

HOUSE No. 2851

The Commonwealth of Massachusetts

PRESENTED BY:

Mike Connolly and Joanne M. Comerford

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 strengthen the foundation of the Commonwealth.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Mike Connolly</i>	<i>26th Middlesex</i>	<i>1/29/2021</i>
<i>Joanne M. Comerford</i>	<i>Hampshire, Franklin and Worcester</i>	<i>1/29/2021</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>2/18/2021</i>
<i>Jack Patrick Lewis</i>	<i>7th Middlesex</i>	<i>2/24/2021</i>
<i>Carmine Lawrence Gentile</i>	<i>13th Middlesex</i>	<i>2/24/2021</i>
<i>Tami L. Gouveia</i>	<i>14th Middlesex</i>	<i>2/26/2021</i>
<i>Natalie M. Higgins</i>	<i>4th Worcester</i>	<i>2/26/2021</i>
<i>David Henry Argosky LeBoeuf</i>	<i>17th Worcester</i>	<i>2/26/2021</i>
<i>Erika Uyterhoeven</i>	<i>27th Middlesex</i>	<i>2/26/2021</i>
<i>James J. O'Day</i>	<i>14th Worcester</i>	<i>3/3/2021</i>
<i>Maria Duaine Robinson</i>	<i>6th Middlesex</i>	<i>4/2/2021</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	<i>4/2/2021</i>
<i>Michelle M. DuBois</i>	<i>10th Plymouth</i>	<i>4/7/2021</i>

HOUSE No. 2851

By Representative Connolly of Cambridge and Senator Comerford, a joint petition (accompanied by bill, House, No. 2851) of Mike Connolly, Joanne M. Comerford and others relative to further regulating tax revenue. Revenue.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act to strengthen the foundation of the Commonwealth.

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 5G of Chapter 29 of the General Laws, is hereby amended by
2 striking out the first paragraph, as amended by section 5 of chapter 142 of the acts of 2019, and
3 inserting in place thereof the following paragraph:

4 After each quarter, the department of revenue shall certify to the state comptroller the
5 amount of tax revenues estimated to have been collected during the preceding quarter from
6 capital gains income. If the department of revenue certifies that the amount of tax revenues
7 estimated to have been collected from capital gains income exceeds \$1,900,000,000 in a fiscal
8 year, the comptroller shall transfer quarterly any such amount that exceeds \$1,900,000,000
9 collected during that fiscal year as follows: (i) 90 per cent shall be transferred to the
10 Commonwealth Stabilization Fund established in section 2H; (ii) 5 per cent shall be transferred
11 to the State Retiree Benefits Trust Fund established in section 24 of chapter 32A; and (iii) 5 per
12 cent shall be transferred to the Commonwealth’s Pension Liability Fund established in

13 subsection (e) of subdivision 8 of section 22 of chapter 32. The \$1,900,000,000 threshold
14 established in the preceding sentence shall be adjusted annually to reflect the average annual rate
15 of growth in United States gross domestic product over the preceding 5 years based on the most
16 recently available data published by the Bureau of Economic Analysis in the United States
17 Department of Commerce.

18 SECTION 2. Section 3 of chapter 62 of the General Laws, as appearing in the 2018
19 Official Edition, is hereby amended by adding the following subsection:-

20 D. A taxpayer may claim one of the following exemptions:

21 (a) In the case of a single person or a married person filing a separate return and whose
22 federal adjusted gross income is less than \$50,000, a personal exemption not to exceed \$10,000
23 of the taxpayer's Part A income consisting of interest and dividends and Part C adjusted gross
24 income.

25 (b) In the case of a married couple filing a joint return and whose federal adjusted gross
26 income is less than \$100,000, a personal exemption not to exceed \$20,000 of the taxpayers' Part
27 A income consisting of interest and dividends and Part C adjusted gross income.

28 (c) In the case of a single person or a married person filing a separate return who is 65
29 years of age or older or who is disabled and whose federal adjusted gross income is less than
30 \$40,000, a personal exemption not to exceed \$30,000 of the taxpayer's Part A income consisting
31 of interest and dividends and Part C adjusted gross income.

32 (d) In the case of a married couple filing a joint return, at least 1 of whom is either 65
33 years of age or older or is disabled and whose federal adjusted gross income is less than \$80,000,

34 a personal exemption not to exceed \$60,000 of the taxpayers' Part A income consisting of
35 interest and dividends and Part C adjusted gross income.

36 SECTION 3. Section 4 of said chapter 62, as so appearing, is hereby amended by striking
37 out paragraph (2) of subsection (a) and inserting in place the following paragraph:

38 (2) Part A taxable income consisting of interest and dividends shall be taxed at the rate of
39 9 per cent.

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

42 (c) Part C taxable income shall be taxed at the rate of 9 per cent, excepting Part C taxable
43 income derived from the sale of investments which: (1) are in a corporation which is domiciled
44 in the commonwealth with a date of incorporation on or after January 1, 2011 which has less
45 than \$50 million in assets at the time of investment and complies with subsections (e)(1), (e)(2),
46 (e)(5), and (e)(6) of Section 1202 of the Internal Revenue Service Code; and (2) are held for 3
47 years or more, which shall be taxed at a rate of 3 per cent; provided, however, that in order to
48 qualify for the 3 per cent rate, such investments shall be made within 5 years of the date of
49 incorporation and, to the extent consistent with the provisions of this subsection, shall be in stock
50 in a corporation that satisfies the requirements for treatment as "qualified small business stock"
51 under section 1202(c) of the federal Internal Revenue Code, without regard to the requirement
52 that the corporation be a C corporation.

53 SECTION 5. The provisions of this act shall apply to all taxable years commencing on or
54 after January 1, 2021.