HOUSE DOCKET, NO. 2691 FILED ON: 1/18/2013

HOUSE . . . . . No. 2536

The Commonwealth of Massachusetts

PRESENTED BY:

Claire D. Cronin

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 angel investor tax credits.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Claire D. Cronin	*11th Plymouth*
Michael D. Brady	*9th Plymouth*
Frank A. Moran	*17th Essex*
Martin J. Walsh	*13th Suffolk*
Thomas J. Calter	*12th Plymouth*
Tricia Farley-Bouvier	*3rd Berkshire*
Mary S. Keefe	*15th Worcester*
Christine E. Canavan	*10th Plymouth*
Leonard Mirra	*2nd Essex*
James J. Dwyer	*30th Middlesex*
Josh S. Cutler	*6th Plymouth*
Jeffrey N. Roy	*10th Norfolk*
Marjorie C. Decker	*25th Middlesex*
Danielle W. Gregoire	*4th Middlesex*
Brian R. Mannal	*2nd Barnstable*
Diana DiZoglio	*14th Essex*
Louis L. Kafka	*8th Norfolk*
Alan Silvia	*7th Bristol*

Aaron Vega	*5th Hampden*
Angelo J. Puppolo, Jr.	*12th Hampden*
Shaunna O'Connell	*3rd Bristol*
Tackey Chan	*2nd Norfolk*
Bruce J. Ayers	*1st Norfolk*
Antonio F. D. Cabral	*13th Bristol*
Marcos A. Devers	*16th Essex*
Benjamin Swan	*11th Hampden*
Thomas A. Golden, Jr.	*16th Middlesex*
Thomas M. Stanley	*9th Middlesex*
Paul A. Schmid, III	*8th Bristol*
Keiko M. Orrall	*12th Bristol*
Kathi-Anne Reinstein	*16th Suffolk*
Ryan C. Fattman	*18th Worcester*
Peter J. Durant	*6th Worcester*
Michael A. Costello	*1st Essex*
Michael O. Moore	*Second Worcester*
Cory Atkins	*14th Middlesex*
John H. Rogers	*12th Norfolk*
Rhonda Nyman	*5th Plymouth*
Bruce E. Tarr	*First Essex and Middlesex*
David M. Nangle	*17th Middlesex*
William C. Galvin	*6th Norfolk*
Mark J. Cusack	*5th Norfolk*
Angelo L. D'Emilia	*8th Plymouth*

HOUSE DOCKET, NO. 2691 FILED ON: 1/18/2013

HOUSE . . . . . No. 2536

By Ms. Cronin of Easton, a petition (accompanied by bill, House, No. 2536) of Claire D. Cronin and others for legislation to create an angel investor tax credit. Revenue.

The Commonwealth of Massachusetts

An Act relative to angel investor tax credits.

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

SECTION 1. Section 6 of chapter 62 of the General Laws is hereby amended by adding the following subsection:-

(s)(1) As used in this subsection, the following words shall have the following meanings:-

"Gateway municipality", a gateway municipality as defined in section 3A of chapter 23A.

"Qualifying business", a business which: (a) has its principal place of business in Massachusetts; (b) has 50 per cent of its employees located in the business's principal place of business; (c) has a fully developed business plan that includes all appropriate long and short term forecasts and contingencies of business operations, including research and development, profit, loss and cash flow projections and details of angel investor funding; (d) employs 20 or fewer full-time employees at the time of taxpayer investor's initial qualifying investment as provided for in paragraph (2); (e) has a Massachusetts tax identification number; and (f) has gross revenues equal to or less than $500,000 in the fiscal year prior to eligibility.

"Qualifying investment", an investment that is at risk and not secured or guaranteed; provided, however, that a qualifying investment shall not include, venture capital funds, hedge funds and commodity funds with institutional investors or investments in a business involved in retail, real estate, professional services, gaming or financial services.

"Taxpayer investor", accredited investors, as defined by the United States Securities and Exchange Commission pursuant to section 2(15)(ii) of the Securities Act of 1933, 15 U.S.C. section 77b(15)(ii)), and who is not the principal owner of the qualifying business who is involved as a full-time professional activity.

(2) A taxpayer investor who makes a qualifying investment in a qualifying business may, take a credit against the taxes imposed by this chapter in an amount equal to 20 per cent of the

23 amount of investment on a qualifying business. Taxpayer investors may invest up to $125,000
24 per qualifying business per year with a $250,000 maximum for each qualifying business.

25 (3) A taxpayer investor who makes a qualifying investment in a qualifying business with
26 its principal place of business located in a gateway municipality shall be allowed a credit against
27 the taxpayer investor's income tax due in the amount of 30 per cent of a qualifying investment.

28 (4) Qualifying investments may be used by a qualifying business for the following
29 purposes: (a) capital improvements; (b) plant equipment; (c) research and development; and (d)
30 working capital. Qualifying investments shall not be used to: pay dividends, repay shareholders'
31 loans, redeem shares or repay debt.

32 (5) The credits allowed under paragraph (2) or (3) may be taken in each year for a 3 year
33 period. Alternatively, the credits shall be allowed against income tax due in either the tax year of
34 the initial investment or in each year for such 3 year period. Any amount of the tax credit that
35 exceeds the tax due for a taxable year may be carried forward by the taxpayer to any of the 2
36 subsequent taxable years. If the qualifying business ceases to have its principal place of business
37 in Massachusetts within such 3 year period, the taxpayer investor shall not claim any further
38 credits.

39 SECTION 2. The provisions of section 1 of this act shall be applicable to tax years
40 commencing after December 31, 2012.