

SENATE No. 1659

By Mr. Brennan, a petition (accompanied by bill, Senate, No. 1659) of John A. Brennan, Jr., for legislation to provide incentives for savings and investments in the Commonwealth. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-four.

**AN ACT PROVIDING INCENTIVES FOR SAVINGS AND INVESTMENTS
IN THE COMMONWEALTH.**

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 (6) of paragraph (a) of Part B of Sec-
2 tion 3 of Chapter 62 of the General Laws is hereby deleted.

1 SECTION 2. Subsection 2 of section 2 of chapter 62 of the
3 General Laws as last amended by Section 38 of Chapter 684
4 of the Acts of 1975 is hereby amended by adding the following
5 new paragraph: —

6 (G) In the case of an individual, income from any savings
7 account, deposit account or time deposit at any bank, credit
8 union or savings and loan association.

1 SECTION 3. Chapter 62 is hereby further amended by insert-
2 ing after Section 6 the following new section: —

3 *Section 6A.* In the case of an individual, there shall be
4 allowed as a credit against the tax imposed by the General
5 Laws for the taxable year an amount equal to 25 percent of
6 the excess of

7 A. the eligible net savings of the taxpayer for the taxable
8 year, over

9 B. the threshold savings amount of the taxpayer for such
10 year.

1 SECTION 4. For the purposes of this section —

2 A. "Threshold saving amount" means an amount equal to
3 the modified adjusted gross income of the taxpayer for the

4 taxable year multiplied by the applicable percentage deter-
5 mined in accordance with the following table: —

“If the modified adjusted gross income is:	The applicable percentage is
No over \$10,000	0
Over \$10,000 but not over \$12,000	1
Over \$12,000 but not over \$15,000	2
Over \$15,000 but not over \$20,000	3
Over \$20,000 but not over \$25,000	4
Over \$25,000 but not over \$50,000	5
Over \$50,000 but not over \$100,00	6
Over \$100,000 but not over \$200,000	8
Over \$200,000	10

6 B. “Modified adjusted gross income” means the adjusted
7 gross income minus the deductions allowed by the State Rev-
8 enue and Tax Code sections which relate to personal exemp-
9 tions.

1 SECTION 5. For the purposes of this section —

2 A. “Eligible net savings” means the excess at the close of
3 the taxable year of net savings over ineligible debt.

4 B. “Ineligible debt” means the sum at the close of the
5 taxable year of net increases in debt of the taxpayer other
6 than debt for —

7 (1) the purchase or repair of real property

8 (2) the repair of property, and the purchase of insurance,
9 securing any debt of the taxpayer, or

10 (3) the payment of medical and tuition expenses of the
11 taxpayer, his spouse, or any dependent of the taxpayer.

1 SECTION 6. For the purposes of this section, the term “net
2 savings” means the sum of items described in paragraphs A.,
3 B., C., D., and E.

4 A. Saving in certain business. — The taxpayer’s share of
5 the change in the book value of a farm or nonfarm proprietor-
6 ship, partnership, or closely held corporation, plus new money
7 invested in such businesses, plus purchases of new business less
8 sales, plus changes in loan to such business in the taxable

9 year.

10 B. Saving in liquid assets. —

11 (1) Saving in checking accounts. — The change in the bal-
12 ance in the taxpayer's personal checking account between the
13 end of the preceding taxable year and the end of the taxable
14 year.

15 (2) Saving in savings accounts. — The change in the bal-
16 ances in the taxpayer's savings account at savings and loan
17 associations, mutual savings banks, credit unions, and com-
18 mercial banks between the end of the preceding taxable year
19 and the end of the taxable year.

20 (3) Savings in the United States savings bonds. — The pur-
21 chases of nonmarketable bonds issued by the United States
22 minus redemptions in the taxable year.

23 C. Saving in certain investment assets. —

24 (1) Saving in publicly traded stock. — Purchases of com-
25 mon and preferred stock in domestic corporations (other than
26 closely held corporations), shares in investment clubs, plus in-
27 creases in credit balances at security dealers, less sales of such
28 stock and shares, less increases in debt balances at security
29 dealers, less increases in loans secured by such stocks either
30 newly purchased or formerly held, in the taxable year.

31 (2) Saving in certain marketable securities other than
32 stock. — Purchases of bills, certificates, notes, bonds, and de-
33 bentures, issued by the United States or by domestic corpora-
34 tions, less sales of such securities, less increases in loans
35 secured by such bonds either newly purchased or formerly
36 held, in the taxable year.

37 D. Saving in mortgage assets and investment real estate
38 consisting of —

39 (1) The net of amounts loaned less the principal payments
40 received during the year on loans secured by mortgages, and

41 (2) The net of purchases of, plus improvements in, less
42 sales of, and less changes during the year in debt secured by,
43 real estate owned by the taxpayer, other than owned business
44 or profession. Included are houses owned for investment pur-
45 poses, properties put to commercial use, structures used for
46 industrial purposes and undeveloped land held for investment
47 or building purposes.

48 E. Saving in company savings plans, retirement, and life
49 insurance, consisting of —

50 (1) The net contributions by members of the consumer
51 unit to savings plans sponsored by companies for which they
52 worked, less lump sum withdrawals;

53 (2) The net of the taxpayer's contribution to retirement
54 plans less lump sum withdrawals for such plans, not including
55 social security contributions; and

56 (3) Premium payments on, less borrowing against, whole
57 life or term life insurance.

58 An amount shall not be taken into account under this sub-
59 section for the taxable year if a deduction for such amount is
60 allowed under the State Revenue and Tax Code for such year.

1 SECTION 7. For purposes of this section —

2 A. Inflation adjustment for modified adjusted gross income.

3 (1) Not later than December 1 of each calendar year, the
4 Director of the State Department of Revenue shall prescribe
5 a table which will apply in lieu of the table contained in sub-
6 section 4A. With respect to taxable years beginning in the
7 succeeding calendar year.

8 (2) The tax table prescribed under paragraph (1) with
9 respect to subsection 4A. for taxable years beginning in a
10 calendar year shall be the same as the table contained in such
11 subsection except the amount of modified adjusted gross in-
12 come (as in effect for the immediately preceding calendar
13 year) shall be increased by an amount equal to the product
14 of each such amount of modified adjusted gross income and
15 the consumer price index percentage for such preceding year.

16 (3) For purposes of this paragraph, the term "Consumer
17 Price Index Percentage" means, with respect to any calendar
18 year, the percentage (if any) by which —

19 (a) the consumer price index for the year immediately pre-
20 ceding the calendar year.

21 (4) For purposes of this paragraph, the term "consumer
22 price index" means, with respect to any calendar year, the
23 average of the monthly Consumer Price Indexes for all Urban
24 Consumers published by the Bureau of Labor Statistics for
25 the 1 year period ending on September 30 of such year.