

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

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**The Commonwealth of Massachusetts**

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PRESENTED BY:

**Steven J. D'Amico**

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*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 related to economic development and fiscal accountability.

\_\_\_\_\_

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Steven J. D'Amico	4th Bristol
James B. Eldridge	

# The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

## AN ACT RELATED TO ECONOMIC DEVELOPMENT AND FISCAL ACCOUNTABILITY.

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

1 The General laws are hereby amended by inserting after Chapter 30b:-

2 Chapter 30C. Economic Development and Fiscal Accountability

3 SECTION 1. As used in Chapter 30C, the following words shall, unless the context clearly  
4 requires otherwise, have the following meanings:-

5 “Corporate parent” means any person, association, corporation, joint venture, partnership, or  
6 other entity, that owns or controls 50 percent or more of a recipient corporation.

7 "Date of subsidy” means the date that a granting body provides the initial monetary value of a  
8 development subsidy to a recipient corporation provided, however, that where the subsidy is for  
9 the installation of new equipment, such date shall be the date the corporation puts the equipment  
10 into service and provided, further, that where the subsidy is for improvements to property, such  
11 date shall be the date the improvements are finished, or the date the corporation occupies the  
12 property, whichever is earlier.

13 "Development subsidy” means any expenditure of public funds with a value of at least  
14 \$25,000.00 for the purpose of stimulating economic development within the Commonwealth,  
15 including but not limited to bonds, grants, loans, loan guarantees, enterprise zones,  
16 empowerment zones, tax increment financing, grants, fee waivers, land price subsidies, matching  
17 funds, tax abatements, tax exemptions, and tax credits.

18 “Full-time job” means a job in which an individual is employed by a recipient corporation for at  
19 least 35 hours per week.

20 "Granting body" means any agency, board, office, public benefit corporation or authority of the  
21 Commonwealth or a local government unit that provides a development subsidy.

22 "Local government unit" means an agency, board, commission, office, public benefit  
23 corporation, or public authority of a political subdivision of the Commonwealth.

24 "New Employee" means a full-time employee who represents a net increase in the number of  
25 individuals employed by the recipient corporation in the Commonwealth. "New employee" does  
26 not include an employee who performs a job that was previously performed by another employee  
27 of the recipient corporation if that job existed for at least 6 months before hiring the employee.

28 "Part-time job" means a job in which an individual is employed by a recipient corporation for  
29 less than 35 hours per week.

30 "Permanent Job" means a job that is not scheduled to terminate at the completion of a discrete  
31 project

32 "Project site" means the site of a project for which any development subsidy is provided.

33 "Property-taxing entity" means any entity that levies taxes upon real or personal property.

34 "Recipient corporation" means any person, association, corporation, joint venture, partnership or  
35 other entity that receives a development subsidy.

36 "Small business" means a corporation whose corporate parent, and all subsidiaries thereof, that  
37 employed fewer than twenty full-time employees or had total gross receipts of less than one  
38 million dollars during the calendar year.

39 "State" means an agency, board, commission, office, public benefit corporation or public benefit  
40 authority of the Commonwealth.

41 "Subsidy value" means the face value of any and all development subsidies provided to a  
42 recipient corporation.

43 "Temporary job" means a job in which an individual is hired for a season or for a limited period  
44 of time.

## 45 SECTION 2. Unified Economic Development Budget

46 (a) The Massachusetts Department of Revenue shall submit an annual Unified Economic  
47 Development Budget to the Legislature no later than three months after the end of the  
48 Commonwealth's fiscal year. The report shall present all types of expenditures for economic  
49 development during the prior fiscal year, including but not limited to:

50 (i) The amount of uncollected state tax revenues resulting from every corporate tax credit,  
51 abatement, exemption and reduction provided by the Commonwealth's or a local governmental

52 unit including but not limited to gross receipts, income, sales, use, raw materials, excise,  
53 property, utility, and inventory taxes.

54 (ii) The name of each corporate taxpayer which claimed any tax credit, abatement,  
55 exemption or reduction under subdivision (1) of any value equal to or greater than \$5,000,  
56 together with the dollar amount received by each such corporation.

57 (iii) Any tax credit, abatement, exemption or reduction received by a corporation of less  
58 than \$5,000 each shall not be itemized. The Department of Revenue shall report an aggregate  
59 dollar amount of such expenditures and the number of companies so aggregated for each tax  
60 expenditure.

