

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Stephen M. Brewer

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 relative to improving the Massachusetts rural economy for the farm, forest, and wood products industry.

PETITION OF:

NAME:

DISTRICT/ADDRESS:

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO IMPROVING THE MASSACHUSETTS RURAL ECONOMY FOR THE FARM, FOREST, AND WOOD PRODUCTS INDUSTRY.

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

1 WHEREAS, the Commonwealth of Massachusetts contains over three million acres of forestland
2 that add to the quality of life of its residents and support an important forest economic sector that
3 includes thousands of landowners, hundreds of professional foresters, numerous timber
4 harvesters, primary forest products manufacturers and facilities for the use of sustainably
5 produced biomass provided to biomass and biofuel facilities located in Massachusetts as a
6 renewable source of energy for the Commonwealth.

7 WHEREAS, this economic sector is an important part of Massachusetts' rural economy.
8 Working forests are also an integral part of a sustainable development approach by utilizing and
9 protecting prime woodlands and focusing development towards village centers;

10 WHEREAS, this act, will provide private Qualified Forest Landowners and
11 Massachusetts Forest Entities with economic incentives that encourage a viable forest
12 industry based on sustainable forest management and by assisting in both the creation of
13 jobs in rural areas, and the conservation of prime forestlands critical for the protection of
14 habitat, water resources, recreation, and tourism.

15

16 SECTION 1. Chapter 62 is hereby amended by inserting after section 6I, the following:- Section
17 6J.

18 (a) For the purposes of this section, unless the context clearly requires otherwise, the
19 following words shall have the following meanings:-

20 "Qualified Forest Landowner", shall mean an individual or legal entity holding a legal
21 interest, right, or title to ten acres or more of forestland that meets the definition of forest in
22 chapter 61 or chapter 61a of the general laws.

23 "Sustainable forest management" shall mean activities that occur on forested land that is
24 classified under chapter 61, chapter 61A or chapter 61B of the general laws, or managed pursuant
25 to the Forest Stewardship Program found under Title XII, a Cooperative Forestry Assistance Act
26 of 1978 of the federal laws or managed pursuant to other recognized forest certification
27 systems...

28 "Taxpayer", shall mean an individual who pays income tax as defined in chapter 62 of
29 the general laws or a corporation or other legal entity engaged in business in the Commonwealth
30 that pays tax pursuant to the general laws.

31 "Qualified Woody Biomass Material", shall be defined as residue that results from
32 normal or preventive timber harvest or production, including but not limited to slash, saw dust,
33 shavings, edgings, slabs, leaves, bark, and timber thinnings that would not otherwise be used for
34 higher-value products, and when said biomass is provided to biomass and biofuel facilities
35 located in Massachusetts as a renewable source of energy.

36 (b) There shall be allowed as a credit against the tax liability of a Qualified Forest
37 Landowner imposed by this chapter, an amount equal to 10 dollars per green ton of harvested
38 and processed woody biomass, as defined herein.

39 (1) In any single tax year, the credit taken may not exceed the amount due under a
40 Taxpayer's annual taxable income.

41 (2) Any portion of the credit, which is unused in any single tax year, may be carried over
42 for a maximum of ten consecutive tax years following the tax year in which the credit originated.

43 (3) Individual taxpayers, subject to this chapter who are shareholders or partners in a
44 Massachusetts Forest Entity may take a percentage of the tax credit earned by the Massachusetts
45 Forest Entity under this section based on their distributive share of the Massachusetts Forest
46 Entity.

47 SECTION 2. Chapter 63 is hereby amended by inserting after section 38Q, the following
48 section:-

49 Section 38 R.

50 (a) For the purposes of this section, unless the context clearly requires otherwise, the
51 following words shall have the following meanings:-

52 “Sustainable forest management” shall mean activities that occur on forested land that is
53 classified under chapter 61, chapter 61A or chapter 61B of the general laws, or managed pursuant
54 to the Forest Stewardship Program found under Title XII, a Cooperative Forestry Assistance Act
55 of 1978 of the federal laws or other recognized forest certification systems.

56 “Massachusetts Forest Entity”, shall mean a sole proprietor or other legal entity,
57 including but not limited to, corporation, s-corporation, general or limited partnership, or a
58 limited liability company organized for the purpose of either cutting, harvesting, milling,
59 marketing or processing primary forest products and registered with the Secretary of State where
60 applicable.

61 “Taxpayer”, shall mean an individual who pays income tax as defined in chapter 62 of
62 the general laws or a corporation or other legal entity engaged in business in the Commonwealth
63 that pays tax pursuant to the general laws.

64 (b) There shall be allowed as a credit against the tax liability of a Massachusetts Forest
65 Entity imposed by this chapter, an amount equal to 10 dollars per green ton of harvested and
66 processed woody biomass, as defined herein. Said credit shall only be available for the
67 harvesting of woody biomass on land for which the collection of woody biomass is a sustainable
68 use, and when said biomass is provided to biomass and biofuel facilities located in
69 Massachusetts as a renewable source of energy

70 (1) In any single tax year, the credit taken may not exceed the amount due under a
71 Taxpayer's annual taxable income.

72 (2) Any portion of the credit, which is unused in any single tax year, may be carried over
73 for a maximum of ten consecutive tax years following the tax year in which the credit originated
74 until fully expended.

75 SECTION 3. Agencies of the commonwealth shall give preference to Massachusetts'
76 grown forest products that are of equivalent quality to other bids when awarding of bids
77 for wood products purchased by the commonwealth.

78 SECTION 4. (a) The Secretary of the Executive Office of Environmental Affairs, hereinafter
79 referred to as the Secretary, shall promulgate regulations for the implementation of sections one
80 and two under this chapter. Regulations shall be promulgated within ninety days of passage of
81 this act.

82 (b) The Executive Office of Administration and Finance, in consultation with the Secretary, shall
83 promulgate regulations to administer the provisions of section three under this chapter.
84 Regulations shall be promulgated within ninety days of passage of this act. The Commissioner
85 of the Department of Revenue, within five years of passage of this chapter, shall prepare a report
86 to the Joint Committee on Taxation and the Joint Committee on Environment, Natural Resources
87 and Agriculture, calculating the tax savings to individuals and corporations.

88 (c) The Department of Revenue, in consultation with the Secretary of the Executive Office of
89 Environmental Affairs, shall promulgate regulations to administer the tax incentives of sections
90 one and two under this chapter. Regulations shall be promulgated within ninety days of passage
91 of this act. The Commissioner of the Department of Revenue, within five years of passage of
92 this chapter, shall prepare a report to the Joint Committee on Taxation and the Joint Committee
93 on Environment, Natural Resources and Agriculture, calculating the tax savings to individuals
94 and corporations.

95 SECTION 5. Tax credits provided by this chapter shall apply in taxable years beginning on or
96 after January 1, 2009 and all taxable years thereafter.

97 SECTION 6. Nothing in this chapter shall be interpreted in any way to alter or amend any
98 permitting requirements, reporting requirements, allocation procedures, or other requirements set
99 forth in any other provision of the general laws.