HOUSE DOCKET, NO. 2261 FILED ON: 1/20/2011

HOUSE . . . . . No. 2553

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:

An Act to invest in our communities.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
James J. O'Day	*14th Worcester*
Ellen Story	*3rd Hampshire*
Ruth B. Balser	*12th Middlesex*
James B. Eldridge	☐ *[District]* ☐
Alice K. Wolf	*25th Middlesex*
Kay Khan	*11th Middlesex*
Frank I. Smizik	*15th Norfolk*
Carl M. Sciortino, Jr.	*34th Middlesex*
Denise Provost	*27th Middlesex*
Marcos A. Devers	*16th Essex*
John P. Fresolo	*16th Worcester*
Patricia D. Jehlen	☐ *[District]* ☐
Sean Curran	*9th Hampden*
Elizabeth A. Malia	*11th Suffolk*

Angelo J. Puppolo, Jr.	*12th Hampden*
Paul W. Mark	*2nd Berkshire*

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HOUSE . . . . . No. 2553

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

The Commonwealth of Massachusetts

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:

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

SECTION 1.

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

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

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

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

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

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

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

In determining the Part A and Part C taxable income of persons who are 65 or older, or who are disabled, an exemption shall be allowed upon the sum of the Part A and Part C adjusted gross income of such persons in an amount equal to the lesser of $2500 and one third of the sum of such Part A and Part C income for a single person, or a married person filing a separate return,

21 whose total federal adjusted gross income is less than $40,000, and in an amount equal to the
22 lesser of $5000 and one third of the sum of the Part A and Part C income for a married couple
23 filing a joint return whose total federal adjusted gross income is less than $80,000, provided,
24 however, that if only one spouse is 65 or older or is disabled, the exemption shall not exceed
25 $2,500.

26 SECTION 2.

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

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

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

34

35 Part A taxable income consisting of interest and dividends shall be taxed at the rate of
36 8.95 per cent for tax years beginning on or after January 1, 2012.

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

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

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

45 Part C taxable income shall be taxed at the rate of 8.95 percent for tax years beginning on
46 or after January 1, 2012, excepting Part C taxable income derived from the sale of investments
47 which: (1) are in a corporation which is domiciled in the commonwealth with a date of
48 incorporation on or after January 1, 2011 which has less than $50 million in assets at the time of
49 investment and complies with subsections (e)(1), (e)(2), (e)(5), and (e)(6) of Section 1202 of the
50 Internal Revenue Service Code; and (2) are held for 3 years or more, which shall be taxed at a
51 rate of 3 per cent; provided, however, that in order to qualify for the 3 per cent rate, such
52 investments shall be made within 5 years of the date of incorporation and, to the extent
53 consistent with the provisions of this subsection, shall be in stock in a corporation that satisfies
54 the requirements for treatment as “qualified small business stock” under section 1202 (c) of the

55 federal Internal Revenue Code, without regard to the requirement that the corporation be a C
56 corporation.