

HOUSE No. 42



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COMMONWEALTH OF MASSACHUSETTS
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MAURA T. HEALEY
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KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

March 1, 2023

To the Honorable Senate and House of Representatives,

I am filing for your consideration a bill entitled “An Act Creating Tax Relief for Affordability, Competitiveness, and Equity.” This tax package, projected to cost \$742 million net to budget in fiscal year 2024 (FY24), is an integral part of my FY24 budget proposal. It draws on the consensus around tax relief that began to emerge last year and delivers on my promise to help families across the Commonwealth.

Extraordinary tax growth over the past several years, together with prudent fiscal management, allows me to propose tax relief which is both responsible and meaningful. The bill’s total impact of \$859 million, including \$117 million that would otherwise go to long-term reserves, stems primarily from substantial tax cuts in four key areas.

The Child and Family Tax Credit is the \$458 million centerpiece of our Administration’s tax proposal. It hits squarely on affordability – for families with young children or disabled or senior dependents; equity – for low-income caregivers who could use a break in the form of a refundable credit; and competitiveness – for employers seeking to attract and retain workers in a state with high child care costs. This expanded and simplified credit would replace two interrelated dependent credits. The new credit is uncapped and is not limited by income: all filers will be able to claim \$600 for each qualifying dependent, including children under 13, disabled adults, and seniors. The \$600 refundable credit would provide relief for over 700,000 taxpayers who are supporting over 1,000,000 qualifying dependents across the Commonwealth.

A proposed reduction in the estate tax would increase the Commonwealth’s competitiveness: Massachusetts is one of only 12 states and Washington, D.C., that impose an estate tax. In addition, Massachusetts has the lowest threshold in the nation for estates subject to

tax. Under current law, estates with a gross value over \$1 million are subject to taxation, starting with the first dollar at a rate of 0.8% and growing to a marginal rate of 16%. This bill would establish a non-refundable \$182,000 credit for each estate. The credit would eliminate all taxes on estates worth \$3 million or less in net taxable value, while providing \$182,000 of tax relief on larger estates. This change would benefit all estate tax filers and provide reassurance to aging Massachusetts residents and their families at a cost of \$167 million in FY24 (\$272 million for a full year).

Two provisions touch on affordability of housing by increasing the maximum renter deduction, as well as the maximum senior circuit breaker tax credit for low-income seniors with high property tax costs. Current law allows filers to deduct up to 50% of the cost of the rent for their primary residence, up to \$3,000; this bill would increase the maximum deduction to \$4,000, saving renters \$40 million annually. Further, the package would double the maximum Senior Circuit Breaker credit from approximately \$1,200 up to approximately \$2,400. This credit, indexed to inflation, provides critical relief to low-income homeowners and renters aged 65 or older, and would result in \$60 million in tax relief.

By aligning the short-term capital gains tax rate with the 5% rate that applies to nearly all income, including long term capital gains, this bill would address an aspect of Massachusetts' tax structure that is out of step with nearly all other states. Because capital gains taxes above a threshold of approximately \$1.4 billion are not available to the budget under current law, this change can provide \$117 million in tax cuts, and bring the tax on capital gains more in line with other states for over 150,000 taxpayers, without having any impact on budgetary spending.

Ten smaller changes bring \$17 million in more targeted tax law improvements that would also have meaningful impact on key priorities, including housing, workforce, the environment, and Massachusetts' vibrant arts, culture and agricultural sectors.

In the area of affordability and equity, this bill would increase the statewide cap on the Housing Development Incentive Program (HDIP) from \$10 million to \$50 million on a one-time basis, and thereafter to \$30 million annually. HDIP expands the production of affordable housing through state tax credits to developers of market rate housing in Gateway Cities. The package expands occupations eligible for the apprenticeship tax credit and raises a statewide cap on the program to give it room to grow. The bill exempts any employer assistance with student loan repayment from taxable income for the employee. The expansion of commuter transit benefits to include regional transit passes and bike commuter expenses will help address commuting costs in a climate-friendly fashion and statewide.

A series of targeted tax cuts are potentially of great value for residents of environmental justice and rural communities. The bill doubles the deductions for lead paint abatement to \$3,000 for full and \$1,500 for partial abatement. It likewise doubles the maximum credit for septic tank repair or replacement in a primary residence to \$12,000, and allows taxpayers to access these

credits on a more accelerated schedule. The bill extends the expiring brownfields tax credit program through 2028, to continue support for cleanup of contaminated properties.

