



The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
Boston, MA 02114-9550

September 1, 2011

The Honorable Stephen M. Brewer,
 Chair, Senate Committee on Ways and Means
 Room 212 State House,
 Boston, MA 02133

The Honorable Brian S. Dempsey,
 Chair, House Committee on Ways and Means
 Room 243 State House,
 Boston, MA 02133

Re: Environmental Response Action (Brownfields) Tax Credit Program

Dear Chairmen:

This report on the environmental response action (Brownfields) tax credit program is being issued pursuant to Massachusetts General Laws c. 63, § 38Q(h) and c. 62, § 6(j)(6).

During fiscal year 2011, the Department of Revenue received 78 applications under the Brownfields tax credit program, claiming a total of \$38.2 million in credits. Of these applications, 72 have been reviewed and approved, resulting in \$35.2 million in total credits. An additional \$2.2 million in credits applied for in FY11 are still under review.

Of the credits reviewed and approved, \$30.8 million, or 87.6%, were subsequently transferred to other taxpayers (see the table below).

Brownfields Tax Credit Applications and Transfers by Fiscal Year:					
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Applications:					
Number of credit applications reviewed/approved	*	9	16	61	72
Amount of credits approved	*	\$1,391,126	\$2,686,559	\$29,309,067	\$35,201,514
Transfers:					
Number of credits transferred	*	4	13	50	57
Amount of credits transferred	*	\$695,647	\$2,317,793	\$26,238,317	\$30,844,315

(*) Three or fewer taxpayers filed credit applications, and therefore, no detailed information can be provided so as to protect taxpayer confidentiality.

The table below shows the actual amount of credits that were claimed by corporate and business taxpayers, and individual taxpayers on their tax returns during the 2006-2009 time period (the data in the table is based on returns filed with DOR, and the 2009 figures are still preliminary).

Actual Amount of Brownfields Tax Credits Claimed on the Returns:					
		Tax Year 2006	Tax Year 2007	Tax Year 2008	Tax Year 2009 (Preliminary)
Insurance Companies, Financial Institutions, Public Utilities, and Corporations	Count	6	6	10	33
	\$Amount	7,496,072	176,022	1,556,990	11,851,983
Individuals	Count	69	85	68	67
	\$Amount	835,509	535,587	598,348	1,321,895

Please note that environmental remediation efforts eligible for the Brownfields credit were originally limited to actions taken between August 1, 1998 and August 5, 2005. Chapter 123 of the Acts of 2006 updated the eligibility dates such that remediation efforts taken on or before August 5, 2011 and completed prior to January 1, 2012 were eligible for the program, and further allowed recipients of the Brownfields tax credits to sell, assign or transfer such credits to another eligible person or non-profit. Most recently, Chapter 240 of the Acts of 2010 further updated the eligibility dates for the Brownfields tax credit program, such that remediation efforts undertaken on or before August 5, 2013 and prior to January 1, 2014 are eligible for the program.

If you have any questions concerning this matter, please contact me (at 617 626 2201) or Kazim P. Ozyurt, Acting Director of the Office of Tax Policy Analysis (at 617 626 2100).

Sincerely,



Navjeet Bal
Commissioner

cc: Secretary Jay Gonzalez, Executive Office for Administration and Finance
The Honorable Sal N. DiDomenico, Senate Chair, Joint Committee on Community Development and Small Business
The Honorable Linda Dorcena Forry, House Chair, Joint Committee on Community Development and Small Business
The Honorable Karen Spilka, Senate Chair, Joint Committee on Economic Development and Emerging Technologies
The Honorable Joseph F. Wagner, House Chair, Joint Committee on Economic Development and Emerging Technologies