

**Amendment #675 to H5150**  
**Raising the Tax Rate on Unearned Income**

Mr. Connolly of Cambridge moves to amend the bill by adding the following 4 sections:

“SECTION XX. Section 5G of Chapter 29 of the General Laws, is hereby amended by striking out the first paragraph, as amended by section 5 of chapter 142 of the acts of 2019, and inserting in place thereof the following paragraph:

After each quarter, the department of revenue shall certify to the state comptroller the amount of tax revenues estimated to have been collected during the preceding quarter from capital gains income. If the department of revenue certifies that the amount of tax revenues estimated to have been collected from capital gains income exceeds \$1,500,000,000 in a fiscal year, the comptroller shall transfer quarterly any such amount that exceeds \$1,500,000,000 collected during that fiscal year as follows: (i) 90 per cent shall be transferred to the Commonwealth Stabilization Fund established in section 2H; (ii) 5 per cent shall be transferred to the State Retiree Benefits Trust Fund established in section 24 of chapter 32A; and (iii) 5 per cent shall be transferred to the Commonwealth’s Pension Liability Fund established in subsection (e) of subdivision 8 of section 22 of chapter 32. The \$1,500,000,000 threshold established in the preceding sentence shall be adjusted annually to reflect the average annual rate of growth in United States gross domestic product over the preceding 5 years based on the most recently available data published by the Bureau of Economic Analysis in the United States Department of Commerce.

SECTION XX. Subsection C of section 3 of chapter 62 of the General Laws, as appearing in the 2018 Official Edition, is hereby amended by adding the following 3 paragraphs:-

(d) In the case of a single person or a married person filing a separate return who is 65 years of age or older or who is disabled and whose federal adjusted gross income is less than \$40,000, a personal exemption not to exceed \$30,000 of the taxpayer’s Part A income under paragraph (2) of subsection (c) of section 4 and Part C adjusted gross income.

(e) In the case of a married couple filing a joint return, 1 of whom is either 65 years of age or older or is disabled and whose federal adjusted gross income is less than \$80,000, a personal exemption not to exceed \$60,000 of the taxpayers’ Part A income under paragraph (2) of subsection (c) of section 4 and Part C adjusted gross income.

(f) In the case of a married couple filing a joint return, both of whom are either 65 years of age or older or disabled and whose federal adjusted gross income is less than \$80,000, a personal exemption not to exceed \$60,000 of the taxpayers' Part A income under paragraph (2) of subsection (c) of section 4 and Part C adjusted gross income.

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

(2) Part A taxable income consisting of interest and dividends shall be taxed at the rate of 5 per cent.

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

(c) Part C taxable income shall be taxed at the rate of 9 per cent, excepting Part C taxable income derived from the sale of investments which: (1) are in a corporation which is domiciled in the commonwealth with a date of incorporation on or after January 1, 2011 which has less than \$50 million in assets at the time of investment and complies with subsections (e)(1), (e)(2), (e)(5), and (e)(6) of Section 1202 of the Internal Revenue Service Code; and (2) are held for 3 years or more, which shall be taxed at a rate of 3 per cent; provided, however, that in order to qualify for the 3 per cent rate, such investments shall be made within 5 years of the date of incorporation and, to the extent consistent with the provisions of this subsection, shall be in stock in a corporation that satisfies the requirements for treatment as "qualified small business stock" under section 1202(c) of the federal Internal Revenue Code, without regard to the requirement that the corporation be a C corporation.

**Additional co-sponsor(s) added to Amendment #675 to H5150**  
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REPRESENTATIVE:

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