

HOUSE No. 02553

The Commonwealth of Massachusetts

PRESENTED BY:

James J. O'Day

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 to invest in our communities.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: |
|-------------------------------|--------------------------------|
| <i>James J. O'Day</i> | <i>14th Worcester</i> |
| <i>Ellen Story</i> | <i>3rd Hampshire</i> |
| <i>Ruth B. Balsler</i> | <i>12th Middlesex</i> |
| <i>James B. Eldridge</i> | <i>Middlesex and Worcester</i> |
| <i>Alice K. Wolf</i> | <i>25th Middlesex</i> |
| <i>Kay Khan</i> | <i>11th Middlesex</i> |
| <i>Frank I. Smizik</i> | <i>15th Norfolk</i> |
| <i>Carl M. Sciortino, Jr.</i> | <i>34th Middlesex</i> |
| <i>Denise Provost</i> | <i>27th Middlesex</i> |
| <i>Marcos A. Devers</i> | <i>16th Essex</i> |
| <i>John P. Fresolo</i> | <i>16th Worcester</i> |
| <i>Patricia D. Jehlen</i> | <i>Second Middlesex</i> |
| <i>Sean Curran</i> | <i>9th Hampden</i> |
| <i>Elizabeth A. Malia</i> | <i>11th Suffolk</i> |
| <i>Angelo J. Puppolo, Jr.</i> | <i>12th Hampden</i> |
| <i>Paul Mark</i> | <i>2nd Berkshire</i> |

HOUSE No. 02553

By Mr. O'Day of West Boylston, a petition (accompanied by bill, House, No. 2553) of Khan and others relative to the taxation of certain income Joint Committee on Revenue.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act to invest in our communities.

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

1 Chapter 62 of the General Laws is hereby amended as follows:

2 SECTION 1.

3 Section 3 of chapter 62 of the General Laws, as appearing in the 2008 Official Edition, is hereby
4 amended by striking out subsection B(b)(1)(A) and inserting in place thereof the following:--

5 A personal exemption of \$7,900 for tax years beginning on or after January 1, 2012.

6 Section 3 of chapter 62 of the General Laws, as appearing in the 2008 Official Edition, is hereby
7 further amended by striking out subsection B(b)(1A)(A) and inserting in place thereof the
8 following:--

9 A personal exemption of \$10,300 for tax years beginning on or after January 1, 2012.

10 Section 3 of chapter 62 of the General Laws, as appearing in the 2008 Official Edition, is hereby
11 further amended by striking out subsection B(b)(2)(A) and inserting in place thereof the
12 following:--

13 A personal exemption of \$15,800 for tax years beginning on or after January 1, 2012.

14 Section 3 of chapter 62 of the General Laws, as appearing in the 2008 Official Edition, is hereby
15 further amended by adding a subsection D to read in its entirety as follows—

16 In determining the Part A and Part C taxable income of persons who are 65 or older, or who are
17 disabled, an exemption shall be allowed upon the sum of the Part A and Part C adjusted gross
18 income of such persons in an amount equal to the lesser of \$2500 and one third of the sum of
19 such Part A and Part C income for a single person, or a married person filing a separate return,
20 whose total federal adjusted gross income is less than \$40,000, and in an amount equal to the
21 lesser of \$5000 and one third of the sum of the Part A and Part C income for a married couple
22 filing a joint return whose total federal adjusted gross income is less than \$80,000, provided,
23 however, that if only one spouse is 65 or older or is disabled, the exemption shall not exceed
24 \$2,500.

25 SECTION 2.

26 Section 4 of chapter 62 of the General Laws, as appearing in the 2008 Official Edition, is hereby
27 amended by striking out subsection (a)(1) and inserting in place thereof the following:--

28 Part A taxable income consisting of capital gains shall be taxed at the rate of 8.95 per cent for tax
29 years beginning on or after January 1, 2012.

30 Section 4 of chapter 62 of the General Laws, as appearing in the 2008 Official Edition, is hereby
31 further amended by striking out subsection (a)(2) and inserting in place thereof the following:--

32

33 Part A taxable income consisting of interest and dividends shall be taxed at the rate of 8.95 per
34 cent for tax years beginning on or after January 1, 2012.

35 Section 4 of chapter 62 of the General Laws, as appearing in the 2008 Official Edition, is hereby
36 further amended by striking out subsection (b) and inserting in place thereof the following:--

37 Part B taxable income shall be taxed at the rate of 5.95 per cent for tax years beginning on or
38 after January 1, 2012.

39 Section 4 of chapter 62 of the General Laws, as appearing in the 2008 Official Edition as
40 amended by 2010, 240, Sec. 111, is hereby further amended by striking out subsection (c) and
41 inserting in place thereof the following:--

42 Part C taxable income shall be taxed at the rate of 8.95 percent for tax years beginning on or after
43 January 1, 2012, excepting Part C taxable income derived from the sale of investments which:

44 (1) are in a corporation which is domiciled in the commonwealth with a date of incorporation on
45 or after January 1, 2011 which has less than \$50 million in assets at the time of investment and

46 complies with subsections (e)(1), (e)(2), (e)(5), and (e)(6) of Section 1202 of the Internal

47 Revenue Service Code; and (2) are held for 3 years or more, which shall be taxed at a rate of 3

48 per cent; provided, however, that in order to qualify for the 3 per cent rate, such investments

49 shall be made within 5 years of the date of incorporation and, to the extent consistent with the

50 provisions of this subsection, shall be in stock in a corporation that satisfies the requirements for

51 treatment as “qualified small business stock” under section 1202 (c) of the federal Internal
52 Revenue Code, without regard to the requirement that the corporation be a C corporation.