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By Mr. McKenna, a petition (accompanied by bill, Senate, No. 825) of Denis L. McKenna for legislation to encourage research and development in patents and inventions contributing to the solution of pollution and/or resulting in new sources of energy. Natural Resources and Agriculture.

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## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Three.

AN ACT TO ENCOURAGE RESEARCH AND DEVELOPMENT IN PATENTS AND INVENTIONS CONTRIBUTING TO THE SOLUTION OF POLLUTION AND/OR RESULTING IN NEW (*additional*) SOURCES OF ENERGY.

*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 as  
2 most recently amended by Chapter 555 of the Acts of 1971 is  
3 hereby further amended by adding at the end thereof the  
4 following subsection:

5 (1) There shall be no tax on income and no recognition of  
6 gain or loss upon the sale or exchange of any patent or group  
7 of patents to the inventor or any individual owning an interest  
8 in said patent or group of patents or invention; or to any  
9 partnership or joint-venture or any individual member of a  
10 partnership or any individual member of a joint-venture  
11 where such inventor, partnership or joint-venture or member  
12 thereof owns a patent or group of patents, which results in  
13 an invention or inventions which qualify as reducing pollution  
14 or as a new (*additional*) source of energy as described in  
15 paragraph (1) below, and where such interest in the patent  
16 or patents or invention has been acquired prior to the  
17 issuance of said patent or patents for said invention.

18 1. The term "qualified patent or group of patents means  
19 any patent or group thereof" which results in a device or  
20 process for the generation of energy in a manner that reduces  
21 substantially the amount of pollutants emitted into the air or  
22 water or which contributes significantly as a new (*addi-*

23 tional) source of energy.

24 a. A patent or group of patents shall be deemed to sub-  
25 stantially, reduce the amount of pollutants emitted into the  
26 air or water if such patents or group thereof results in a  
27 device or process for the generation of energy in a manner  
28 that significantly reduces pollution by emitting into the air  
29 twenty (20%) or a greater percentage less pollutants than  
30 emitted into the air by any energy generating system which  
31 is in common commercial usage at the point of time when  
32 the patent or patents or the invention embodying the new  
33 process or device is sold and/or which emits into the water  
34 twenty percent (20%) less pollutants than any energy gener-  
35 ating process in commercial usage at the time of sale of the  
36 patent, or patents or the invention embodying the new  
37 process.

38 b. and/or that such patents or group of patents results in  
39 a device or process for the generation of energy in a manner  
40 that significantly contributes as a new (additional) source of  
41 energy which is not in common commercial usage when the  
42 patent or group of patents or the invention embodying the  
43 process is sold.

1 SECTION 2. Section 38D of Chapter 63 of the General Laws  
2 is hereby amended by adding at the end thereof the follow-  
3 ing subsection:

4 There shall be no income and no recognition of gain or loss  
5 upon the sale or exchange of any patent or group of patents  
6 or invention owned by a corporation which results in an  
7 invention or invention which qualify as reducing pollution or  
8 as a new source of energy as described in paragraph (1)  
9 above, as in section (1) of this act, where such corporation  
10 acquires said invention or patent for said invention prior to  
11 the issuance of said patent or patents for said invention and  
12 where the original research and development has taken place  
13 by the inventor prior to said sale.

1 SECTION 3. This act shall apply to taxable years commencing  
2 after December 31, 1972.