

**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 adoption 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>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>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 W. Mark</i>	<i>2nd Berkshire</i>

**HOUSE . . . . . No. 2553**

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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.

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**The Commonwealth of Massachusetts**

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**In the Year Two Thousand Eleven**  
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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  
4 hereby amended by striking out subsection B(b)(1)(A) and inserting in place thereof the  
5 following:--

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

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

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

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

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

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

17 In determining the Part A and Part C taxable income of persons who are 65 or older, or  
18 who are disabled, an exemption shall be allowed upon the sum of the Part A and Part C adjusted  
19 gross income of such persons in an amount equal to the lesser of \$2500 and one third of the sum  
20 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:--

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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.