Commonwealth of Massachusetts
Office of the State Auditor
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Issued April 7, 2011

Business Tax Expenditures Database

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Business Tax Expenditures, FY 2012

Personal Income Tax

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
1.020 See Corp Excise 2.002	Exemption of Income from the Sale, Lease, or Transfer of Certain Patents Incomes from the sale, lease or other transfer of approved patents for energy conservation, and income from property subject to such patents, are excluded from gross income for a period of five years. Statutory Basis: M.G.L. c. 62, § 2(a)(2)(G) Date of First Enactment: 1979	N.A.	N.A.	N.A.	DOR	Annual tax return	Tax Audit The commissioner of energy resources may approve United States patents, which have been issued to Massachusetts residents or applied for by Massachusetts residents as useful for energy conservation and related purposes or as useful for alternative energy development and related purposes, provided that such patents are determined by said commissioner to be of economic value, practicable, and necessary for the convenience and welfare of the Commonwealth and its citizens	None reported	Individuals or companies in possession of approved patents	No	No
1.203 See Corp Excise 2.204	Excess Natural Resource Depletion Allowance Individuals or investors in extractive industries (mining or drilling natural resources, quarrying) may deduct a percentage of gross mining income as a depletion allowance. The allowance may exceed the actual cost of the resource property. Statutory Basis: IRC §§ 613 and 613A as in effect January 1, 1985	0.3	0.3	0.3	DOR	Annual tax return	Tax audit	None Reported	Individuals or investors in extractive industries	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

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		FY 10	FY 11	FY 12							
1.204 See Corp Excise 2.206	Abandoned Building Renovation Deduction Businesses renovating eligible buildings in Economic Opportunity Areas may deduct 10% of the cost of renovation from gross income. This deduction may be in addition to any other deduction for which the cost of renovation may qualify. To be eligible for this deduction, renovation costs must relate to buildings designated as abandoned by the Economic Assistance Coordinating Council. Statutory Basis: M.G.L. c. 62, § 3(B)(a)(10) Date of First Enactment: 1993	3.9	4	4.2	Economic Assistance Coordinating Council (EACC) DOR	At the end of each year, certified projects are required to submit a report to the EACC and to the Municipality in which the project is located.	From EDIP 2011 Program Guidelines: The EACC will consider project certification based on the merits of individual projects and will take into consideration the jobs impact, project location, industry and resulting economic activity. Support of sustainable manufacturing projects and investment within middle tier or gateway communities are key program objectives http://www.mas§gov/Ehed/docs/mobd/EDIP%20Site/2011%20EDIP%20Guidelines%20updated_01_24_11.pdf	An annual reporting form will be posted at www.mass.gov/dbd/edip	Business/individual that qualify for the 10% deduction to gross income	No	No
1.301 See Corp Excise 2.301	Accelerated Depreciation on Rental Housing Landlords and investors in rental housing may use accelerated methods of depreciation for new and used rental housing. Rental housing placed in service after 1988 is depreciated on a straight-line basis over a 27.5-year period. Rental housing placed in service before 1988 was depreciable over shorter periods (generally 19 or 20 years), and, instead of straight-line depreciation, the 175% declining balance method was permitted. Straight-line depreciation over the property's expected useful life is the generally accepted method for recovering the cost of building structures. The excess of allowable depreciation over such generally accepted depreciation is a tax expenditure, resulting in a deferral of tax or an interest-free loan. Statutory Basis: IRC § 168(b)	22.7	22.2	21.2	DOR	Annual tax return	Tax audit	None Reported	Landlords and investors in rental housing	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

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		FY 10	FY 11	FY 12							
1.302 See Corp Excise 2.302	Accelerated Depreciation for Rehabilitation of Low-Income Housing Landlords and other investors in low-income housing may amortize rehabilitation expenditures initiated before 1987 over a five-year period. Statutory Basis: IRC § 167(k)	N.A.	N.A.	N.A.	*IRC 167(k) repealed in 1990 by public law 101-508*						
1.303 See Corp Excise 2.307	Accelerated Depreciation on Buildings (other than Rental Housing) Individuals or investors in a trade or business may use accelerated methods of depreciation for buildings. Construction may be depreciated under methods that produce faster depreciation than economic depreciation. The precise rates have been changed repeatedly in recent years as the result of revisions in the federal tax code. Structures (other than rental housing) placed in service after 1987 are depreciated on a straight-line basis over a 31.5-year life. The excess of accelerated depreciation over economic depreciation is a tax expenditure, resulting in a deferral of tax or an interest-free loan. Statutory Basis: IRC §§ 167(j) and 168(b)	5.1	5.5	5.7	DOR	Annual tax return	Tax audit	None Reported	Businesses with property	No	No
1.304 See Corp Excise 2.305	Accelerated Cost Recovery System (ACRS) for Equipment For depreciable tangible personal property placed in service after 1980, capital costs may be recovered using the Accelerated Cost Recovery System (ACRS), which applies accelerated methods of depreciation over set recovery periods. For property placed in service after 1987, Massachusetts has adopted the Modified Accelerated Cost Recovery System (MACRS), which generally uses double declining balance depreciation over specified periods that are substantially shorter than actual useful lives (200% declining balance for 3-, 5-, 7- and 10-year recovery property and 150% declining balance for 15- and 20-year property). The excess of accelerated depreciation over economic depreciation is a tax expenditure, resulting in a deferral of tax or an interest-free loan. Statutory Basis: IRC § 168	60.8	45.7	45.9	DOR	Annual tax return	Tax audit	None Reported	Businesses with capital costs	No	No
1.305 See Corp Excise 2.306	Deduction for Excess First-Year Depreciation Individuals or investors in a trade or business may elect to expense certain business assets purchased during the taxable year up to a maximum amount of $125,000. For taxpayers whose investment in eligible assets exceeds $500,000 in the year, the $125,000 ceiling is reduced by $1 for each dollar of investment above $500,000. Any remaining cost must be depreciated according to MACRS, as described in the preceding item. The immediate deduction is a tax expenditure, resulting in a deferral of tax or an interest-free loan. Statutory Basis: IRC § 179	2.8	22.9	12.2	DOR	Annual tax return	Tax audit	None Reported	Businesses with capital costs	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