Lastly, the bill touches on target opportunities for competitiveness in regionally and culturally important activities. A new live theater tax credit would enable qualifying productions, selected through a competitive award process, to claim a credit for a share of payroll, production, and transportation costs. The bill would increase the dairy tax credit statewide cap from \$6 million to \$8 million, further insulating farmers when wholesale milk prices decline. Finally, the proposal would adjust the allowable alcohol content in cider and still wine to allow locally produced hard cider and still wine makers access to a more favorable tax rate.

I believe you will recognize and like many elements of this bill. I look forward to working with you over the coming months on finalizing a tax package for the benefit of our Commonwealth.

Respectfully Submitted,

Maura T. Healey,
Governor

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act creating tax relief for affordability, competitiveness and equity.

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 23A of the General Laws, as appearing in the 2020 Official
2 Edition, is hereby amended by inserting after section 3L the following section:-

3 Section 3M. (a) (1) For the purposes of this section the term “office” shall mean the
4 Massachusetts office of business development established in section 1 of chapter 23A, or any
5 constituent office thereof.

6 (2) There is hereby established a pilot program for a live theater tax credit for which a
7 live theater company doing business with a Massachusetts-based theater venue, theater company,
8 theater presenter or producer may be eligible. The credit shall be established to support the
9 expansion of pre-Broadway productions, pre-off Broadway productions and national tour
10 launches, as those terms are defined in paragraph (1) of subsection (dd) of section 6 of chapter 62
11 and subsection (a) of section 38NN of chapter 63 of the General Laws, and shall assist in the
12 development of long run show development and growth.

13 (b)(1) The office, directly or through a constituent office, shall run a competitive grant
14 program to award live theater tax credits. An applicant may only be awarded a tax credit if they
15 meet the requisite criteria and qualifications for the credit as outlined in this section and
16 subsection (dd) of chapter 62 of the General Laws or section 38NN of chapter 63 of the General
17 Laws. The office shall establish criteria for prioritization of credits, which may include
18 anticipated economic impact and other factors at the discretion of the office. No more than
19 \$5,000,000 may be awarded in any calendar year.

20 (2) An applicant for a live theater tax credit shall properly prepare, sign, and submit to the
21 office an application for certification of the theater production. The application shall include
22 information and data the office deems necessary for the evaluation and administration of the
23 application, including, but not limited to, any information about the theater production company
24 or its related partners or presenters and a specific Massachusetts live theater or musical
25 production. The eligible theater production budget shall be not less than \$100,000. The
26 maximum credit for any production shall not be more than \$5,000,000, or a lesser amount as
27 determined by the office.

28 (3) The office shall review completed applications, determine whether they meet the
29 requisite criteria and qualifications for certification, and award tax credits at their sole discretion.
30 The office may issue a certification of the eligible theater production or presentation to the
31 theater production company, co-producer or presenter and to the commissioner of revenue. The
32 certification shall provide a unique identification number for the production and shall be a
33 statement of conditional eligibility for the production.

34 (c) Upon completion of an eligible theater production for which a certification has been
35 granted, the applicant shall properly prepare, sign, and submit to the office and the department of
36 revenue a cost accounting in connection with the eligible theater production. The cost accounting
37 shall contain a cost report and an accountant's certification. In computing payroll costs,
38 production and performance expenditures, and transportation expenditures for which a credit will
39 be claimed, an eligible theater production shall subtract any state funds, state loans or state
40 guaranteed loans. The office and commissioner of revenue may rely, without independent
41 investigation, upon an accountant's certification, in the form of an opinion, confirming the
42 accuracy of the information included in the cost report.

43 (d) The office, in consultation with the commissioner of revenue, shall promulgate rules
44 and regulations to carry out this section.

45 (e) The office, in conjunction with the commissioner of revenue, shall report on the
46 impact of the live theater tax credit pursuant to subsection (dd) of section 6 of chapter 62 and
47 section 38NN of chapter 63 of the General Laws and shall submit the report to the clerks of the
48 house of representatives and the senate, the house and senate committees on ways and means and
49 the joint committee on economic development and emerging technologies not later than
50 December 31, 2028. The office and commissioner shall collaborate with the live theater industry
51 to collect the relevant data for the report. Said report shall include data to assess the direct and
52 indirect economic impacts of the live theater tax credit on the economy of the commonwealth,
53 including estimates of theater tickets sales to domestic and international visitors, spending by
54 live theater productions on adjacent businesses, wages paid for setting up and taking down
55 productions, and impacts on businesses in proximity to theaters, including hotels and restaurants.

