

HOUSE No. 3035

By Mr. Marzilli of Arlington, petition of J. James Marzilli, Jr., relative to further regulating income tax deductions for certain executive officers of corporations. Revenue.

The Commonwealth of Massachusetts

In the Year Two Thousand and Seven.

AN ACT TO RESTRICT THE TAX BENEFITS OF EXCESSIVE COMPENSATION.

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 30 of chapter 63 of the General Laws, as
2 appearing in the 2002 Official Edition, is hereby amended by
3 inserting at the end of paragraph 4 thereof, the following new sub-
4 paragraph:—

5 (vi) any excessive compensation, as defined in paragraph sixteen
6 of this section, with respect to any full-time employee.

1 SECTION 2. Section 30 of chapter 63, as so appearing in the
2 2002 Official Edition, is hereby further amended by inserting after
3 the fifteenth paragraph the following new paragraph:—

4 (a) for purposes of paragraph four of this section, the term “exces-
5 sive compensation” means, with respect to any employee, the
6 amount by which (i) the compensation for services performed by
7 such employee during the taxable year exceeds (ii) an amount equal
8 to twenty-five times the lowest compensation for services performed
9 by any other full-time employee during such taxable year.

10 (b) For purposes of this paragraph,

11 (i) the term “compensation” means salary, wages, and bonuses;

12 (ii) in the case of any part-year employee, the compensation of the
13 employee shall be computed on an annualized basis; and

14 (iii) all entities treated as a single employer under subsection (a)
15 or (b) of section 52 of the Federal Internal Revenue Code or under
16 subsection (m) or (o) of section 414 of the Federal Internal Revenue
17 Code shall be treated as a single employer.

1 SECTION 3. The provisions of this Act shall apply to all taxable
2 years beginning after January 1, 2007.