

**SENATE . . . . . No. 1460**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

*Brian A. Joyce*

*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 extending the investment tax credit to all corporations..

PETITION OF:

NAME:

*Brian A. Joyce*

DISTRICT/ADDRESS:

*Norfolk, Bristol and Plymouth*

**SENATE . . . . . No. 1460**

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By Mr. Joyce, a petition (accompanied by bill, Senate, No. 1460) of Brian A. Joyce for legislation to extend the investment tax credit to all corporations. Revenue.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. 1279 OF 2009-2010.]

**The Commonwealth of Massachusetts**

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**In the Year Two Thousand Eleven**  
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An Act extending the investment tax credit to all corporations..

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

1                   SECTION 1. Chapter 63 of the General Laws, as appearing in the 2008  
2 Official Edition, is hereby amended by deleting section 31A and replacing it with the following  
3 new section:-

4                   Section 31A.       (a) A business corporation shall be allowed a credit as  
5 hereinafter provided against its excise due under this chapter. The amount of such credit shall be  
6 three per cent of the cost or other basis for federal income tax purposes of qualifying tangible  
7 property acquired, constructed, reconstructed, or erected during the taxable year, after deduction  
8 therefrom of any federally authorized tax credit taken with respect to such property. Qualifying  
9 property shall be tangible personal property and other tangible property including buildings and  
10 structural components of buildings acquired by purchase, as defined under section one hundred  
11 and seventy-nine (d) of the Federal Internal Revenue Code as amended and in effect for the

12 taxable year is not taxable under chapter sixty A; used by the corporation in the commonwealth;  
13 situated in the commonwealth on the last day of the taxable year; and which (1) is depreciable  
14 under section one hundred and sixty-seven of said Code and has a useful life of four years or  
15 more, or (2) is considered recovery property under section one hundred and sixty-eight of said  
16 Code.

17           A business corporation shall be allowed a credit against its excise due under  
18 this chapter for tangible personal property leased pursuant to an operating lease as hereinafter  
19 provided. The amount of such credit afforded to a lessee corporation with respect to such  
20 tangible personal property shall be three percent of the lessor's adjusted basis in the property for  
21 federal income tax purposes at the beginning of the lease term, multiplied by a fraction, the  
22 numerator of which shall be the number of days of the taxable year during which the lessee  
23 corporation leases the tangible personal property and the denominator of which shall be the  
24 number of days in the useful life of such property. Such useful life shall be the same as that used  
25 by the lessor for depreciation purposes when computing federal income tax liability. An  
26 operating lease shall be any contract or agreement to lease or rent or for a license to use such  
27 property provided that (i) said lease does not constitute a purchase as defined under section one  
28 hundred and seventy-nine (d) of the Code, as amended and in effect for the taxable year, (ii) such  
29 property is not taxable under chapter sixty A, (iii) such property is used by the lessee corporation  
30 in the commonwealth, (iv) such property is situated in the commonwealth throughout the entire  
31 lease term, and (v) such property (1) is depreciable by the lessor under section one hundred and  
32 sixty-seven of said Code and has a useful life of four years or more, or (2) is considered recovery  
33 property under section one hundred sixty-eight of said Code. Such credit shall not be available to  
34 a lessee if such lessor has previously received a credit with respect to the leased tangible personal

35 property. The commissioner shall by regulation require such documentation of the lessor and  
36 lessee as to substantiate the credit claimed by this section.

37 (b) A corporation shall not be allowed a credit under paragraph (a) with respect  
38 to tangible personal property and other tangible property, including buildings and structural  
39 components of buildings, which it leases as a lessor. For the purposes of the preceding sentence,  
40 any contract or agreement to lease or rent or for a license to use such property shall be  
41 considered a lease.

42 (c) The credit allowed under this section for any taxable year shall not reduce  
43 the excise to less than the amount due under section thirty-two (b) or sixty-seven and under any  
44 act in addition thereto.

45 (d) A corporation may elect to deduct the amount allowable under section  
46 thirty-eight D or the credit under this section, but not both. Any such election must be made on  
47 or before the due date of filing the return, including any extension of time and shall be  
48 irrevocable.

49 (e) With respect to property which is disposed of or ceases to be in qualified  
50 use prior to the end of the taxable year in which the credit is to be taken, the amount of the credit  
51 shall be that portion of the credit provided for in paragraph (a) which represents the ratio which  
52 the months of qualified use bear to the months of useful life. If property on which credit has been  
53 taken is disposed of or ceases to be in qualified use prior to the end of its useful life, the  
54 difference between the credit taken and the credit allowed for actual use must be added back as  
55 additional taxes due in the year of disposition; provided, however, if such property is disposed of  
56 or ceases to be in qualified use after it has been in qualified use for more than twelve consecutive

57 years, it shall not be necessary to add back the credit, as provided in this paragraph. The amount  
58 of credit allowed for actual use shall be determined by multiplying the original credit by the ratio  
59 which the months of qualified use bear to the months of useful life. For the purposes of this  
60 paragraph, useful life of property shall be the same as that used by the corporation for  
61 depreciation purposes when computing federal income tax liability.

62 (f) A corporation renting or leasing tangible property otherwise qualifying for  
63 the credit under this section from a regional business development corporation or authority  
64 authorized under chapter forty D or a regional business development corporation organized as a  
65 non-profit corporation under any special act shall be deemed to have acquired such property by  
66 purchase as defined under Sec. 179(d) of the Federal Internal Revenue Code, as amended and in  
67 effect for the taxable year, for the purposes of this section and shall be eligible for the credit  
68 under paragraph (a). The amount of such credit shall be three per cent of the value of qualifying  
69 property leased and placed in qualified use during the taxable year. Such value shall be the cost  
70 of such property to the regional business development corporation and the books and records of  
71 such corporation shall for the purposes of this section be open to the commissioner for  
72 inspection. For the purposes of this section, a termination or cessation of such rental or lease for  
73 any reason other than a transfer of ownership of such property to the lessee shall be considered a  
74 disposition of such property. No further credit shall be allowed to such lessee or any successor  
75 corporation, as the case may be, on account of such property in the event of successive rentals or  
76 leases, replacement, alteration or change of the property rented or leased; transfer of ownership  
77 of such property to the lessee; or the merger, consolidation or other reorganization of such lessee.

78 (g) Any corporation entitled to a credit for any taxable year in accordance with  
79 the provisions of paragraphs (a) to (f), inclusive, may carry over and apply to its excise for any

80 one or more of the next succeeding three taxable years, the portion, as reduced from year to year,  
81 of its credit which exceeds its excise for the taxable year.

82 (h) Any corporation entitled to a credit for any taxable year under this section  
83 shall apply it only to its excise for any of the eligible taxable years.

84 SECTION 2. Chapter 63 of the General Laws, as so appearing, is hereby  
85 further amended by deleting Section 38U as most recently amended by Chapter 130 of the Acts  
86 of 2008.