

HOUSE No. 4830

The Commonwealth of Massachusetts

PRESENTED BY:

James K. Hawkins

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 ending hedge fund control of homes in Massachusetts.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>James K. Hawkins</i>	<i>2nd Bristol</i>	<i>6/5/2024</i>
<i>Patricia A. Duffy</i>	<i>5th Hampden</i>	<i>7/7/2024</i>
<i>Carmine Lawrence Gentile</i>	<i>13th Middlesex</i>	<i>7/7/2024</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>7/8/2024</i>

HOUSE No. 4830

By Representative Hawkins of Attleboro, a petition (subject to Joint Rule 12) of James K. Hawkins for legislation to establish an excise tax for certain applicable taxpayers in excess of the maximum permissible for single-family residences. Revenue.

The Commonwealth of Massachusetts

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

An Act ending hedge fund control of homes in Massachusetts.

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. The General Laws is hereby amended by inserting after chapter 64N the
2 following chapter:-

3 Chapter 64O. ENDING HEDGE FUND CONTROL OF SINGLE-FAMILY HOMES.

4 Section 1. For the purposes of this chapter, the following terms shall, unless the context
5 clearly requires otherwise, have the following meanings:

6 “Applicable date”, the last day of the first full taxable year: (i) after the date of the
7 enactment of this chapter; or (ii) preceding the taxable year in which the taxpayer became a
8 hedge fund taxpayer.

9 “Applicable single-family residence”, any single-family residence that was acquired on
10 or before the applicable date.

11 “Applicable taxpayer”, any person or entity that manages funds pooled from investors
12 and is a fiduciary with respect to such investors. The term “applicable taxpayer” shall not include
13 an organization that is described in section 501(c)(3) and exempt from tax under section 501(a)
14 of the Internal Revenue Code, or an organization primarily engaged in the construction or
15 rehabilitation of single-family residences.

16 “Commissioner”, the commissioner of revenue.

17 “Disqualified sale”, any sale or transfer to: (i) a corporation or other entity engaged in the
18 conduct of any trade or commerce; or (ii) an individual who does not intend to occupy the single-
19 family residence.

20 “Hedge fund taxpayer”, any applicable taxpayer that has \$50,000,000 or more in net
21 value or assets under management on any day during the taxable year.

22 “Single-family residence”, a residential property located in the commonwealth consisting
23 of 1 to 4 dwelling units. The term shall not include any single-family residence that: (i) is
24 unoccupied and was acquired through foreclosure; (ii) is used as the principal residence of any
25 person who has an ownership interest in the applicable taxpayer; or (iii) was constructed,
26 acquired or operated with federally appropriated funding sources.

27 Section 2. (a) There shall be levied on an applicable taxpayer that fails to meet the
28 requirements of section 3 an excise tax equal to the product of: (i) \$50,000; and (ii) the number
29 of applicable family homes owned by an applicable taxpayer in excess of the maximum
30 permissible single-family residences, as determined in section 3.

31 (b) The commissioner shall deposit any money collected pursuant to this chapter in the
32 Housing Down Payment Trust Fund, established in section 5.

33 Section 3. (a) As of the last day of a taxable year, an applicable taxpayer shall own equal
34 to or less than the maximum permissible single-family residences, as determined in subsection
35 (b), or be subject to the excise tax established in section 2. A single-family residence that is sold
36 or transferred in a disqualified sale during the taxable year shall be treated as a single-family
37 residence that is owned by the applicable taxpayer as of the last day of such taxable year for the
38 purposes of this chapter.

39 (b) The maximum permissible single-family residences with respect to any applicable
40 taxpayer for any taxable year shall be determined as follows:

41 In the case of— the maximum permissible single-family residences for a hedge fund
42 taxpayer is— the maximum permissible single-family residences for any other applicable
43 taxpayer is—

44 the first taxable year beginning after the applicable date . . . 90 percent of the number of
45 applicable single-family residences owned by the taxpayer on the applicable date 50 plus 90
46 percent of the number of applicable single-family residences owned by the taxpayer on the
47 applicable date

48 the second taxable year beginning after the applicable date . . . 80 percent of the number
49 of applicable single-family residences owned by the taxpayer on the applicable date 50 plus 80
50 percent of the number of applicable single-family residences owned by the taxpayer on the
51 applicable date

52 the third taxable year beginning after the applicable date . . . 70 percent of the number of
53 applicable single-family residences owned by the taxpayer on the applicable date 50 plus 70
54 percent of the number of applicable single-family residences owned by the taxpayer on the
55 applicable date

