

HOUSE No. 4050

The Commonwealth of Massachusetts



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August 3, 2021.

To the Honorable Senate and House of Representatives,

I am returning unsigned House Bill No. 4009, “An Act relative to the taxation of pass-through entities.”

This bill was originally included in the Fiscal Year 2022 budget and provides the Department of Revenue with authority to implement an optional pass-through entity excise in the amount of the personal income taxes owed on members’ flow-through income and an accompanying tax credit equal to 90% of each member’s portion of the excise. It mirrors an outside section I filed in my initial budget recommendation, with one exception; in my proposal, 100% of the optional excise would be returned to the taxpayer.

I returned my version of the proposal for your consideration because it is my opinion that taxpayers should be allowed to reap the full benefit of this policy, especially where struggling businesses are still emerging from the pandemic and state revenues are strong. My view on the fair way to execute this policy remains unchanged.

For this reason, I am returning House Bill No. 4009 unsigned.

Respectfully submitted,

Charles D. Baker,
Governor