56 SECTION 2. Subparagraph (9) of paragraph (a) of part B of section 3 of chapter 62 of the
57 General Laws, as so appearing, is hereby amended by striking out, in line 109, the figure “3,000”
58 and inserting in place thereof the following figure:- 4,000.

59 SECTION 3. Subparagraph (15) of said paragraph (a) of said part B of said section 3 of
60 said chapter 62, as so appearing, is hereby amended by inserting, in line 160, after the words
61 “commuter boat”, the following words:-, or for regional transit authority passes, or for a
62 bikeshare membership or for a bicycle including electric bikes, bicycle improvements, repair,
63 and storage,”

64 SECTION 4. Said paragraph (a) of said part B of said section 3 of said chapter 62, as so
65 appearing, is hereby further amended by adding the following subparagraph:-

66 (20) An amount equal to the amount of student loan payment assistance received by an
67 individual from their employer during the taxable year, and not already excluded under section
68 127 of the Code. For the purposes of this subparagraph, “student loan payment assistance” shall
69 mean the payment of principal or interest on a qualified education loan, as defined in section 221
70 of the Code.

71 SECTION 5. Paragraph (1) of subsection (a) of section 4 of said chapter 62, as so
72 appearing, is hereby amended by inserting, in line 5, after the word “cent” the following words:-
73 provided, however, that any gain from the sale or exchange of capital assets held for 1 year or
74 less shall be taxed at the rate of 5 per cent.

75 SECTION 6. Subsection (e) of section 6 of said chapter 62, as so appearing, is hereby
76 amended by striking out, in line 75, the words “one thousand five hundred dollars” and inserting
77 in place thereof the following words:- \$3,000.

78 SECTION 7. Said subsection (e) of said section 6 of said chapter 62, as so appearing, is
79 hereby further amended by striking out, in line 86, the words “five hundred dollars” and inserting
80 in place thereof the following words:- \$1,000.

81 SECTION 8. Subsection (i) of said section 6 of said chapter 62, as so appearing, is
82 hereby amended by striking out, in line 273, the figure “15,000” and inserting in place thereof
83 the following figure:- 30,000.

84 SECTION 9. Said subsection (i) of said section 6 of said chapter 62, as so appearing, is
85 hereby further amended by striking out, in line 277, the figure “1,500” and inserting in place
86 thereof the following figure:- 4,000.

87 SECTION 10. Said subsection (i) of said section 6 of said chapter 62, as so appearing, is
88 hereby further amended by striking out, in line 279, the figure “6,000” and inserting in place
89 thereof the following figure:- 12,000.

90 SECTION 11. Paragraph (1) of subsection (j) of said section 6 of said chapter 62 of the
91 General Laws, as so appearing, is hereby amended by striking out, in line 290, the figure “2023”
92 and inserting in place thereof the following figure:- 2028.

93 SECTION 12. Said paragraph (1) of said subsection (j) of said section 6 of said chapter
94 62, as so appearing, is hereby further amended by striking out, in line 296, the figure “2024” and
95 inserting in place thereof the following figure:- 2029.

96 SECTION 13. Paragraph (4) of said subsection (j) of said section 6 of said chapter 62, as
97 so appearing, is hereby amended by adding the following sentence:- For the purpose of the
98 Brownfields Redevelopment Fund, state financial assistance shall mean the amount of any grant

99 or principal amount of any loan, but shall not include any loan principal repaid as of the date the
100 credit application is filed with the commissioner. Net response and removal costs shall not
101 include any reimbursement that is received, or will be received, by the applicant, or any amounts
102 paid on behalf of the applicant from any source for these costs.

103 SECTION 14. Paragraph (2) of subsection (k) of said section 6 of said chapter 62, as so
104 appearing, is hereby amended by striking out, in line 447, the figure “750” and inserting in place
105 thereof the following figure:- 1,500.

106 SECTION 15. Paragraph (3) of subsection (o) of said section 6 of said chapter 62, as so
107 appearing, is hereby amended by striking out, in line 732, the figure “6,000,000” and inserting in
108 place thereof the following figure:- 8,000,000.

109 SECTION 16. Paragraph (5) of subsection (q) of said section 6 of said chapter 62, as so
110 appearing, is hereby amended by striking out, in lines 896 to 898, inclusive, the words “The total
111 amount of credits that may be authorized by DHCD in a calendar year pursuant to this subsection
112 and section 38BB of chapter 63 shall not exceed \$10,000,000 and” and inserting in place thereof
113 the following 3 sentences:- EOHLC may authorize up to \$30,000,000 in credits annually under
114 this subsection and section 38BB of chapter 63. In addition, EOHLC may authorize annually (i)
115 any portion of the annual cap on credits not authorized by EOHLC in the preceding calendar
116 years under this subsection or said section 38BB of said chapter 63; and (ii) any credits under
117 this subsection or said section 38BB of said chapter 63 returned to EOHLC by a certified
118 housing development project. The total amount of credits authorized during a year.

