

HOUSE No. 4074

The Commonwealth of Massachusetts

PRESENTED BY:

Mike Connolly

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 implementing progressive options for raising new revenue.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: | DATE ADDED: |
|----------------------------|-----------------------|------------------|
| <i>Mike Connolly</i> | <i>26th Middlesex</i> | <i>2/19/2021</i> |
| <i>Lindsay N. Sabadosa</i> | <i>1st Hampshire</i> | <i>2/25/2021</i> |
| <i>Nika C. Elugardo</i> | <i>15th Suffolk</i> | <i>2/26/2021</i> |
| <i>Michelle M. DuBois</i> | <i>10th Plymouth</i> | <i>4/1/2021</i> |

HOUSE No. 4074

By Mr. Connolly of Cambridge, a petition (accompanied by bill, House, No. 4074) of Mike Connolly and others relative to implementing certain options for raising new revenue. Revenue.

The Commonwealth of Massachusetts

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

An Act implementing progressive options for raising new revenue.

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 8.95 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 8.95 per cent, excepting Part C
43 taxable income derived from the sale of investments which: (1) are in a corporation which is
44 domiciled in the commonwealth with a date of incorporation on or after January 1, 2011 which
45 has less than \$50 million in assets at the time of investment and complies with subsections (e)(1),
46 (e)(2), (e)(5), and (e)(6) of Section 1202 of the Internal Revenue Service Code; and (2) are held
47 for 3 years or more, which shall be taxed at a rate of 3 per cent; provided, however, that in order
48 to 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. Subsection (h) of section 6 of said chapter 62 of the General Laws, as
54 appearing in section 30 of chapter 154 of the acts of 2018, is hereby amended by striking out the

55 figure “30”, each time it appears, and inserting in place thereof, in each instance, the following
56 figure:- 50.

57 SECTION 6. Section 6F of chapter 62 of the General Laws, as most recently amended by
58 section 17 of chapter 209 of the Acts of 2018, is hereby further amended by striking subsection
59 (b)(2)(C) and replacing it with the following:-

60 (C) In the case of property acquired after December thirty-first, 2019 from a decedent
61 within the meaning of section one thousand and fourteen (b) of the Code, the initial basis of such
62 property shall be determined without application of the provisions of section one thousand and
63 fourteen of the Code.

64 SECTION 7. Section 39 of chapter 63 of the General Laws, as so appearing, is amended
65 by 55 striking out subsection (b) and inserting in place thereof the following subsection:--

66 (b) A minimum tax as follows:

67 (1) If the total sales of the corporation in the commonwealth during the taxable year, as
68 determined pursuant to subsection (f) of section 38, are less than \$1,000,000, the minimum tax
69 shall be \$456.

70 (2) If the total sales of the corporation in the commonwealth during the taxable year, as
71 determined pursuant to subsection (f) of section 38, are equal to or greater than \$1,000,000 and
72 less than \$5,000,000, the minimum tax shall be \$1,500.

73 (3) If the total sales of the corporation in the commonwealth during the taxable year, as
74 determined pursuant to subsection (f) of section 38, are equal to or greater than \$5,000,000 and
75 less than \$10,000,000, the minimum tax shall be \$2,500.

76 (4) If the total sales of the corporation in the commonwealth during the taxable year, as
77 determined pursuant to subsection (f) of section 38, are equal to or greater than \$10,000,000 and
78 less than \$25,000,000, the minimum tax shall be \$3,500.

79 (5) If the total sales of the corporation in the commonwealth during the taxable year, as
80 determined pursuant to subsection (f) of section 38, are equal to or greater than \$25,000,000 and
81 less than \$50,000,000, the minimum tax shall be \$5,000.

82 (6) If the total sales of the corporation in the commonwealth during the taxable year, as
83 determined pursuant to subsection (f) of section 38, are equal to or greater than \$50,000,000 and
84 less than \$100,000,000, the minimum tax shall be \$10,000.

85 (7) If the total sales of the corporation in the commonwealth during the taxable year, as
86 determined pursuant to subsection (f) of section 38, are equal to or greater than \$100,000,000
87 and less than \$500,000,000, the minimum tax shall be \$25,000.

88 (8) If the total sales of the corporation in the commonwealth during the taxable year, as
89 determined pursuant to subsection (f) of section 38, are equal to or greater than \$500,000,000
90 and less than \$1,000,000,000, the minimum tax shall be \$75,000.

91 (9) If the total sales of the corporation in the commonwealth during the taxable year, as
92 determined pursuant to subsection (f) of section 38, are equal to or greater than \$1,000,000,000
93 the minimum tax shall be \$150,000.

94 SECTION 8. Section 1 of chapter 64D of the General Laws, as so appearing, is hereby
95 amended by inserting after the word “dollars”, in line 17, the following words:- ; and provided
96 further, that if said consideration in any part of the commonwealth exceeds \$2,000,000 but is less

97 than \$5,000,000, the excise shall be 2 per cent of such consideration or if said consideration in
 98 any part of the commonwealth exceeds \$5,000,000, the excise shall be 5 per cent of such
 99 consideration.

100 SECTION 9. Section 2 of chapter 65C of the General Laws is hereby amended by
 101 striking out subsection (a) and inserting in place thereof the following subsection:-

102 Notwithstanding any law to the contrary, a tax computed in accordance with the
 103 following table less the credit, if any, provided in subsection (a) of section three, is hereby
 104 imposed on the transfer of the Massachusetts taxable estate of every deceased resident of
 105 Massachusetts:--

If the Massachusetts
 taxable estate is:

The Massachusetts estate tax shall be:

| Over | But not over | | |
|-----------|--------------|---------------------------------------|-------------|
| 0 | 50,000 | 5% of the taxable estate | |
| 50,000 | 100,000 | \$ 2,500 plus 7% of the excess over | \$ 50,000 |
| 100,000 | 200,000 | \$ 6,000 plus 9% of the excess over | \$ 100,000 |
| 200,000 | 400,000 | \$ 15,000 plus 10% of the excess over | \$ 200,000 |
| 400,000 | 600,000 | \$ 35,000 plus 11% of the excess over | \$ 400,000 |
| 600,000 | 800,000 | \$ 57,000 plus 12% of the excess over | \$ 600,000 |
| 800,000 | 1,000,000 | \$ 81,000 plus 13% of the excess over | \$ 800,000 |
| 1,000,000 | 2,000,000 | \$107,000 plus 28% of the excess over | \$1,000,000 |
| 2,000,000 | 4,000,000 | \$247,000 plus 30% of the excess over | \$2,000,000 |
| 4,000,000 | | \$547,000 plus 32% of the excess over | \$4,000,000 |

106 ; provided, however, that the tax under this subsection shall not be greater than 30 per
107 cent of the amount by which the Massachusetts net estate exceeds the exemption given at
108 subsection (a) of section three.