

HOUSE No. 3668

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 4, 2017.

The committee on Revenue to whom was referred the petition (accompanied by bill, House, No. 1645) of Jonathan D. Zlotnik and others relative to the taxation of inventory of tangible property of corporations, reports recommending that the accompanying bill (House, No. 3668) ought to pass.

For the committee,

JAY R. KAUFMAN.

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**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act relative to the taxation of inventory in manufacturing.

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. Section 30 of chapter 63 of the General Laws, as appearing in the 2014
2 Official Edition, is hereby amended by striking out paragraph 7 and inserting in place thereof the
3 following paragraph:-

4 7. The value of a corporation's tangible property taxable under clause (1) of subsection
5 (a) of section 39 shall be the book value of the corporation's tangible property situated in the
6 commonwealth on the last day of the taxable year as is not subject to local taxation nor taxable
7 under section 67; provided, that the value of raw material held for the purpose of production by a
8 manufacturing corporation, as defined in section 42B, shall be excluded from such
9 manufacturing corporation's tangible property value for the sole purpose of taxation under said
10 clause (1) of said subsection (a) of said section 39. For purposes of this paragraph, "book value"
11 means the original cost of such property, less the depreciation or amortization taken against such
12 property on the books of the corporation maintained for making financial reports to shareholders.
13 If the commissioner finds that a corporation has transferred its tangible property under clause (1)
14 of subsection (a) of section 39 for the purpose of reducing its excise under this chapter, he may

15 determine the amount of its tangible property taxable under said section on the basis of the
16 average of such tangible property held during the taxable year.

17 SECTION 2. Subsection (a) of section 42B of said chapter 63, as so appearing, is hereby
18 amended by adding at the end thereof the following:- and except as set forth in paragraph 7 of
19 section 30.

20 SECTION 3. This act shall apply to tax years beginning on or after January 1, 2019.