

**HOUSE . . . . . No. 2745**

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**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 increasing tax fairness.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Mike Connolly</i>	<i>26th Middlesex</i>	<i>1/19/2023</i>

**HOUSE . . . . . No. 2745**

By Representative Connolly of Cambridge, a petition (accompanied by bill, House, No. 2745) of Mike Connolly relative to taxable income. Revenue.

**The Commonwealth of Massachusetts**

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

An Act increasing tax fairness.

*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 3 of chapter 62 of the General Laws, is hereby amended by adding  
2 the following subsection:-

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

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

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

11 (c) In the case of a single person or a married person filing a separate return who is 65  
12 years of age or older or who is disabled and whose federal adjusted gross income is less than

13 \$40,000, a personal exemption not to exceed \$30,000 of the taxpayer's Part A income consisting  
14 of interest and dividends and Part C adjusted gross income.

15 (d) In the case of a married couple filing a joint return, at least 1 of whom is either 65  
16 years of age or older or is disabled and whose federal adjusted gross income is less than \$80,000,  
17 a personal exemption not to exceed \$60,000 of the taxpayers' Part A income consisting of  
18 interest and dividends and Part C adjusted gross income.

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

21 (2) Part A taxable income consisting of interest and dividends shall be taxed at the rate of  
22 5.95 per cent.

23 SECTION 3. Said section 4 of said chapter 62, as so appearing, is hereby further  
24 amended by striking out subsection (c) and inserting in place thereof the following subsection:

25 (c) Part C taxable income shall be taxed at the rate of 5.95 per cent, excepting Part C  
26 taxable income derived from the sale of investments which: (1) are in a corporation which is  
27 domiciled in the commonwealth with a date of incorporation on or after January 1, 2011 which  
28 has less than \$50 million in assets at the time of investment and complies with subsections (e)(1),  
29 (e)(2), (e)(5), and (e)(6) of Section 1202 of the Internal Revenue Service Code; and (2) are held  
30 for 3 years or more, which shall be taxed at a rate of 3 per cent; provided, however, that in order  
31 to qualify for the 3 per cent rate, such investments shall be made within 5 years of the date of  
32 incorporation and, to the extent consistent with the provisions of this subsection, shall be in stock  
33 in a corporation that satisfies the requirements for treatment as "qualified small business stock"

34 under section 1202(c) of the federal Internal Revenue Code, without regard to the requirement  
35 that the corporation be a C corporation.

36 SECTION 4. Section 6F of chapter 62 of the General Laws, as amended by section 17 of  
37 chapter 209 of the Acts of 2018, is hereby further amended by striking subsection (b)(2)(C) and  
38 replacing it with the following:-

39 (C) In the case of property acquired after December thirty-first, 2023 from a decedent  
40 within the meaning of section one thousand and fourteen (b) of the Code, the initial basis of such  
41 property shall be determined without application of the provisions of section one thousand and  
42 fourteen of the Code.