000

241 SECTION 25.

242 To meet the expenditures necessary in carrying out Section 24, the state treasurer shall, upon
243 request of the governor, issue and sell bonds of the commonwealth in an amount to be specified
244 by the governor from time to time but not less than \$25,000,000 per year. All such bonds issued
245 by the commonwealth shall be designated on their face, Gateway Cities Urban Transformation
246 Act of 2013, and shall be issued for a maximum term of years, not exceeding 30 years, as the
247 governor may recommend to the general court under section 3 of Article LXII of the
248 Amendments to the Constitution; provided, however, that all such bonds shall be payable not
249 later than June 30, 2043. All interest and payments on account of principal on these obligations
250 shall be payable from the General Fund. Notwithstanding any other provision of this act, bonds
251 and interest thereon issued under this section shall be general obligations of the commonwealth.

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