119 SECTION 17. Said paragraph (5) of said subsection (q) of said section 6 of said chapter
120 62, as so appearing, is hereby further amended by inserting, in line 900, after the words “chapter
121 63;” the following word:- and.

122 SECTION 18. Said paragraph (5) of said subsection (q) of said section 6 of said chapter
123 62, as so appearing, is hereby further amended by striking out, in lines 903 to 905, inclusive, the
124 words “Any portion of the \$10,000,000 annual cap not awarded by the DHCD in a calendar year
125 shall not be applied to awards in a subsequent year.”

126 SECTION 19. Said section 6 of chapter 62 of the General Laws is hereby further
127 amended by striking out subsections (x) and (y), and inserting in place thereof the following
128 subsection:-

129 (x)(1) As used in this subsection, the following words shall have the following meanings:

130 “Cost-of-living adjustment”, for any calendar year, the percentage, if any, by which the
131 CPI for the preceding calendar year exceeds the CPI for calendar year 2023.

132 “CPI”, the consumer price index for any calendar year as defined in section 1 of the
133 Code.

134 “Eligible dependent”, an individual who is either (i) under the age of 13 and who
135 qualifies for exemption as a dependent under section 151 of the Code; or (ii) not less than 65
136 years of age and who qualifies as a dependent under section 152 of the Code; or (iii) disabled and
137 who qualifies as a dependent under section 152 of the Code.

138 (2) A taxpayer who maintains a household that includes as a member an eligible
139 dependent shall be allowed a credit in an amount equal to \$600 for each such eligible dependent;

140 provided, that the credit provided in this subsection shall be allowed only if the taxpayer and the
141 taxpayer's spouse file a joint return for the taxable year or if the taxpayer qualifies as a head of
142 household under section 2(b) of the Code; and provided further, that for the purposes of this
143 subsection, "maintains a household" shall have the same meaning as in section 21 of the Code.
144 For each taxable year, the commissioner shall annually increase the amount of credit for each
145 eligible dependent as provided by this subsection by an amount equal to such credit multiplied
146 by the cost-of-living adjustment for the calendar year in which such taxable year begins. With
147 respect to a taxpayer who is a non-resident for part of the taxable year, the credit shall be further
148 limited to the amount of allowable credit multiplied by a fraction, the numerator of which shall
149 be the number of days in the taxable year the person resided in the commonwealth and the
150 denominator of which shall be the number of days in the taxable year. A person who is a non-
151 resident for the entire taxable year shall not be allowed the credit. If the amount of the credit
152 allowed under this subsection exceeds the taxpayer's tax liability, the commissioner shall treat
153 the excess as an overpayment and shall pay the taxpayer the entire amount of the excess without
154 interest.

155 SECTION 20. Paragraph (1) of subsection (v) of said section 6 of said chapter 62, as so
156 appearing, is hereby amended by adding, in line 1158, after the words "NAICS code 31-33", the
157 following words:- and other expansion industries the secretary of labor and workforce
158 development identifies as critical to a regional labor market economy.

159 SECTION 21. Said section 6 of said chapter 62 of the General Laws, as amended by
160 section 103 of chapter 268 of the acts of 2022, is hereby further amended by adding the
161 following subsection:-

162 (dd)(1) As used in this subsection, the following words shall, unless the context clearly
163 requires otherwise, have the following meanings:

164 “Advertising and public relations expenditure”, a cost incurred within the commonwealth
165 by an eligible theater production for goods or services related to the marketing, public relations,
166 creation and placement of print, electronic, television, billboards or other forms of advertising to
167 promote the eligible theater production.

168 “Eligible theater production”, a live stage musical, dance or theatrical production or tour
169 being presented in a qualified production facility that is either: (i) a pre-Broadway production;
170 (ii) a pre-off Broadway production; (iii) a national tour launch; or (iv) a regional professional
171 theater production.

172 “Eligible theater production certificate”, a certificate issued by the office, in consultation
173 with the commissioner, certifying that a production is an eligible theater production that meets
174 the rules or regulations of the office, and that it has been awarded a tax credit in a specified
175 amount, pursuant to section 3M of chapter 23A.