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		FY 10	FY 11	FY 12							
1.306 See Corp Excise 2.304	Five-Year Amortization of Business Start-Up Costs Individuals or investors in a trade or business may elect to treat business start-up expenditures as deferred expenses and amortize them over five years. Statutory Basis: IRC § 195	6	6	5	DOR	Annual tax return	Tax audit	None Reported	Start up businesses	No	No
1.307 See Corp Excise 2.310	Five-Year Amortization of Certain Operating Rights Individuals or investors in a trade or business may amortize over five years the cost of bus route, freight forwarding and certain other operating rights that have lost their economic value due to federal deregulation. Statutory Basis: Federal Tax Reform Act of 1986, § 243	N.A.	N.A.	N.A.	DOR	Annual tax return	Tax audit	None Reported	Individuals or investors in a trade or business	No	No
1.308 See Corp Excise 2.309	Expensing Exploration and Development Costs Individuals or investors in extractive industries (mining or drilling natural resources) may take an immediate deduction for certain exploration and development costs. Statutory Basis: IRC §§ 263(c), 616 and 617 in effect January 1, 1985	Negligible	Negligible	Negligible	DOR	Annual tax return	Tax audit	None Reported	Mining industry	No	No
1.309 See Corp Excise 2.308	Expensing Research and Development Expenditures in One Year Individuals or investors in a trade or business may take an immediate deduction for research and development expenditures. Statutory Basis: IRC §174	1.2	1.2	1.2	DOR	Annual tax return	Tax audit	None Reported	R&D businesses	No	No
1.312	Expensing Certain Capital Outlays of Farmers Farmers may use certain favorable accounting rules. For instance, they may use the cash basis method of accounting and may deduct up to 50% of non-paid farming expenses as current expenses even though these expenditures are for inventories on hand at the end of the year. They also may deduct certain capital outlays, such as expenses for fertilizers and soil and water conservation if they are consistent with a federal- or state-approved plan. Generally, these special rules are not available to farming corporations and syndicates. Statutory Basis: IRC §§ 175, 180 and 182 and Reg. §§ 1.61-4, 1.162-12 and 1.471-6	0.3	0.3	0.3	DOR	Annual tax return	Tax audit	None Reported	Smaller farms	No	No

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1.413	Exemption of Interest on Savings in Massachusetts Banks Up to $100 ($200 on a joint return) of interest from savings deposits or savings accounts in Massachusetts banks is excluded from "earned" income. Statutory Basis: M.G.L. c. 62, § 3(B)(a)(6) Date of First Enactment: 1973	5.8	5.4	5.2	DOR	Annual tax return	Tax audit	None Reported	Individuals or businesses filing taxes in Massachusetts using MA banks	No	No
1.603 See Corp Excise 2.605	EDIP/Economic Opportunity Area Credit & Enhanced Economic Opportunity Area Credit Businesses investing in qualified property in an Economic Opportunity Area are entitled to a credit against tax of 5% of the cost of the property. To qualify for the 5% credit, the property must be used exclusively in a certified project in an Economic Opportunity Area. To be certified, the Economic Assistance Coordinating Council must approve a project. Statutory Basis: M.G.L. c. 62, § 6(g) Date of First Enactment: 1993	3.8	3.3	3.3	Economic Assistance Coordinating Council (EACC)	Beginning in 2012, EACC must submit annual report by May 15 to DOR. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	From EDIP 2011 Program Guidelines: The EACC will consider project certification based on the merits of individual projects and will take into consideration the jobs impact, project location, industry and resulting economic activity. Support of sustainable manufacturing projects and investment within middle tier or gateway communities are key program objectives http://www.mas§gov/Ehed/docs/mobd/EDIP%20Site/2011%20EDIP%20Guidelines%20updated_01_24_11.pdf EACC is required to report to DOR regarding compliance with credit cap. $25M	DOR will make annual report available on website *See DOR TIR 10-11*	Business that qualifies for EDIP credit	Yes, if property is disposed of or ceases to be qualified recapture provisions of chapter 31A, e apply. *See M.G.L. c. 62, § 6(g), paragraph 1*	No

