

HOUSE No. 736

By Mr. Donelan of Orange, petition of Christopher J. Donelan and others relative to improving the Massachusetts rural economy for the farm, forest, and wood products industry. Environment, Natural Resources and Agriculture.

The Commonwealth of Massachusetts

PETITION OF:

| | |
|------------------------|----------------------|
| Christopher J. Donelan | Willie Mae Allen |
| Stephen M. Brewer | Peter V. Kocot |
| Anne M. Gobi | Pamela P. Resor |
| Denis E. Guyer | John W. Scibak |
| Stephen Kulik | Robert L. Rice, Jr. |
| Todd M. Smola | Christine E. Canavan |

In the Year Two Thousand and Seven.

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

1 *WHEREAS*, the Commonwealth of Massachusetts' contains over
2 three million acres of forestland that add to the quality of life of its
3 residents and support an important forest economic sector that
4 includes thousands of landowners, hundreds of professional
5 foresters , numerous timber harvesters and primary forest products
6 manufacturers and a rural travel and tourism industry;

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

11 *WHEREAS*, this act, which shall be known as the Massachusetts
12 Sustainable Forests Incentives act, will provide private landowners,
13 professional foresters, timber harvesters, and primary forest products
14 manufacturers with economic incentives that encourage a viable
15 forest industry based on sustainable forest management by
16 increasing infrastructure investment, by creating jobs in rural areas,
17 and by assisting in the conservation of prime forestlands critical for
18 the protection of habitat, water resources, recreation, and tourism.

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. Chapter 62 is hereby amended by inserting after
2 section 6I, the following section:

3 Section 6J

4 (a) For the purposes of this section, unless the context clearly
5 requires otherwise, the following words shall have the following
6 meanings:—

7 “Licensed Forester”, shall mean an individual meeting the qualifi-
8 cations and licensed by the Forester Licensing Committee created
9 under chapter 132 of the general laws.

10 “Massachusetts Forest Entity”, shall mean a sole proprietor or
11 other legal entity, including but not limited to, corporation, s-corpor-
12 ation, general or limited partnership, or limited liability company
13 organized for the purpose of either cutting, harvesting, milling, mar-
14 keting or processing primary forest products and registered with the
15 Secretary of State where applicable.

16 “Qualified Forest Investments”, shall mean funds invested in
17 depreciable facilities or equipment or business plans precedent to
18 such investments made either for the purpose of producing on-site
19 renewable wood based heat or electricity generation, energy effi-
20 ciency or environmental quality improvements made to existing
21 renewable wood based heat or electricity systems, or for invest-
22 ments that create value-added primary forest products or that mod-
23 ernize forest industry infrastructure to, make it more competitive in
24 the national or world markets or to expand local markets for forest
25 products.

26 “Qualified Forest Landowner”, shall mean an individual or legal
27 entity holding a legal interest, right, or title to ten acres or more of
28 forestland that meets the definition of forest in chapter 61 or chapter
29 61a of the general laws.

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

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

40 (b) There shall be allowed as a credit against the tax liability of a
41 Massachusetts Forest Entity imposed by this chapter, an amount
42 equal to thirty- percent of the fair market value of investments made
43 by the Massachusetts Forest Entity for Qualified Forest Investments.

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

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

49 (3) Individual taxpayers, subject to this chapter who are share-
50 holders or partners in a Massachusetts Forest Entity may take a per-
51 centage of the tax credit earned by the Massachusetts Forest Entity
52 under this section based on their distributive share of the Massachu-
53 setts Forest Entity.

54 (c) There shall be allowed as a credit against the tax liability of a
55 Qualified Forest Landowner imposed by this chapter, an amount
56 equal to one hundred percent of the fair market value of investments
57 made by Qualified Forest Landowners for forest management or
58 stewardship plans completed by Massachusetts’ Licensed Foresters
59 that meet the requirements of chapter 61, 61a or 61b of the general
60 laws or Title XII, a Cooperative Forestry Assistance Act of 1978 of
61 the federal laws.

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

64 (2) Any portion of the credit, which is unused in any single tax
65 year, may be carried over for two future tax years.

66 (3) The amount of this credit cannot exceed the current fee
67 schedule rate for such plans approved by the Department of Conser-
68 vation and Recreation.

69 (4) Forest management or stewardship plans receiving reimburse-
70 ment from any state or federal programs are only eligible for this
71 credit for the amount paid for an approved plan not covered by state
72 or federal cost share payments.

1 SECTION 2. Chapter 63 is hereby amended by inserting after
2 section 38Q, the following section:—

3 Section 38 R.

4 (a) For the purposes of this section, unless the context clearly
5 requires otherwise, the following words shall have the following
6 meanings:—

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

13 “Qualified Forest Investments”, shall mean funds invested in
14 depreciable facilities or equipment or business plans precedent to
15 such investments made either for the purpose of producing on-site
16 renewable wood based heat or electricity generation, energy efficiency
17 or environmental quality improvements made to existing
18 renewable wood based heat or electricity systems, or for investments
19 that create value-added primary forest products or that modernize
20 forest industry infrastructure to, make it more competitive in
21 the national or world markets or to expand local markets for forest
22 products.

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

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

33 (b) There shall be allowed as a credit against the tax liability of a
34 Massachusetts Forest Entity imposed by this chapter, an amount
35 equal to thirty percent of the Qualified Forest Investments made by
36 the Massachusetts Forest Entity for Qualified Forest Investments.

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

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

1 SECTION 3. Agencies of the commonwealth shall give prefer-
2 ence to Massachusetts' grown forest products that are of equivalent
3 quality to other bids when awarding of bids for wood products pur-
4 chased by the commonwealth.

1 SECTION 4. (a) The Secretary of the Executive Office of Envi-
2 ronmental Affairs, hereinafter referred to as the Secretary, shall pro-
3 mulgate regulations for the implementation of sections one and two
4 under this chapter. Regulations shall be promulgated within ninety
5 days of passage of this act.

6 (b) The Executive Office of Administration and Finance, in con-
7 sultation with the Secretary, shall promulgate regulations to admin-
8 ister the provisions of section three under this chapter. Regulations
9 shall be promulgated within ninety days of passage of this act. The
10 Commissioner of the Department of Revenue, within five years of
11 passage of this chapter, shall prepare a report to the Joint Committee
12 on Taxation and the Joint Committee on Environment, Natural
13 Resources and Agriculture, calculating the tax savings to individuals
14 and corporations.

15 (c) The Department of Revenue, in consultation with the Secre-
16 tary of the Executive Office of Environmental Affairs, shall promul-
17 gate regulations to administer the tax incentives of sections one and
18 two under this chapter. Regulations shall be promulgated within
19 ninety days of passage of this act. The Commissioner of the Depart-
20 ment of Revenue, within five years of passage of this chapter, shall
21 prepare a report to the Joint Committee on Taxation and the Joint
22 Committee on Environment, Natural Resources and Agriculture, cal-
23 culating the tax savings to individuals and corporations.

1 SECTION 5. Tax credits provided by this chapter shall apply in
2 taxable years beginning on or after January 1, 2007 and all taxable
3 years thereafter.

1 SECTION 6. Nothing in this chapter shall be interpreted in any
2 way to alter or amend any permitting requirements, reporting
3 requirements, allocation procedures, or other requirements set forth
4 in any other provision of the General Laws.