

By Mr. Roosevelt of Boston, petition of Mark Roosevelt for legislation to reinstate the graduate stipend exemption on income tax forms as well as an employer-provided education assistance exemption. Taxation.

The Commonwealth of Massachusetts

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

AN ACT TO REINSTATE THE GRADUATE STIPEND EXEMPTION AS WELL AS AN EMPLOYER-PROVIDED EDUCATION ASSISTANCE EXEMPTION.

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. Qualified Scholarships.

2 1) State taxable gross income shall not include any amount
3 received as a qualified scholarship by any degree-candidate at an
4 educational organization described in section 170 (b) (A) (ii) of
5 the IRC.

6 a) A qualified scholarship consists of the amount of the
7 scholarship or fellowship grant that a degree candidate receives
8 for living expenses, tuition, fees, books, and other related items.

9 b) Amounts that are received by a degree candidate from the
10 educational organization as a condition of receiving the
11 scholarship are not exempt. Teaching assistantships are an
12 example of such.

1 SECTION 2. Education Assistance Programs.

2 1) Taxable state gross income does not include amounts paid
3 or expenses incurred by the employer for the educational
4 assistance to the employee if the assistance is part of a separate
5 written plan provided by the employer to supply employees with
6 educational assistance.

7 a) Educational assistance consists of

8 i) an employer's payment on behalf of the employee for, but
9 not limited to, tuition, fees, books, supplies and other similar
10 expenses.

11 ii) the provision by an employer, of courses of instruction for
12 such an employee (including tuition, fees, books, supplies and
13 other similar expenses), but does not include payment for, or the
14 provision of, tools and equipment which may be kept by the
15 employee after the completion of the course of instruction, or
16 meals, lodging, and transportation. It also does not include
17 payment for, or the provision of any benefits with respect to any
18 course or other education involving sports, games or hobbies.

19 b) Such an exemption would apply to the first \$5,250 received
20 by an individual covered by such an employment benefit during
21 one calendar year if

22 i) the program is non-discriminatory and covers all employees
23 and their dependents.

24 ii) no more than five percent of such funds accrue to owners
25 or shareholders with more than five percent of the stock, the
26 capital or the profits interest in the employer.

27 iii) the program does not provide eligible employees with a
28 choice between educational assistance and other remuneration
29 includible in gross income.