

By Mr. Shannon, a petition (accompanied by bill, Senate, No. 1816) of Charles E. Shannon, Brian A. Joyce and Paul J. Donato for legislation to exempt certain capital gain income from taxation. Taxation.

The Commonwealth of Massachusetts

In the Year Two Thousand and Three.

AN ACT EXEMPTING CERTAIN CAPITAL GAIN INCOME FROM TAX.

*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. Part A of section 3 of chapter 62 of the General  
2 Laws, as appearing in the 2000 Official Edition, is hereby  
3 amended by striking out paragraph (b) and inserting in place  
4 thereof the following paragraph:—

5 (b) The following exemptions shall be allowable to individuals  
6 against Part A income: (1) An amount equal to the amount by  
7 which the total exemptions allowable under Part B of section 3  
8 exceed the Part B adjusted gross income less the deductions  
9 allowable under paragraph (a) of said Part B of said section 3. No  
10 exemption shall be allowed under this section to any married  
11 person, other than a married person who qualifies as head of  
12 household under section 2(b) of the Code, unless a joint return is  
13 filed. (2) An additional exemption equal to gain income from the  
14 sale or exchange of capital assets held for up to 1 year, or  
15 \$10,000, whichever is less.

1 SECTION 2. Part C of section 3 of said chapter 62, as so  
2 appearing, is hereby amended by striking out paragraph (b) and  
3 inserting in place thereof the following paragraph:—

4 (b) The following exemptions shall be allowable to individuals  
5 against Part C income:

6 (1) An amount equal to the amount by which the total exemp-  
7 tions allowable under Part B of section 3 exceed the Part B  
8 adjusted gross income less the deductions allowable under para-

9 graph (a) of said Part B of said section 3 and the Part A adjusted  
10 gross income less the deductions allowable under paragraph (a) of  
11 Part A of said section 3. No exemption shall be allowed under this  
12 section to any married person filing a separate return. (2) An addi-  
13 tional exemption equal to gain income from the sale or exchange  
14 of capital assets held for more than 1 year, or \$10,000 less the  
15 exemption in subparagraph (2) of paragraph (b) of Part A,  
16 whichever is less.

1 SECTION 3. Sections 1 and 2 shall be effective for tax years  
2 beginning on or after January 1, 2003.