176 “National tour launch”, a live stage production that, in its original or adaptive version, is
177 performed in a qualified production facility and opens its national tour in the commonwealth.

178 “Office”, the Massachusetts office of business development established in section 1 of
179 chapter 23A, or any constituent office thereof.

180 “Payroll”, all salaries, wages, fees and other compensation from sources within the
181 commonwealth, including, but not limited to, taxes, benefits and any other consideration incurred
182 or paid to talent and non-talent employees of the applicant for services rendered within the

183 commonwealth to and on behalf of an eligible theater production; provided, that the payroll
184 expenditure shall be incurred or paid by the applicant for services related to any portion of an
185 eligible theater production from its pre-production stages, including, but not limited to: (i) the
186 writing of the script; (ii) casting; (iii) hiring of service providers; (iv) purchases from vendors;
187 (v) marketing; (vi) advertising; (vii) public relations; (viii) load in; (ix) rehearsals; (x)
188 performances; (xi) other eligible theater production related activities; and (xii) load out; and
189 provided further, that the payroll expenditure shall be directly attributable to the eligible theater
190 production and shall be limited to the first \$100,000 of wages incurred or paid to each employee
191 of an eligible theater production in each tax year.

192 “Pre-Broadway production”, a live stage production that, in its original or adaptive
193 version, is performed in a qualified production facility having a presentation scheduled for the
194 city of New York’s Broadway theater district within 24 months after its presentation in the
195 commonwealth.

196 “Pre-off Broadway production”, a live stage production that, in its original or adaptive
197 version, is performed in a qualified production facility having a presentation scheduled for city
198 of New York’s off-Broadway theater district within 24 months after its presentation in the
199 commonwealth.

200 “Production and performance expenditures”, a contemporaneous exchange of cash or
201 cash equivalent for goods or services related to development, production, performance or
202 operating expenditures incurred in the commonwealth for a qualified theater production,
203 including, but not limited to, expenditures for design, construction and operation, including sets,
204 special and visual effects, costumes, wardrobes, make-up, accessories, costs associated with

205 sound, lighting, staging, advertising and public relations expenditures, facility expenses, rentals,
206 per diems, accommodations and other related costs.

207 “Qualified production facility”, a facility located in the commonwealth in which live
208 theater productions are, or are intended to be, exclusively presented that contains at least 1 stage,
209 a seating capacity of not less than 175 seats, dressing rooms, storage areas and other ancillary
210 amenities necessary for the eligible theater production.

211 “Regional professional theater production”, a live stage production that is performed in a
212 qualified production facility with a professional cast and crew.

213 “Transportation expenditures”, expenses incurred in Massachusetts for the packaging,
214 crating and transportation both to the commonwealth for use in a qualified theater production of
215 sets, costumes or other tangible property constructed or manufactured out of state, or from the
216 commonwealth after use in a qualified theater production of sets, costumes or other tangible
217 property constructed or manufactured in the commonwealth and the transportation of the cast
218 and crew to and from the commonwealth; provided, that “transportation expenditures” shall
219 include any portion performed in Massachusetts of the packaging, crating and transporting of
220 property and equipment used for special and visual effects, sound, lighting and staging,
221 costumes, wardrobes, make-up and related accessories and materials and any other performance
222 or production-related property and equipment.

223 (2) Any taxpayer that has been awarded an eligible theater production certificate and has
224 completed a cost accounting pursuant to subsection (c) of section 3M of chapter 23A shall be
225 allowed a tax credit against taxes imposed by this chapter. The credit shall not exceed
226 \$5,000,000 and shall be limited to (i) 35 per cent of in-state payroll costs; (ii) 25 per cent of

227 production and performance expenditures; and (iii) 25 per cent of transportation expenditures.
228 Additionally, the credit shall not exceed the amount of credit specified in the eligible theater
229 production certificate.

230 (3) The tax credit shall be allowed against the tax for the taxable period in which the
231 credit is issued and any amount of the tax credit that exceeds the tax due for a taxable year may
232 be carried forward for not more than 5 succeeding tax years.

233 (4) If a taxpayer has not claimed the tax credits in whole or part, a taxpayer eligible for
234 the tax credits may assign, transfer or convey the tax credits, in whole or in part, by sale or
235 otherwise to any individual or entity and such assignee of the tax credits that have not claimed
236 the tax credits, in whole or in part, may assign, transfer or convey the tax credits, in whole or in
237 part, by sale or otherwise to any individual or entity. The assignee of the tax credits may use
238 acquired credits to offset up to 100 per cent of the tax liabilities otherwise imposed pursuant to
239 this chapter. The assignee may apply the tax credits against taxes imposed on the assignee for not
240 more than 5 succeeding tax years from the date an eligible theater production certificate is first
241 issued by the office. The assignor shall perfect the transfer by notifying the commissioner, in
242 writing, within 30 calendar days following the effective date of the transfer and shall provide any
243 information as may be required by the commissioner to administer and carry out this subsection.

