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The Commonwealth of Massachusetts

In the Year Two Thousand Twelve

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 6L the following new section:—

7 Section 6M. Community Investment Tax Credit.

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

10 “Commissioner”, the commissioner of revenue.

11 “Community development corporation”, a corporation certified as a community development
12 corporation by the department consistent with chapter 40H of the General Laws.

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

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

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

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

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

- 32 v. The manner in which success will be measured and evaluated;
- 33 vi. A description of the collaborative efforts that will support implementation of the plan,
34 including collaborative efforts with nonprofit, for-profit and/or public entities;
- 35 vii. A description of how the different activities within the plan fit together and how the entire
36 plan fits into a larger strategy or vision for the community;
- 37 viii. The financial strategy to be deployed to support these activities; and
- 38 ix. Other information regarding the history and track record of the organization as determined by
39 the department.
- 40 “Community investment tax credit”, the tax credit described in subsection (c) below.
- 41 “Community investment tax credit allocation”, an award provided by the department through a
42 competitive process that enables the recipient of the allocation to solicit and receive qualified
43 investments from taxpayers and to provide those taxpayers with a community investment tax
44 credit.
- 45 “Community partner”, a community development corporation or a community support
46 organization selected by the department through a competitive process to receive a community
47 investment tax credit allocation.
- 48 “Community partnership fund”, a fund administered by a nonprofit organization selected by the
49 department to receive qualified investments from taxpayers for the purpose of allocating such
50 investments to community partners.

51 “Community support organization”, any nonprofit organization which is not a community
52 development corporation but has a focus on and track record of providing capacity building
53 services to community development corporations.

54 “Department”, the department of housing and community development.

55 “Gateway municipality”, a gateway municipality as defined in section 3A of chapter 23A of the
56 General Laws.

57 “Low and moderate income community”, an economic target area as defined in section 3A of
58 chapter 23A of the General Laws, an enhanced economic enterprise community or empowerment
59 zone as designated by the United States Department of Housing and Urban Development, or one
60 or more contiguous census tracts as designated by a city or town, in which either:—

61 (1) a majority of the households are low and moderate income households as defined herein; or

62 (2) the unemployment rate is at least 25 percent higher than the annual statewide average
63 unemployment rate at a time when the statewide unemployment rate is less than or equal to five
64 percent or the unemployment rate is at least 10 percent higher than the annual statewide average
65 unemployment rate at a time when the statewide unemployment rate is greater than 5 percent.

66 “Low and moderate income households”, households which have incomes that do not exceed 80
67 percent of the median income for the area, with adjustments made for smaller and larger
68 families, as such median shall be determined from time to time by the Secretary of Housing and
69 Urban Development pursuant to 42 U.S.C. 1437(a)(B)(2) or any successor legislation and the
70 regulations promulgated thereunder.

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

74 “Taxpayer”, any person, firm, or other entity subject to the personal income tax under the
75 provisions of chapter 62 of the General Laws, or any corporation subject to an excise under the
76 provisions of chapter 63 of the General Laws.

77 (b) The department shall promulgate regulations concerning the process by which community
78 development corporations apply to become a community partner and receive qualified
79 investments, provided that:

80 (1) The department shall design a competitive process to review applications by community
81 development corporations and community support organizations. Community support
82 organizations may qualify, provided that no more than two such organizations may, at any given
83 time, be awarded community investment tax credits.

84 (2) The selection process shall favor community development corporations with the highest
85 quality community investment plans and strong track records and shall strive to ensure that all
86 regions of the Commonwealth are able to fairly compete for allocations, including gateway
87 municipalities, rural areas and suburban areas. At least 30 percent of the community partners
88 shall be located in or serving gateway municipalities and at least 20 percent of the community
89 partners shall be located in or serving rural areas, as defined by the department, unless the
90 department finds that there are not a sufficient number of qualified applications from those areas.

91 (3) The department shall implement at least one such allocation process each year. Each tax
92 credit allocation shall be valid for a period of up to three years, contingent upon the community

93 partner satisfactorily meeting the reporting requirements of the department. Community partners
94 who have not fully utilized their community investment tax credit allocations within three years
95 may apply to the department for a one year extension. Community investment tax credit
96 allocations may be revoked after two years from the date of the award by the department if (i) the
97 community partner has been unable to secure donation commitments for at least 50 percent of
98 total allocation by that time, (ii) if the community partner is found to be in noncompliance with
99 this statute or the department's regulations promulgated hereunder, (iii) if the community partner
100 is determined by the department to be making inadequate progress on its community investment
101 plan, or (iv) for other good cause as determined by the department.

102 (4) No community partner shall receive a community investment tax credit allocation of less than
103 \$50,000 or more than \$150,000 in any one fiscal year. No community partner may receive a
104 subsequent allocation unless it has utilized at least 95% of the three-year total of any prior
105 allocation.

106 (5) A community partner may receive qualified investments directly from one or more taxpayers
107 or it may transfer some or all of its community investment tax credit allocation to a community
108 partnership fund and receive qualified investments from that fund.

109 (6) Before receiving a qualified investment from a taxpayer or from a community partnership
110 fund, the community partner shall first receive certification from the department that it has been
111 awarded a community investment tax credit allocation.

112 (7) The department may authorize up to two nonprofit organizations to operate community
113 investment partnership funds. In selecting one or two nonprofit organizations to serve in this
114 function the department shall seek organizations which demonstrate that they have the capacity

115 to solicit, administer and re-grant qualified investments and can advance the purposes of this
116 statute.

117 (8) The department, in consultation with the commissioner shall prescribe regulations necessary
118 to carry out this subsection (b). Such regulations shall include requirements for annual reports
119 from community partners and community partnership funds regarding outcomes achieved during
120 the prior year.

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

122 (1) The commissioner, in consultation with the department, shall authorize annually beginning
123 January 1, 2013 under this section an amount not to exceed \$2,000,000 in 2013, \$4,000,000 in
124 2014, and \$6,000,000 in 2015 and each year thereafter for the community investment tax credit.

125 (2) The total of all tax credits available to a taxpayer pursuant to this section shall not exceed
126 \$1,000,000 in any one tax year and no tax credit shall be allowed to any taxpayer for
127 participating in a qualified community investment activity of less than \$1,000.

128 (3) A taxpayer that makes a qualified investment shall be allowed a credit, to be computed as
129 hereinafter provided, against taxes owed to the Commonwealth under chapter 62 or chapter 63 of
130 the General Laws or other applicable law. The credit shall be equal to 50 percent of the total
131 qualified investments made by the taxpayer, subject to the cap described in subsection (c)(2)
132 above. The department shall issue a certification to the taxpayer after the taxpayer makes a
133 qualified investment. Such certification shall be acceptable as proof that the expenditures related
134 to such investment qualify as qualified investment for purposes of the credit allowed under this
135 section.

136 (4) The credit allowable under this section shall be allowed for the taxable year in which a
137 qualified investment is made. A taxpayer allowed a credit under this section for a taxable year
138 may carry over and apply against such taxpayer's tax liability in any of the succeeding five
139 taxable years, the portion, as reduced from year to year, of those credits which exceed the tax for
140 the taxable year.

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

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

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