HOUSE DOCKET, NO. 2700 FILED ON: 1/21/2011

HOUSE . . . . . No. 2566

The Commonwealth of Massachusetts

PRESENTED BY:

Stephen Stat Smith

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 relative to certain endowment funds in private institutions of higher learning.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Stephen Stat Smith	*28th Middlesex*

HOUSE DOCKET, NO. 2700 FILED ON: 1/21/2011

HOUSE . . . . . No. 2566

By Mr. Smith of Everett, a petition (accompanied by bill, House, No. 2566) of Stephen Stat Smith relative to the taxation of certain endowment funds in private institutions of higher learning. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *3955* OF 2009-2010.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to certain endowment funds in private institutions of higher learning.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

Chapter 63 of the General Laws is hereby amended by inserting after section 38Y the following section:-

Section 38Z. Any private institution of higher learning that has an endowment fund in excess of $1,000,000,000 shall be subject to an annual excise of 2 1/2 per cent of all monies in excess of $1,000,000,000. For the purpose of this section an endowment fund shall be an institutional fund of a private institution of higher learning not wholly expendable by the institution on a current basis under the terms of the applicable gift instrument.

Notwithstanding any general or special law to the contrary, this section shall not take effect until such time as the department of revenue has furnished a study of their impact on the state's economy and revenue cost to the commonwealth and its cities and towns, including, but

11 not limited to, a distributional analysis showing the impact on taxpayers of varying income

12 levels, the current practice of other states, any anticipated change in employment, and ancillary

13 economic activity, to the clerk of the house of representatives who shall forward the same to the

14 joint committee on revenue.