

**HOUSE . . . . . No. 2967**

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**The Commonwealth of Massachusetts**

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PRESENTED BY:

*Erika Uytterhoeven*

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*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 establishing a tax on excessive executive compensation.**

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PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Erika Uytterhoeven</i>	<i>27th Middlesex</i>	<i>1/17/2023</i>

**HOUSE . . . . . No. 2967**

By Representative Uyterhoeven of Somerville, a petition (accompanied by bill, House, No. 2967) of Erika Uyterhoeven relative to establishing a tax on excessive executive compensation. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 3083 OF 2021-2022.]

**The Commonwealth of Massachusetts**

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**In the One Hundred and Ninety-Third General Court  
(2023-2024)**  
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An Act establishing a tax on excessive executive compensation.

*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, section 81 of the The General Laws, is hereby amended by  
2 adding the following new section:

3           SECTION 82

4           EXECUTIVE COMPENSATION TAX.

5           Section 1.

6           As used in this section, terms shall have the following meanings:

7           (a)

8 (1) "Compensation," in the case of employees of the taxpayer other than the chief  
9 executive officer, chief operating officer, or the highest paid employee, means wages as defined  
10 in section 1 of chapter 63 of the General Laws.

11 (2) "Compensation," in the case of the chief executive officer, chief operating officer, or  
12 the highest paid employee of the taxpayer, means total compensation as reported in the Summary  
13 Compensation Table reported to the United States Securities and Exchange Commission  
14 pursuant to Item 402 of Regulation S-K of the Securities and Exchange Commission.

15 (b) "Compensation ratio" for a taxable year means a ratio where the numerator is the  
16 amount equal to the greater of the compensation of the chief executive officer, chief operating  
17 officer, or the highest paid employee of the taxpayer averaged over the three calendar years  
18 preceding the beginning of the taxable year and the denominator is the amount equal to the  
19 median compensation of all employees employed by the taxpayer, including all contracted  
20 employees under contract with the taxpayer, in the United States for the calendar year preceding  
21 the beginning of the taxable year.

## 22 Section 2.

23 Every corporation with a net income of \$10,000,000 or more doing business in the  
24 commonwealth and not expressly exempted from taxation shall annually pay to the  
25 commonwealth a tax according to or measured by net income, to be computed at the applicable  
26 tax rate upon the basis of the net income for that taxable year, as determined as follows, but in no  
27 case shall the tax rate be less than the minimum tax specified in section two of chapter 63 of the  
28 General Laws.

29 The applicable tax rate shall be determined as follows:

30 (a) If the compensation ratio is over zero but not over 50, the applicable tax rate is the  
31 base corporate tax rate plus an additional 0%;

32 (b) If the compensation ratio is over 50 but not over 100, the applicable tax rate is the  
33 base corporate tax rate plus an additional 1%;

34 (c) If the compensation ratio is over 100 but not over 200, the applicable tax rate is the  
35 base corporate tax rate plus an additional 2%;

36 (d) If the compensation ratio is over 200 but not over 300, the applicable tax rate is the  
37 base corporate tax rate plus an additional 4%;

38 (e) If the compensation ratio is over 300 but not over 400, the applicable tax rate is the  
39 base corporate tax rate plus an additional 6%;

40 (f) If the compensation ratio is over 400 but not over 500, the applicable tax rate is the  
41 base corporate tax rate plus an additional 8%;

42 (g) If the compensation ratio is over 500, the applicable tax rate is the base corporate tax  
43 rate plus an additional 10%.

44 Section 3.

45 If the total number of full-time employees, determined on an annual full-time equivalent  
46 basis, employed by the taxpayer in the United States for a taxable year is reduced by more than  
47 10 per cent, as compared to the total number of full-time employees, determined on an annual  
48 full-time equivalent basis, employed by the taxpayer in the United States for the preceding  
49 taxable year and the total number of contracted employees or foreign full-time employees,  
50 determined on an annual full-time equivalent basis, of the taxpayer for that taxable year has

51 increased as compared with the total number of contracted employees or foreign full-time  
52 employees, determined on an annual full-time equivalent basis, of the taxpayer for the preceding  
53 taxable year, then the applicable tax rate determined under Section 2 shall be increased by 50  
54 percent. For taxpayers who first commence doing business in this state during the taxable year,  
55 the number of full-time employees, contracted employees, and foreign full-time employees for  
56 the immediately preceding prior taxable year shall be zero.

57 Section 4.

58 This act shall take effect for the tax year beginning on January 1, 2024.