

HOUSE No. 4037

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, September 1, 1966.

The committee on Taxation, to whom was referred the petition (accompanied by bill, House, No. 4025) of Raymond F. Rourke and other members of the General Court that provision be made for an elective deduction and exemption for industrial waste treatment facilities under the business and manufacturing corporation excise, report the accompanying bill (House, No. 4037).

For the committee,

MICHAEL CATINO.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Six.

AN ACT PROVIDING FOR AN ELECTIVE DEDUCTION AND EXEMPTION FOR INDUSTRIAL WASTE TREATMENT FACILITIES UNDER THE BUSINESS AND MANUFACTURING CORPORATION EXCISE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 63 of the General Laws is hereby amended by insert-
2 ing after section 30A the following section: —

3 *Section 30B.* (a) In determining net income under paragraph
4 five of section thirty, the corporation, at its election, may deduct
5 the expenditures paid or incurred during the taxable year for
6 the construction, reconstruction, erection or improvement of
7 industrial waste treatment facilities. The term “industrial
8 waste treatment facilities” shall mean facilities for the treat-
9 ment, neutralization or stabilization of industrial waste from a
10 point immediately preceding the point of such treatment,
11 neutralization or stabilization to the point of disposal, includ-
12 ing the necessary pumping and transmitting facilities, but ex-
13 cluding such facilities installed for the primary purpose of
14 salvaging materials which are usable in the manufacturing
15 process or are marketable. The term “industrial waste” shall
16 mean any liquid, gaseous, solid or waste substance, or a combi-
17 nation thereof, resulting from any process of industry, manu-
18 facture, trade or business or from the development or recovery
19 of any natural resources, which may cause or might reasonably
20 be expected to cause pollution of the waters of the common-
21 wealth.

22 (b) Such deduction shall be allowed only —

23 (1) with respect to tangible property which is depreciable,
24 pursuant to section one hundred sixty-seven of the Federal
25 Internal Revenue Code, having a situs in the commonwealth
26 and used in the corporation’s trade or business, the construction,
27 reconstruction, erection or improvement of which is initiated

28 on or after January first, nineteen hundred and sixty-seven, and
29 only for expenditures paid or incurred prior to January first,
30 nineteen hundred and seventy-four, and

31 (2) on condition that such facilities have been certified by
32 the director of the division of water quality control in the de-
33 partment of natural resources as complying with applicable
34 provisions of the water quality control law and regulations,
35 permits or orders issued by him pursuant to law, and

36 (3) on condition that the net income for the taxable year and
37 all succeeding taxable years be computed without any deduc-
38 tions for such expenditures or for depreciation of the property
39 other than the deductions allowed by this section, except to
40 the extent that the basis of the property may be attributable to
41 factors other than such expenditures, or in the case a deduction
42 is allowable pursuant to this section for only a part of such
43 expenditures, on condition that any deduction allowed under
44 the Federal Internal Revenue Code for such expenditures or
45 for depreciation of the same property be proportionately re-
46 duced in computing net income for the taxable year and all
47 succeeding taxable years.

48 (c) If expenditures in respect to an industrial waste treat-
49 ment facility have been deducted as provided herein and if
50 within ten years from the end of the taxable year in which such
51 deduction was allowed such property or any part thereof is used
52 for the primary purpose of salvaging materials which are usable
53 in the manufacturing process or are marketable, the corporation
54 shall report such change of use in its return for the first taxable
55 year during which it occurs, and the commissioner may re-
56 compute the tax for the year or years for which such deduction
57 was allowed and may assess any additional tax resulting from
58 such recomputation within the period of assessment applicable
59 to such return.

60 If a deduction is allowed as herein provided for expenditures
61 paid or incurred during any taxable year on the basis of a
62 temporary certificate of compliance and if the corporation fails
63 to obtain a permanent certificate of compliance upon com-
64 pletion of the facilities with respect to which such temporary
65 certificate was issued, the corporation shall report such failure
66 in its return for the taxable year during which such facilities are
67 completed, and the commissioner may recompute the tax for

68 the year or years for which such deduction was allowed and may
69 assess any additional tax resulting from such recomputation
70 within the period of assessment applicable to such return.

71 (d) An industrial waste treatment facility which qualifies for
72 the deduction provided for by this section shall not be subject
73 to taxation under the tangible property measure of the excise
74 imposed by section thirty-two (a)(1)(i) or section thirty-nine
75 (a)(1)(i) of this chapter.