61 (iv) All State appropriated expenditures for economic development, including line-item  
62 budgets for every State-funded entity concerned with economic development, including but not  
63 limited to, Executive Office of Housing and Economic Development, Department of Business  
64 Development, Massachusetts Office of Travel & Tourism, Massachusetts Office of Business  
65 Development, Massachusetts Office of International Trade and Investment, Office of Small  
66 Business & Entrepreneurship, Seaport Advisory Council, Department of Housing and  
67 Community Development, Office of Indian Affairs, Department of Consumer Affairs and  
68 Business Regulation, Division of Insurance, Division of Banks, State Racing Commission,  
69 Division of Professional Licensure, Division of Standards, Department of Revenue, Department  
70 of Telecommunications and Cable, Executive Office of Labor and Workforce Development,  
71 Department of Workforce Development, Commonwealth Corporation, Division of Apprentice  
72 Training, Division of Career Services, Division of Unemployment Assistance, Department of  
73 Labor, Division of Occupational Safety, Labor Relations Council, Division of Labor Relations,  
74 Joint Labor Management Committee, Division of Industrial Accidents, Workers Compensation  
75 Advisory Council, Massachusetts Aeronautics Commission, Affirmative Market Program,  
76 Massachusetts Dept. of Agricultural Resources, BDC Capital, Massachusetts Office of Business  
77 Development, Community Economic Development Assistance Corporation, Massachusetts  
78 Office of International Trade and Investment, Massachusetts Development Finance Agency,  
79 Massachusetts Export Center, Massachusetts Small Business Development Center Network,  
80 State Office of Minority and Women Business Assistance, Office of Technical Assistance and  
81 Technology, Massachusetts Technology Collaborative, Massachusetts Life Science Center.

### 82 SECTION 3. Unified Reporting of Property Tax Reductions and Abatements

83 (a) Each property-taxing entity shall annually submit a report to the Massachusetts  
84 Department of Revenue regarding any real property in the entity's jurisdiction that has received a  
85 property tax abatement or reduction during the fiscal year. The report shall contain information  
86 including but not limited to: the name of the property owner; the address of the property; the start  
87 and end dates of the property tax reduction or abatement; the schedule of the tax reduction; each

88 tax abatement, reduction and exemption for the property; and the amount of property tax revenue  
89 not paid to the taxing entity as a result of the reduction or abatement.

90 (b) Each property-taxing entity shall also submit a report to the Department of Revenue  
91 setting forth the total property tax revenue not paid to such entity during the fiscal year as a result  
92 of all property tax reductions and abatements in the entity's jurisdiction.

93 (c) The reports required under paragraphs (a) and (b) of this section shall be prepared on  
94 two forms prepared by the Department, and shall be submitted to the Department of Revenue by  
95 the property- taxing entity no later than three months after the end of the fiscal year.

96 (d) The Department of Revenue shall annually compile and publish all of the data  
97 contained in the reports required under paragraphs (a) and (b) in both written and electronic  
98 form, including the Department's World Wide Web site.

99 (e) If a property-taxing entity fails to submit its reports to the Department or Revenue  
100 within the prescribed time, the Department shall notify the Comptroller of the Commonwealth,  
101 whereupon the Comptroller shall withhold further payments of any development subsidy to the  
102 delinquent entity until the entity files its reports with the Department.

#### 103 SECTION 4. Application for Economic Development Subsidies

104 (a) Each granting body, together with the applicant for a development subsidy, shall  
105 complete an application for the subsidy on a form prepared by the Executive Office of Housing  
106 and Economic Development. The information required on the application shall include the  
107 following:

108 (i) An application tracking number for the granting agency and the project;

109 (ii) The name, street and mailing address, and phone number of the chief officer of the  
110 granting body;

111 (iii) The name, street and mailing address, and phone number of the chief officer of the  
112 applicant's corporate parent;

113 (iv) The name, street and mailing address, and phone number of the chief officer of the  
114 applicant;

115 (v) The street address of the project site;

116 (vi) The three-digit North American Industry Classification System number of the project  
117 site;

118 (vii) The total number of individuals employed by the applicant at the project site on the  
119 date of the application, broken down by full-time, part-time, and temporary positions;

120 (viii) The total number of individuals employed in the State by the applicant's corporate  
121 parent, and all subsidiaries thereof, as of December 31 of the prior fiscal year, broken down by  
122 full-time, part-time and temporary positions;

123 (ix) The development subsidy or subsidies being applied for with the granting body, and  
124 the value of such subsidy or subsidies;

125 (x) The number of new jobs to be created by the applicant at the project site, broken  
126 down by full-time, part-time and temporary positions;

