

**HOUSE . . . . . No. 00988**

The Commonwealth of Massachusetts

PRESENTED BY:

*Linda Dorcena Forry and*

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 create the community development partnership program.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Linda Dorcena Forry</i>	<i>12th Suffolk</i>
<i>Jeffrey Sánchez</i>	<i>15th Suffolk</i>
<i>Anne M. Gobi</i>	<i>5th Worcester</i>
<i>Todd M. Smola</i>	<i>1st Hampden</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>
<i>Peter V. Kocot</i>	<i>1st Hampshire</i>
<i>Carlo Basile</i>	<i>1st Suffolk</i>
<i>Paul Mark</i>	<i>2nd Berkshire</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Timothy J. Toomey, Jr.</i>	<i>26th Middlesex</i>
<i>David M. Torrissi</i>	<i>14th Essex</i>
<i>Stephen Kulik</i>	<i>1st Franklin</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>
<i>Elizabeth A. Malia</i>	<i>11th Suffolk</i>
<i>Carl M. Sciortino, Jr.</i>	<i>34th Middlesex</i>
<i>Joyce A. Spiliotis</i>	<i>12th Essex</i>

<i>John P. Fresolo</i>	<i>16th Worcester</i>
<i>Paul McMurtry</i>	<i>11th Norfolk</i>
<i>James J. O'Day</i>	<i>14th Worcester</i>
<i>John D. Keenan</i>	<i>7th Essex</i>
<i>Garrett J. Bradley</i>	<i>3rd Plymouth</i>
<i>Marcos A. Devers</i>	<i>16th Essex</i>
<i>Kevin G. Honan</i>	<i>17th Suffolk</i>
<i>Thomas P. Kennedy</i>	<i>Second Plymouth and Bristol</i>
<i>James M. Cantwell</i>	<i>4th Plymouth</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>
<i>Christine E. Canavan</i>	<i>10th Plymouth</i>
<i>Carlos Henriquez</i>	<i>5th Suffolk</i>
<i>Byron Rushing</i>	<i>9th Suffolk</i>
<i>Denise Andrews</i>	<i>2nd Franklin</i>
<i>Edward Coppinger</i>	<i>10th Suffolk</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>
<i>Donald F. Humason, Jr.</i>	<i>4th Hampden</i>
<i>Ellen Story</i>	<i>3rd Hampshire</i>
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>

# HOUSE . . . . . No. 00988

By Representative Forry of Boston and Senator DiDomenico, a joint petition (accompanied by bill, House, No. 988) of Linda Dorcena Forry and others for legislation to improve economic opportunities for low and moderate income households and other residents. Community Development and Small Businesses.

## The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act to create the community development partnership 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. The purpose of this act is to enable local residents and stakeholders to work with  
2 and through community development corporations to partner with nonprofit, public and private  
3 entities to improve economic opportunities for low and moderate income households and other  
4 residents in urban, rural and suburban communities across the state.

5 SECTION 2. Chapter 62 of the General Laws, as appearing in the 2004 Official Edition, is  
6 hereby amended by inserting after Section 6I the following new section:—

7 Section 6L. Community Investment Tax Credit.

8 (a) Definitions: For purposes of this section, the following terms shall, unless the context  
9 clearly requires otherwise, have the following meanings:—

10 “Commissioner” is the Commissioner of Revenue.

11 “Community Investment Plan,” is an organizational business plan developed by a certified  
12 community development corporation that details its goals, outcomes, strategies, programs and  
13 activities for a three to five year period and its financial plans for supporting its strategy. The  
14 plan must be designed to engage local residents and businesses to work together to undertake  
15 community development programs, projects and activities which develop and improve urban,  
16 rural and suburban communities in sustainable ways that create and expand economic  
17 opportunities for low and moderate income households. The specific format and content of the  
18 community investment plans can be adapted to the particular organization and community, but  
19 must include the following elements:

20 i. A description of the community to be served by the organization, including the  
21 neighborhoods, towns, or cities to be served as well as any particular constituencies that the  
22 organization is dedicated to serving.