244 SECTION 22. Subsection (a) of section 38Q of chapter 63 of the General Laws, as
245 appearing in the 2020 Official Edition appearing, is hereby amended by striking out, in line 3,
246 the figure “2023” and inserting in place thereof the following figure:- 2028.

247 SECTION 23. Said subsection (a) of said section 38Q of said chapter 63, as so appearing,
248 is hereby further amended by striking out, in line 9, the figure “2024” and inserting in place
249 thereof the following figure:- 2029.

250 SECTION 24. Subsection (d) of said section 38Q of said chapter 63, as so appearing, is
251 hereby amended by adding the following sentence:- For the purpose of the Brownfields
252 Redevelopment Fund, state financial assistance shall mean the amount of any grant or principal
253 amount of any loan, but shall not include any loan principal repaid as of the date the credit
254 application is filed with the commissioner. Net response and removal costs shall not include any
255 reimbursement that is received, or will be received, by the applicant, or any amounts paid on
256 behalf of the applicant from any source for these costs.

257 SECTION 25. Subsection (c) of section 38Z of said chapter 63, as so appearing, is hereby
258 amended by striking out, in line 28, the figure “6,000,000” and inserting in place thereof the
259 following figure:- 8,000,000.

260 SECTION 26. Subdivision (5) of section 38BB of said chapter 63, as so appearing, is
261 hereby amended by striking out, in lines 42 to 44, inclusive, the words “The total amount of
262 credits that may be authorized by DHCD in a calendar year under this section and subsection (q)
263 of section (6) of chapter 62 shall not exceed \$10,000,000 and” and inserting in place thereof the
264 following 3 sentences:- EOHLC may authorize up to \$30,000,000 in credits annually under this
265 section and subsection (q) of section (6) of chapter 62. In addition, EOHLC may authorize
266 annually (i) any portion of the annual cap on credits not authorized by EOHLC in the preceding
267 calendar years under this section or said subsection (q) of said section (6) of said chapter 62; and
268 (ii) any credits under this section or said subsection (q) of said section (6) of said chapter 62

269 returned to EOHLC by a certified housing development project. The total amount of credits
270 authorized during a year.

271 SECTION 27. Said subdivision (5) of said section 38BB of said chapter 63, as so
272 appearing, is hereby further amended by inserting, in line 46, after the words “chapter 62;” the
273 following word:- and.

274 SECTION 28. Said subdivision (5) of said section 38BB of said chapter 63, as so
275 appearing, is hereby further amended by striking out, in lines 50 to 52, inclusive, the words “Any
276 portion of the \$10,000,000 annual cap not awarded by DHCD in a calendar year shall not be
277 applied to awards in a subsequent year.”

278 SECTION 29. Subsection (a) of section 38HH of said chapter 63, as so appearing, is
279 hereby amended by adding, in line 18, after the words “NAICS code 31-33”, the following
280 words:- and other expansion industries the secretary of labor and workforce development
281 identifies as critical to a regional labor market economy.

282 SECTION 30. Said chapter 63 is hereby further amended by inserting after section
283 38MM, inserted by section 106 of chapter 268 of the acts of 2022, the following section:-

284 Section 38NN. (a) As used in this section, the following words shall, unless the context
285 clearly requires otherwise, have the following meanings:

286 “Advertising and public relations expenditure”, a cost incurred within the commonwealth
287 by an eligible theater production for goods or services related to the marketing, public relations,
288 creation and placement of print, electronic, television, billboards or other forms of advertising to
289 promote the eligible theater production.

290 “Eligible theater production”, a live stage musical, dance or theatrical production or tour
291 being presented in a qualified production facility that is either: (a) a pre-Broadway production;
292 (b) a pre-off Broadway production; (c) a national tour launch; or (iv) a regional professional
293 theater production.

294 “Eligible theater production certificate”, a certificate issued by the office, in consultation
295 with the commissioner, certifying that a production is an eligible theater production that meets
296 the rules or regulations of the office, and that it has been awarded a tax credit in a specified
297 amount, pursuant to section 3M of chapter 23A.