127 (xi) The average hourly wage to be paid to all current and new employees at the project  
128 site, broken down by full-time, part-time and temporary positions, and further broken down by  
129 wage groups as follows: \$8.00 or less an hour, \$8.01 to \$9.00 an hour, \$9.01 to \$10.00 an hour,  
130 \$10.01 to \$11.00 an hour, \$11.01 to \$12.00 an hour, \$12.01 to \$13.00 an hour, \$13.01 to \$14.00  
131 an hour, and \$14.01 to \$15.00 an hour, \$15.01 to \$16.00 an hour, \$17.01 to \$18.00 an hour,  
132 \$18.01 to \$19.00 an hour, \$19.01 to \$20.00 an hour, \$20.01 to \$21.00 and hour, \$21.01 to \$22.00  
133 and hour, \$22.01 to \$23.00 an hour, \$23.01 to \$24.00 an hour, \$24.01 to \$25.00 and hour, \$25.01  
134 to \$30.00 an hour, \$30.01 to \$40.00 an hour, \$40.01 to \$50.00 an hour and \$50.01 or more per  
135 hour;

136 (xii) For project sites located in a Metropolitan Statistical Area, as defined by the federal  
137 Office of Management and Budget, the average hourly wage paid to non-managerial employees  
138 in the State for the industries involved at the project, as established by the United States Bureau  
139 of Labor Statistics.

140 (xiii) For project sites located outside of Metropolitan Statistical Areas, the average  
141 weekly wage paid to non-managerial employees in the county for industries involved at the  
142 project, as established by the United States Department of Commerce.

143 (xiv) The type and amount of health care coverage to be provided by the applicant within  
144 ninety days of commencement of employment at the project site, including any costs to be borne  
145 by the employees;

146 (xv) A list of all development subsidies, which the applicant is requesting and the name of  
147 any other granting body from which such subsidies are sought;

148 (xvi) A statement as to whether the development subsidy may reduce employment at any  
149 other site controlled by the applicant or its corporate parent, within or without of the State,  
150 resulting from automation, merger, acquisition, corporate restructuring or other business activity.

151 (xvii) A certification by the chief officer of the applicant as to the accuracy of the  
152 application.

153 (1) If the granting body shall approve the application, it shall send a copy to the  
154 Executive Office of Housing and Economic Development within fifteen days of such approval.  
155 If the application is not approved, the granting body shall retain the application in its records.

156 SECTION. 5 Reports

157 (a) Annual reports

158 (i) Each granting body shall file a progress report with the Executive Office of Housing  
159 and Economic Development for each project for which a development subsidy has been granted,  
160 no later than February 1 each year. The report shall include the following information:-

161 (1) The application tracking number;

162 (2) The name, street and mailing addresses, phone number and chief officer of the  
163 granting body;

164 (3) The name, street and mailing addresses, phone number, and chief officer of the  
165 recipient corporation;

166 (4) A summary of the number of jobs required, created and lost, broken down by full-  
167 time, part- time and temporary positions, and by wage groups.

168 (5) The type and amount of health care coverage provided to the employees at the project  
169 site, including any costs borne by the employees;

170 (6) The comparison of the total employment in the State by the recipient's corporate  
171 parent on the date of the application and the date of the report, broken down by full-time, part-  
172 time and temporary positions;

173 (7) A statement as to whether the use of the development subsidy during the previous  
174 fiscal year has reduced employment at any other site controlled by the recipient corporation or its  
175 corporate parent, within or without of the State as a result of automation, merger, acquisition,  
176 corporate restructuring or other business activity.

177 (8) A signed certification by the chief officer of the recipient corporation as to the  
178 accuracy of the progress report.

179 (ii) On all subsequent annual progress reports, the granting body shall indicate whether  
180 the recipient corporation is still in compliance with its job creation, wage and benefit goals, and  
181 whether the corporate parent is still in compliance with its State employment requirement.

182 (iii) Granting bodies and recipient corporations shall file annual progress reports for the  
183 duration of the subsidy, or not less than five years, whichever period is greater.

184 (b) Two-Year Report

185 (i) No later than fifteen days after the second anniversary of the date of subsidy, the  
186 granting body shall file with the Executive Office of Housing and Economic Development a two-  
187 year progress report including the same information as required under section 5(a) The recipient  
188 corporation shall certify as to the accuracy of such report.

189 (ii) The granting body shall state in the two-year report whether the recipient corporation  
190 has achieved its job creation, wage and benefit goals, and whether the corporate parent has  
191 maintained 90% of its employment in the State.

192 (c) The Executive Office of Housing and Economic Development (EOHED) shall  
193 compile and publish all data from the progress reports in both written and electronic form,  
194 including to a reporting web site maintained by the Executive Office of Housing and Economic  
195 Development.

196 (d) The granting body and the Executive Office of Housing and Economic Development  
197 shall have access at all reasonable times to the project site and the records of the recipient  
198 corporation to in order monitor the project and to prepare progress reports. The Executive Office  
199 of Housing and Economic Development shall commit the resources necessary to audit  
200 compliance and verify the accuracy of progress reports.