23 ii. A description of how community residents and stakeholders were engaged in the  
24 development of the plan and their role in monitoring and implementing the organization’s  
25 activities during the time period of the plan;

26 iii. The goals sought to be achieved during the time period of the plan, including how low  
27 and moderate income households or low and moderate income communities will benefit and how  
28 the entire community will benefit.

29 iv. The activities to be pursued to achieve those goals;

30 v. The manner in which success will be measured and evaluated;

31 vi. The partnerships that will support implementation of the plan, including partnerships with  
32 nonprofit, for-profit and public entities.

33 vii. A description of how the different activities within the plan fit together and how the  
34 entire plan fits into a larger strategy or vision for the community;

35 viii. The financial strategy to be deployed to support these activities; and

36 ix. Other information as determined by the Department of Housing and Community  
37 Development.

38 “Community Investment Tax Credit allocation” is an award provided by the department through  
39 a competitive process that enables the recipient of the allocation to solicit and receive qualified  
40 investments from taxpayers and to provide those taxpayers with a community investment tax  
41 credit as defined in this section.

42 “Community Partner” is defined as a nonprofit organization that has been certified as a  
43 community development corporation by the department consistent with MGL Chapter 40H and  
44 selected by the department through a competitive process to receive a community investment tax  
45 credit allocation. A community partner may also include up to two nonprofit organizations  
46 selected by the department that have a mission of and experience in providing support and  
47 capacity building services to certified community development corporations.

48 “Community Partnership Fund,” a fund administered by a nonprofit organization selected by the  
49 department of housing and community development to receive qualified investments from  
50 taxpayers for the purpose of allocating such investments to community partners.

51 “Department” is the Department of Housing and Community Development.

52 “Gateway city,” is a gateway municipality as defined under MGL Chapter 23A, Section 3A.

53 “Low and moderate income community,” an economic target area as defined pursuant to Section  
54 3A of Chapter 23A of the General Laws, an enhanced economic enterprise community or  
55 empowerment zone as designated by the United States Department of Housing and Urban  
56 Development, or one or more contiguous census tracts as designated by a city or town, in which  
57 either:—

58 (1) a majority of the households are low and moderate income households as defined herein; or  
59 (2) the unemployment rate is at least 25 per cent higher than the annual statewide average  
60 unemployment rate where such statewide unemployment rate is less than or equal to 5 per cent;  
61 provided that, if the annual statewide average unemployment rate is greater than 5 per cent, the  
62 community’s unemployment rate need only be 10 per cent higher to qualify for a community  
63 investment tax credit.

64 “Low and moderate income households,” households which have incomes that do not exceed 80  
65 per cent of the median income for the area, with adjustments made for smaller and larger  
66 families, as such median shall be determined from time to time by the Secretary of Housing and  
67 Urban Development pursuant to 42 USC section 1437(a)(B)(2).

68 “Taxpayer,” is any person or corporation obligated to pay taxes in Massachusetts under MGL  
69 Chapter 62, Section 6I, MGL Chapter 63, Section 38, or other laws as determined by the  
70 Commissioner of Revenue.

71 “Qualified investment,” a cash contribution made to a community partner to support the  
72 implementation of its community investment plan or to the community partnership fund, as  
73 defined by this section.

74 (b) the department shall promulgate regulations for how community development corporations  
75 can apply to become a community partner and receive qualified investments, provided that:

76 (1) The department shall design a competitive process to review applications by certified  
77 community development corporations to become community partners The department shall  
78 select the highest quality plans and shall strive to ensure that all regions of the Commonwealth  
79 are able to fairly compete for allocations, including Gateway Cities, rural areas and suburban  
80 areas. At least 30% of the community partners shall be located in or serving Gateway Cities and  
81 at least 20% of the community partners shall be located in or serving rural areas unless the  
82 department finds that there are not a sufficient number of qualified applications from those  
83 regions. The department shall implement at least one such allocation process each year. Each  
84 tax credit allocation shall be for valid for a period of up to three years, contingent upon the  
85 community partner satisfactorily meeting the reporting requirements of the department.  
86 Community partners who have not fully utilized their community investment tax credit  
87 allocations in three years may apply to the department for a one year extension. Community  
88 investment tax credit allocations can be revoked after one or two years by the department if the  
89 community partner has been unable to utilize at least 75% of its annual allocation, if the  
90 community partner is found to be in non compliance with the statute, if the community partner is  
91 determined by the department to be making inadequate progress on its community investment  
92 plan, or for other causes as determined by the department.