56 the fourth taxable year beginning after the applicable date . . . 60 percent of the number of
57 applicable single-family residences owned by the taxpayer on the applicable date 50 plus 60
58 percent of the number of applicable single-family residences owned by the taxpayer on the
59 applicable date

60 the fifth taxable year beginning after the applicable date . . . 50 percent of the number of
61 applicable single-family residences owned by the taxpayer on the applicable date 50 plus 50
62 percent of the number of applicable single-family residences owned by the taxpayer on the
63 applicable date

64 the sixth taxable year beginning after the applicable date . . . 40 percent of the number of
65 applicable single-family residences owned by the taxpayer on the applicable date 50 plus 40
66 percent of the number of applicable single-family residences owned by the taxpayer on the
67 applicable date

68 the seventh taxable year beginning after the applicable date . . . 30 percent of the number
69 of applicable single-family residences owned by the taxpayer on the applicable date 50 plus 30
70 percent of the number of applicable single-family residences owned by the taxpayer on the
71 applicable date

72 the eighth taxable year beginning after the applicable date . . . 20 percent of the number
73 of applicable single-family residences owned by the taxpayer on the applicable date 50 plus 20

74 percent of the number of applicable single-family residences owned by the taxpayer on the
75 applicable date

76 the ninth taxable year beginning after the applicable date . . . 10 percent of the number of
77 applicable single-family residences owned by the taxpayer on the applicable date 50 plus 10
78 percent of the number of applicable single-family residences owned by the taxpayer on the
79 applicable date

80 any taxable year beginning more than 9 years after the applicable date . . . 0 50.

81 Section 4. (a) For the purposes of this chapter, an applicable taxpayer shall be considered
82 as having acquired a single-family residence if it acquires 10 per cent or greater ownership
83 interest in the single-family residence.

84 (b) For the purposes of this chapter, an applicable taxpayer shall be considered as owning
85 a single-family residence if it owns a 10 per cent or greater ownership interest in the single-
86 family residence.

87 Section 5. (a) There shall be established and set up on the books of the commonwealth a
88 fund known as the Housing Down Payment Trust Fund, to be administered by the executive
89 office of Housing and Livable Communities, in coordination with the Massachusetts Housing
90 Finance Agency. The fund shall be credited with: (i) funds transferred pursuant to section 2; (ii)
91 appropriations or other money authorized or transferred by the general court and specifically
92 designated to be credited to the fund; (iii) funds from public and private sources, including, but
93 not limited to, gifts, grants and donations; and (iv) any interest earned on the assets of the fund.

94 (b) The executive office, in coordination with the Massachusetts Housing Finance
95 Agency, shall use the fund to provide grants for down payment assistance to first-time
96 homebuyers purchasing single-family residences.

97 (c) Annually, the executive office shall submit to the clerks of the House of
98 Representatives and the Senate and the joint committee on housing a report including: (i) the
99 amount and source of the deposits to the trust fund; (ii) the number of grants provided from the
100 trust fund pursuant to subsection (b); and (iii) demographic and financial information about grant
101 applicants and recipients.

102 Section 6. For each sale or transfer of an applicable single-family residence by an
103 applicable taxpayer, the commissioner shall require a certification signed by the purchaser or
104 transferee that states: (i) the name and address of the purchaser or transferee; (ii) whether the sale
105 is a disqualified sale; and (iii) whether the purchaser or transferee owns any other single-family
106 residences at the time of the sale or transfer.

107 Section 7. Annually, the commissioner shall submit to the clerks of the House of
108 Representatives and the Senate and the joint committee on housing a report including: (i) the
109 number of single-family residences owned by each applicable taxpayer in the preceding taxable
110 year; (ii) the number of single-family residences acquired by each applicable taxpayer in the
111 preceding taxable year; and (iii) the number of transfers or sales of single-family residences by
112 each applicable taxpayer in the preceding taxable year, and whether the purchaser or transferee
113 owned any other single-family residences at the time of the transfer or sale.

114 SECTION 2. Not later than 180 days following the passage of this act, the commissioner
115 of revenue shall publish: (i) a form to be used for calculating the tax owed under chapter 64O of

116 the General Laws, as added by section 1; and (ii) a form to be used for the certification of the
117 sale or transfer of a single-family residence by an applicable taxpayer, as required by section 6 of
118 said chapter 64O.

119 SECTION 3. The commissioner of revenue shall promulgate any rules or regulations
120 necessary to implement this act within 90 days following the passage of this act.