201 (e) A recipient corporation that fails to provide the granting body with the information or  
202 access required under paragraphs (1) and (2) of this section shall be subject to a fine of not less  
203 than \$500 per day to commence within ten working days after the February 1 deadline, and of  
204 not less than \$1,000 per day to commence twenty days after such deadline.

## 205 SECTION. 6 Subsidy Limit and Job Quality Standards

206 (a) A granting body shall not grant award a development subsidy if the cost per  
207 permanent, full-time job is greater than \$35,000.00. Such cost shall be determined by dividing  
208 the amount of the subsidy by the number of permanent, full-time jobs required under the  
209 application approved by the granting body.

210 (b) A granting body shall not grant a subsidy to an applicant unless the wages paid to  
211 employees at the project site are equal to or exceed 85% of the average wage as established  
212 under paragraphs (12) and (13) of section 4, provided, however, that for small businesses, the  
213 average wage must equal or exceed 75% of the wages established hereunder. The computation  
214 of wages under this section shall only apply to a recipient corporation that provides the health  
215 care coverage as approved in its application by the granting body.

## 216 SECTION 7. Recapture

217 (a) A recipient corporation shall fulfill its job creation, wage, health care and other  
218 benefit requirements for the project site within two years of the date of subsidy. Such recipient



219 shall maintain its wage and benefit goals as long as the subsidy is in effect, or five years,  
220 whichever is longer.

221 (b) The corporate parent of a recipient corporation must maintain at least 90% of its  
222 employment in the State as long as the development subsidy is in effect, or not less than five  
223 years, whichever is longer.

224 (c) If the requirements under paragraphs (a) or (b) are not fulfilled, the granting body  
225 shall recapture the development subsidy from the recipient corporation as follows:

226 (i) Upon a failure by the recipient corporation to create the required number of jobs or to  
227 pay the required wages or benefits, the amount recaptured shall be based on the pro rata amount  
228 by which the unfulfilled jobs, wages or benefits bear to the total amount of the development  
229 subsidy.

230 (ii) Upon a failure of the corporate parent to maintain 90% of its employment in the State,  
231 the rate of recapture shall equal twice the percentage by which such employment is less than  
232 90%.

233 (d) The granting body shall provide notice to the recipient corporation of its intent to  
234 recapture the development subsidy and state the reasons and amount to be recaptured. The  
235 recipient corporation shall remit to the governing body such amount within 60 calendar days of  
236 the date of such notice.

237 (e) If a recipient corporation defaults on a development subsidy in three consecutive  
238 calendar years, the granting body shall declare the subsidy null and void, and shall so notify the  
239 Executive Office of Housing and Economic Development and the recipient corporation. The  
240 recipient corporation shall pay back to the granting body all remaining value of the development  
241 subsidy it has not previously repaid within 180 calendar days of the date of the notice of such  
242 default.

#### 243 SECTION 8. Private Enforcement Action

244 If a granting body fails to enforce any provision of this Act, any individual who paid personal  
245 income taxes to the State in the calendar year prior to the year in dispute, or any organization  
246 representing such taxpayers, shall be entitled to bring a civil action in state court to compel  
247 enforcement under this statute. The court shall award reasonable attorney's fees and costs to  
248 such prevailing taxpayer or organization.

#### 249 SECTION 9. Public Record Disclosure

250 All records required to be prepared or maintained under this Act, including but not limited to  
251 applications, progress reports, audits, recapture notices and any other records or proceedings  
252 relating thereto, shall be subject to disclosure under the State's Open Records Act and be made

253 available on the Executive Office of Housing and Economic Development's reporting website in  
254 a way that is concise and easy to access by the public.

255 SECTION 10. Pre-emption

256 Nothing in this chapter shall be read to require or authorize any recipient corporation to reduce  
257 wages or benefits established under any collective bargaining agreement or state or federal  
258 prevailing wage law.

259 SECTION 11. Separability

260 If any provision of this Act is determined to be unenforceable in a court of law, such  
261 determination shall not affect the validity or enforceability of any other provision of this Act.

262 SECTION 12. Waivers

263 The Executive Office of Economic Development may waive the subsidy limit and job quality  
264 standards described in section 6 upon a finding that there exists significant public policy goals  
265 apart from job creation. Thirty days prior to waiving requirements, the Executive Office of  
266 Economic Development shall publish its intent to do so on its reporting website with an  
267 explanation of the specific public policy goals, why the waiver is necessary to meet the public  
268 policy goals and define objective standards by which the public policy goals will be measured.  
269 The one and two year progress reports described in section 5 will use these standards to  
270 determine whether these public policy goals were met.