298 “National tour launch”, a live stage production that, in its original or adaptive version, is
299 performed in a qualified production facility and opens its national tour in the commonwealth.

300 “Office”, the Massachusetts office of business development established in section 1 of
301 chapter 23A, or any constituent office thereof.

302 “Payroll”, all salaries, wages, fees and other compensation from sources within the
303 commonwealth, including, but not limited to, taxes, benefits and any other consideration incurred
304 or paid to talent and non-talent employees of the applicant for services rendered within the
305 commonwealth to and on behalf of an eligible theater production; provided, that the payroll
306 expenditure shall be incurred or paid by the applicant for services related to any portion of an
307 eligible theater production from its pre-production stages, including, but not limited to: (a) the
308 writing of the script, (b) casting, (c) hiring of service providers, (d) purchases from vendors, (e)
309 marketing, (f) advertising, (g) public relations, (h) load in, (i) rehearsals, (j) performances, (k)
310 other eligible theater production related activities, and (l) load out; and provided further, that the
311 payroll expenditure shall be directly attributable to the eligible theater production and shall be

312 limited to the first \$100,000 of wages incurred or paid to each employee of an eligible theater
313 production in each tax year.

314 “Pre-Broadway production”, a live stage production that, in its original or adaptive
315 version, is performed in a qualified production facility having a presentation scheduled for city
316 of New York’s Broadway theater district within 24 months after its presentation in the
317 commonwealth.

318 “Pre-off Broadway production”, a live stage production that, in its original or adaptive
319 version, is performed in a qualified production facility having a presentation scheduled for the
320 city of New York’s off-Broadway theater district within 24 months after its presentation in the
321 commonwealth.

322 “Production and performance expenditures”, a contemporaneous exchange of cash or
323 cash equivalent for goods or services related to development, production, performance or
324 operating expenditures incurred in the commonwealth for a qualified theater production,
325 including, but not limited to, expenditures for design, construction and operation, including sets,
326 special and visual effects, costumes, wardrobes, make-up, accessories, costs associated with
327 sound, lighting, staging, advertising and public relations expenditures, facility expenses, rentals,
328 per diems, accommodations and other related costs.

329 “Qualified production facility”, a facility located in the commonwealth in which live
330 theater productions are, or are intended to be, exclusively presented that contains at least 1 stage,
331 a seating capacity of not less than 175 seats, dressing rooms, storage areas and other ancillary
332 amenities necessary for the eligible theater production.

333 "Regional professional theater production", a live stage production that is performed in a
334 qualified production facility with a professional cast and crew.

335 "Transportation expenditures", expenses incurred in Massachusetts for the packaging,
336 crating and transportation both to the commonwealth for use in a qualified theater production of
337 sets, costumes or other tangible property constructed or manufactured out of state, or from the
338 commonwealth after use in a qualified theater production of sets, costumes or other tangible
339 property constructed or manufactured in the commonwealth and the transportation of the cast
340 and crew to and from the commonwealth; provided, that "transportation expenditures" shall
341 include any portion performed in Massachusetts of the packaging, crating and transporting of
342 property and equipment used for special and visual effects, sound, lighting and staging,
343 costumes, wardrobes, make-up and related accessories and materials and any other performance
344 or production-related property and equipment.

345 (b) Any taxpayer that has been awarded an eligible theater production certificate and has
346 completed a cost accounting pursuant to subsection (c) of section 3M of chapter 23A shall be
347 allowed a tax credit against taxes imposed by this chapter. The credit shall not exceed
348 \$5,000,000 and shall be limited to (i) 35 per cent of the total in-state payroll costs; (ii) 25 per
349 cent of the production and performance expenditures; and (iii) 25 per cent of transportation
350 expenditures. Additionally, the credit shall not exceed the amount of credit specified in the
351 eligible theater production certificate.

352 (c) The tax credit shall be allowed against the tax for the taxable period in which the
353 credit is issued and any amount of the tax credit that exceeds the tax due for a taxable year may
354 be carried forward for not more than 5 succeeding tax years.

355 (d) If a taxpayer has not claimed the tax credits in whole or part, a taxpayer eligible for
356 the tax credits may assign, transfer or convey the tax credits, in whole or in part, by sale or
357 otherwise to any individual or entity and such assignee of the tax credits that have not claimed
358 the tax credits, in whole or in part, may assign, transfer or convey the tax credits, in whole or in
359 part, by sale or otherwise to any individual or entity. The assignee of the tax credits may use
360 acquired credits to offset up to 100 per cent of the tax liabilities otherwise imposed pursuant to
361 this chapter. The assignee may apply the tax credits against taxes imposed on the assignee for not
362 more than 5 succeeding tax years from the date an eligible theater production certificate is first
363 issued by the office. The assignor shall perfect the transfer by notifying the commissioner, in
364 writing, within 30 calendar days following the effective date of the transfer and shall provide any
365 information as may be required by the commissioner to administer and carry out this section.

