

HOUSE No. 143

Bill accompanying the petition of George R. Jones for legislation to amend the laws relating to taxation in respect to the franchise tax on domestic corporations. Taxation. January 13.

Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Nine.

AN ACT

Relative to the Franchise Tax on Domestic Manufacturing Corporations.

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 seventy-four of chapter four
2 hundred and thirty-seven of the acts of the year
3 nineteen hundred and three, as amended by chap-
4 ter two hundred and sixty-one of the acts of the
5 year nineteen hundred and four, as amended by
6 section twelve of chapter two hundred and seventy-
7 one of the acts of the year nineteen hundred and
8 six is hereby amended by striking out, after the
9 word " securities ", in the twenty-fourth line, the
10 words: — which if owned by a natural person resi-

11 dent in this commonwealth would be liable to taxa-
12 tion, — and by adding at the end of the section the
13 following words:— Provided, however, that in the
14 case of a manufacturing corporation the said tax
15 upon the value of the corporate franchise after
16 making the deductions provided for in section
17 seventy-two, shall not exceed a tax levied at the
18 rate aforesaid upon an amount, less said deduc-
19 tions, equivalent to the value as found by the tax
20 commissioner of the works, structures, real estate,
21 machinery, underground conduits, wires and pipes,
22 merchandise and all other tangible property, and
23 its securities, within or without the commonwealth.
24 For the purpose of this act a manufacturing cor-
25 poration shall be construed to mean a corporation
26 one half or more than one half of whose capital is
27 invested in manufacturing within this common-
28 wealth or the product of such manufacturing.
29 Every corporation in its annual tax return shall
30 supply the tax commissioner with such informa-
31 tion, and in such detail as the tax commissioner
32 may require, as may be necessary to determine
33 whether it is a manufacturing corporation, — so as
34 read as follows:— *Section 74.* Every domestic
35 corporation which is subject to the provisions of
36 this act shall in each year pay to the treasurer and
37 receiver general a tax upon the value of its cor-
38 porate franchise, after making the deductions pro-
39 vided for in section seventy-two, at a rate equal
40 to the average of the annual rates for the three
41 years preceding that in which the assessment is
42 laid, the annual rate to be determined by an appor-
43 tionment of the whole amount of money to be
44 raised by taxation upon property in the common-

45 wealth during the same year as returned by the
46 assessors of the several cities and towns under the
47 provisions of section ninety-three of chapter
48 twelve of the Revised Laws, as amended by this
49 act, after deducting therefrom the amount of tax
50 assessed upon polls for the preceding year, as cer-
51 tified to the secretary, upon the aggregate valua-
52 tion of all cities and towns for the preceding year
53 as returned under sections sixty and sixty-one of
54 said chapter of the Revised Laws. But the said
55 tax upon the value of the corporate franchise after
56 making the deductions provided for in section sev-
57 enty-two, shall not exceed a tax levied at the rate
58 aforesaid upon an amount, less said deductions,
59 twenty per cent in excess of the value, as found by
60 the tax commissioner, of the real estate, machinery
61 and merchandise, and of securities; and the total
62 amount of tax to be paid by such corporation in
63 any year upon its property locally taxed in this
64 commonwealth and upon the value of its corporate
65 franchise shall amount to not less than one tenth,
66 of one per cent of the market value of its capital
67 stock at the time of said assessment as found by
68 the tax commissioner. If the return from any city
69 or town is not received prior to the twentieth day
70 of August, the amount raised by taxation in said
71 city or town for the preceding year, as certified to
72 the secretary of the commonwealth, may be
73 adopted for the purpose of this determination.
74 Provided, however, that in the case of a manufac-
75 turing corporation the said tax upon the value of
76 the corporate franchise, after making the deduc-
77 tions provided for in section seventy-two, shall not
78 exceed a tax levied at the rate aforesaid upon an

79 amount, less said deductions, equivalent to the
80 value as found by the tax commissioner of the
81 works, structures, real estate, machinery, under-
82 ground conduits, wires and pipes, merchandise and
83 all other tangible property, and its securities,
84 within or without the commonwealth. For the pur-
85 pose of this act a manufacturing corporation shall
86 be construed to mean a corporation one half or
87 more than one half of whose capital is invested in
88 manufacturing within this commonwealth or the
89 product of such manufacturing. Every corpora-
90 tion in its annual tax return shall supply the tax
91 commissioner with such information, and in such
92 detail as the tax commissioner may require, as
93 may be necessary to determine whether it is a
94 manufacturing corporation.

1 SECTION 2. This act shall take effect upon its
2 passage.