HOUSE DOCKET, NO. 1869 FILED ON: 1/15/2015

HOUSE . . . . . No. 2528

The Commonwealth of Massachusetts

PRESENTED BY:

Jonathan Hecht

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 relative to the taxation of unearned income.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Jonathan Hecht	*29th Middlesex*
Michelle M. DuBois	*10th Plymouth*
James B. Eldridge	*Middlesex and Worcester*
Patricia D. Jehlen	*Second Middlesex*
Mary S. Keefe	*15th Worcester*
Jason M. Lewis	*Fifth Middlesex*
Denise Provost	*27th Middlesex*
Ellen Story	*3rd Hampshire*

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HOUSE . . . . . No. 2528

By Mr. Hecht of Watertown, a petition (accompanied by bill, House, No. 2528) of Jonathan Hecht and others relative to the taxation of unearned income. Revenue.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act relative to the taxation of unearned income.

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 3 of chapter 62 of the General Laws, as appearing in the 2012 Official Edition, is hereby amended by adding a subsection D to read in its entirety as follows:-

In determining the Part A and Part C taxable income, 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, whose total federal adjusted gross income is less than $40,000, and in an amount equal to the lesser of $5000 and one third of the sum of the Part A and Part C income for a married couple filing a joint return whose total federal adjusted gross income is less than $80,000.

SECTION 2. Section 4 of said chapter 62, as so appearing, is hereby amended by striking out subsection (a)(1) and inserting in place thereof the following:-

12 Part A taxable income consisting of capital gains shall be taxed at the rate of 8.95 per
13 cent for tax years beginning on or after January 1, 2016.

14 SECTION 3. Said section 4 of said chapter 62, as so appearing, is hereby further
15 amended by striking out subsection (a)(2) and inserting in place thereof the following:-

16 Part A taxable income consisting of interest and dividends shall be taxed at the rate of
17 8.95 per cent for tax years beginning on or after January 1, 2016.

18 SECTION 4. Said section 4 of said chapter 62, as so appearing, is hereby amended by
19 striking out subsection (c) and inserting in place thereof the following:-

20 Part C taxable income shall be taxed at the rate of 8.95 percent for tax years beginning on
21 or after January 1, 2016, excepting Part C taxable income derived from the sale of investments
22 which: (1) are in a corporation which is domiciled in the commonwealth with a date of
23 incorporation on or after January 1, 2011 which has less than $50 million in assets at the time of
24 investment and complies with subsections (e)(1), (e)(2), (e)(5), and (e)(6) of Section 1202 of the
25 Internal Revenue Service Code; and (2) are held for 3 years or more, which shall be taxed at a
26 rate of 3 per cent; provided, however, that in order to qualify for the 3 per cent rate, such
27 investments shall be made within 5 years of the date of incorporation and, to the extent
28 consistent with the provisions of this subsection, shall be in stock in a corporation that satisfies
29 the requirements for treatment as “qualified small business stock” under section 1202(c) of the
30 federal Internal Revenue Code, without regard to the requirement that the corporation be a C
31 corporation.