366 (e) Credits allowed to corporations that are included in a combined group within the
367 meaning of section 32B may be shared with other corporations within such group that are also
368 doing business in Massachusetts, to the extent those corporations are engaged in a unitary
369 business.

370 (f) Credits allowed to a company that is a S corporation, as defined in section 1361 of the
371 Code, partnership or a limited liability company that is taxed as a partnership shall be passed
372 through respectively to persons designated as partners, members or owners of such companies on
373 a pro rata basis or pursuant to an executed agreement among such persons designated as S
374 corporation shareholders, partners or members documenting an alternate distribution method
375 without regard to their sharing of other tax or economic attributes of such entity.

376 (g) The commissioner shall promulgate such rules and regulations necessary for the
377 administration of this section.

378 SECTION 31. Section 2A of chapter 65C of the General Laws, as appearing in the 2020
379 Official Edition, is hereby amended by striking out subsection (a) and inserting in place the
380 following subsection:-

381 (a) A tax is hereby imposed upon the transfer of the estate of each person dying on or
382 after January 1, 1997 who, at the time of death, was a resident of the commonwealth. The
383 amount of the tax shall be equal to the credit for state death taxes that would have been allowable
384 to a decedent's estate as computed under Code section 2011, as in effect on December 31, 2000,
385 hereinafter referred to as the "credit". If the federal gross estate of a person includes real or
386 tangible personal property located outside of the commonwealth at the time of death, the tax
387 shall be reduced by an amount equal to the proportion of such allowable credit as the value of
388 such real or tangible personal property located outside of the commonwealth bears to the value
389 of the entire federal gross estate wherever situated, as determined under Code section 2011, as in
390 effect on December 31, 2000.

391 SECTION 32. Said section 2A of said chapter 65C, as so appearing, is hereby further
392 amended by adding the following 2 subsections:-

393 (f) For the estates of decedents dying on or after July 1, 2023, a credit shall be allowed
394 against the tax imposed by subsections (a) and (b) equal to the amount of such tax; provided,
395 however, that the credit shall not exceed \$182,000.

396 (g) The estates of decedents dying on or after July 1, 2023 shall not be required to pay
397 any tax under subsections (a) and (b) if the value of the federal taxable estate is not more than
398 \$3,000,000.

399 SECTION 33. Section 21 of chapter 138 of the General Laws, as so appearing, is hereby
400 amended by striking out, in lines 20 and 21, the words “six per cent of alcohol by weight” and
401 inserting in place thereof the following words:- 8½ per cent of alcohol by volume.; and

402 SECTION 34. Said section 21 of said chapter 138, as so appearing, is hereby further
403 amended by striking out, in line 25, the word “six” and inserting in place thereof the following
404 figure:- 8 ½

405 SECTION 35. Sections 46, 48, 61, 63 and 124A of chapter 287 of the acts of 2014, as
406 most recently amended by section 26 of chapter 99 of the acts of 2018, are hereby repealed.

407 SECTION 36. Notwithstanding any general or special law to the contrary, in calendar
408 year 2023, the executive office of housing and livable communities may authorize up to
409 \$50,000,000 in credits under subsection (q) of section (6) of chapter 62 of the General Laws and
410 section 38BB of chapter 63 of the General Laws. Any portion of this amount that is not
411 authorized in calendar year 2023 shall be added to the amount the executive office of housing
412 and livable communities may authorize in subsequent years under said subsection (q) of said
413 section (6) of said chapter 62 and said section 38BB of said chapter 63.

414 SECTION 37. Sections 31 and 32 shall take effect for the estates of decedents dying on
415 or after January 1, 2023.

416 SECTION 38. Sections 1, 21, and 30 shall apply to tax years beginning on or after
417 January 1, 2024.

418 SECTION 39. Section 1 is hereby repealed.

419 SECTION 40. Sections 21 and 30 are hereby repealed.

420 SECTION 41. Section 39 shall take effect on January 1, 2029.

421 SECTION 42. Section 40 shall apply to tax years beginning on or after January 1, 2035.

422 SECTION 43. Except as otherwise specified, this act shall take effect for taxable years
423 beginning on or after January 1, 2023.