93 (2) No community partner shall receive a community investment tax credit allocation of less than  
94 \$50,000 in any one tax year and no more than one hundred and fifty thousand dollars (\$150,000)  
95 of in any one tax year or four hundred and fifty thousand dollars (\$450,000) over a three year

96 period. No community partner can receive a subsequent allocation unless and until they have  
97 utilized at least 95% of any prior allocation.

98 (3) A community partner may receive a qualified investment directly from a taxpayer or it may  
99 transfer some or all of its community investment tax credit allocation to a Community  
100 Partnership Fund and receive qualified investments from said Fund.

101 (4) Before receiving a qualified investment from a taxpayer or from the community partnership  
102 fund, the community partner shall first receive certification from the department that its  
103 community investment plan has been awarded a community investment tax credit allocation, as  
104 prescribed by this section.

105 (5) The department may authorize up to two nonprofit organizations to operate a community  
106 investment partnership fund. Such nonprofit organizations must demonstrate that they have the  
107 capacity to solicit, administer and re-grant qualified investments. In selecting a nonprofit to serve  
108 in this function the department shall seek organizations that can advance the purposes of this  
109 statute.

110 (6) The department, in consultation with the commissioner, shall prescribe regulations necessary  
111 to carry out this section. Such regulations, shall include, requirements for annual reports from  
112 the community partner regarding outcomes achieved during the prior year.

113 (c) There is hereby established a Massachusetts community investment tax credit.

114 (1) The commissioner or revenue (hereinafter, "the commissioner"), in consultation with the  
115 department of housing and community development (hereinafter, "the department"), shall  
116 authorize annually beginning January 1, 2013 under this section an amount not to exceed



117 \$2,000,000 in 2013, \$4,000,000 in 2014, and \$6,000,000 in 2015 and each year thereafter for the  
118 community investment tax credit.

119 (2) The total of all tax credits granted to a taxpayer pursuant to this section shall not exceed one  
120 million dollars (\$1,000,000) in any one tax year and no tax credit shall be granted to any tax  
121 payer for any individual qualified in a community investment activity of less than one thousand  
122 dollars (\$1,000).

123 (3) A taxpayer that makes a qualified investment to a community partner or to the community  
124 partnership fund shall be allowed a credit, to be computed as hereinafter provided, against taxes  
125 owed to the Commonwealth under M.G.L. Chapter 62, M.G.L. Chapter 63 or other applicable  
126 law. The credit shall be equal to 50 per cent of the total qualified investments made by the  
127 taxpayer. In order to receive a credit, a taxpayer must receive a certification that the taxpayer  
128 made a qualified investment to the community partnership fund or to a community partner in the  
129 tax year. The taxpayer may make a qualified investment to a community partner or a taxpayer  
130 may make a qualified investment to the community partnership fund. The department shall issue  
131 a certification to the taxpayer after the taxpayer makes a qualified investment to the fund or to a  
132 community partner. Such certification shall be acceptable as proof that the expenditures related  
133 to such investment qualify as qualified investment for purposes of the credit allowed under this  
134 section.

135 (4) The credit allowable under this section shall be allowed for the taxable year in which a  
136 qualified investment is made. A taxpayer allowed a credit under this section for a taxable year  
137 may carry over and apply to the tax imposed by this chapter in any of the succeeding 5 taxable

138 years, the portion, as reduced from year to year, of those credits which exceed the tax for the  
139 taxable year.

140 (5) Community investment tax credits allowed to a partnership, or a limited liability company  
141 taxed as a partnership shall be passed through to the persons designated as partners, members or  
142 owners, respectively, pro rata or pursuant to an executed agreement among the persons  
143 designated as partners, members or owners documenting an alternative distribution method  
144 without regard to their sharing of other tax or economic attributes of the entity.

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

156 (7) The commissioner, in consultation with the department, shall prescribe regulations necessary  
157 to carry out this section.