SENATE DOCKET, NO. 273 FILED ON: 1/19/2011

SENATE . . . . . No. 334

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:

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

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Stephen M. Brewer	*Worcester, Hampden, Hampshire, Franklin*

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SENATE . . . . . No. 334

By Mr. Brewer, a petition (accompanied by bill, Senate, No. 334) of Stephen M. Brewer for legislation relative to improving the Massachusetts rural economy for the farm forest and wood products industry. Environment, Natural Resources and Agriculture.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
SENATE
, NO. *383* OF 2009-2010.]

The Commonwealth of Massachusetts

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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

48 Section 38 R.

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

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

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

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

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

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

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

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

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

81 (b) The Executive Office of Administration and Finance, in consultation with the
82 Secretary, shall promulgate regulations to administer the provisions of section three under this
83 chapter. Regulations shall be promulgated within ninety days of passage of this act. The
84 Commissioner of the Department of Revenue, within five years of passage of this chapter, shall

85 prepare a report to the Joint Committee on Taxation and the Joint Committee on Environment,
86 Natural Resources and Agriculture, calculating the tax savings to individuals and corporations.

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

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

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