ATTACHMENT H

July 17, 2015

To the Honorable Senate and House of Representatives:

 Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution, I am returning to you for amendment Section 67 of House Bill No. 3650, “An Act Making Appropriations for the Fiscal Year 2016 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements.”

Section 67 increases from 15% to 23% the percentage of the federal earned income tax credit recognized under Massachusetts tax laws. This change provides additional tax relief of up to $507 to more than 400,000 individuals and families in Massachusetts. I support this important benefit for Massachusetts taxpayers.

But section 67 proposed to pay for this change by eliminating a deduction previously enacted by the Legislature to mitigate the effects on certain corporations from the Commonwealth’s adoption of combined reporting in 2008. Although this temporary, seven-year deduction has not yet started to take effect, it is an important commitment to these corporations, many of which have relied on this undertaking by the Commonwealth and have invested in significant durable assets in our state. Accordingly, I do not support eliminating the deduction proposed in Section 67.

For these reasons, I recommend that Section 67 be amended by striking out the text and inserting in place thereof the following text:-

SECTION 67. (a) Section 6 of chapter 62 of the General Laws, as so appearing, is hereby amended by striking out, in lines 302 and 307, the figure “15” and inserting in place thereof, in each instance, the following figure:- 23.

(b)   Subsection (2) of section 95 of chapter 173 of the acts of 2008 is hereby amended by striking out the words, “7-year,” and inserting in place thereof the following words:- 30-year.

 (c)  Said subsection (2) of said section 95 of said chapter 173 is hereby further amended by striking out the figure "2016", inserted by section 189 of chapter 165 of the acts of 2014, and inserting in place thereof the following figure:- 2021.

(d)  Said subsection (2) of said section 95 of said chapter 173 is hereby further amended by striking out the words, “one–seventh,” and inserting in place thereof the following words:- one-thirtieth.

(e)  Subsection (a) of this section shall take effect on January 1, 2016 and shall apply to tax years beginning on or after January 1, 2016.

Respectfully submitted,