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1.604 See Corp Excise 2.606	Credit for Employing Former Full-Employment Program Participants Employers who continue to employ former participants of the §.110(1) full employment program in non-subsidized positions are eligible to receive a tax credit equal to $100 per month for each month of non-subsidized employment, up to a maximum of $1,200 per employee, per year. Statutory Basis: St. 1995, c. 5, § 110(m)	0.2	0.2	0.2	DOR Department of Transitional Assistance (DTA)	DTA shall report to the department of revenue and to the employer the program participant's name and social security number, the employer's name and identification number and the number of complete months of eligible employment for each participant of the program for whom an employer would be eligible to claim the credit provided by this subsection within thirty-one days of the end of each calendar year	Tax audit	DOR shall consult with the house and senate committees on ways and means to determine non-confidential data which shall annually be published to determine the effectiveness of the credit provided by this subsection. Said department of revenue shall promulgate rules and regulations necessary to implement the provisions of this subsection	Businesses/Taxpayers	No	No
1.608 See Corp Excise 2.608	Brownfields Credit Recent legislation extended the Brownfields credit to nonprofit organizations, extended the time from for eligibility for the credit, and permitted the credit to be transferred, sold, or assigned. Legislation changed the commencement cut-off date from August 5, 2011 to August 5, 2013, and the time for incurring eligible costs that qualify for the credit to January 1, 2014. The amount of the credit varies according to the extent of the environmental remedy. If the taxpayer's permanent solution or remedy operation status includes an activity and use limitation, then the amount of the credit is 25% of the net response and removal costs incurred by the taxpayer. However, if there is no activity and use limitation, then the amount of the credit is 50% of the net response and removal costs. Statutory Basis: M.G.L. c. 62, § 6(j) Date of First Enactment: 1998	1.4	0.9	0.9	DOR Department of Environmental Protection (DEP)	Beginning in 2012, DOR must submit annual report by May 15 [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	Any credit allowed under this subsection may be taken only after a response action outcome statement or remedy operation status submittal has been filed with the Department of Environmental Protection	DOR will make annual report available on website *See M.G.L. c. 62, § 6(j)(6) DOR TIR 10-11*	A taxpayer or nonprofit organization *See M.G.L. c. 62, § 6(j)(1)*	If property is disposed of or no longer in qualified use prior to end of useful life, the difference between credits taken and allowed must be added back as taxes due *See M.G.L. c. 62, §.6(j)(2)*	Yes – Jan 1, 2014

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1.611 See Corp Excise 2.614	Film (or Motion Picture) Credit Credit is transferable; Individual income tax filers engaged in the making of a motion picture are allowed two credits: a) Payroll credit: This is a credit for the employment of persons within the Commonwealth in connection with the filming or production of 1 or more motion pictures in the Commonwealth within any consecutive 12 month period. The credit is equal to 25 per cent of the total aggregate payroll paid by a motion picture production company that constitutes Massachusetts source income, when total production costs incurred in the commonwealth equal or exceed $50,000 during the taxable year. The term "total aggregate payroll" may not include the salary of any employee whose salary is equal to or greater than $1,000,000. b) Non-payroll production expense credit: Individual income tax filers are also allowed a credit equal to 25 per cent of all motion picture related Massachusetts production expenses, not including the payroll expenses used to claim the aforementioned payroll credit. To be eligible for this credit, either Massachusetts motion picture production expenses must exceed 50 per cent of the total production expenses for a motion picture or at least 50 per cent of the total principal photography days of the film take place in the Commonwealth. These tax credits are refundable at 90% of the approved credit amounts, or the amount of the tax credit that exceeds the tax due for a taxable year may be carried forward by the taxpayer to any of the 5 subsequent taxable years. Additionally, all or any portion of tax credits issued may be transferred, sold or assigned to other taxpayers with tax liabilities under chapter 62 (the individual income tax) or chapter 63 (the corporate or other business excise taxes). For applications submitted prior to January 1, 2007, film tax credits were capped at $7,000,000 for any one motion picture production has; for applications submitted on or after January 1, 2007, there is no cap. Also, the sunset date for the film incentives statute has been extended from January 1, 2013 to January 1, 2023. See TIR 07-15 for more information. Statutory Basis: "An Act Providing Incentives to the Motion Picture Industry", St. 2005, c. 158, signed into law on November 23, 2005 and "An Act Providing Incentives to the Motion Picture Industry", St. 2007, c. 63; M.G.L. c. 63 Date of First Enactment: 2005	3.3	2.1	2.1	DOR	Beginning in 2012, DOR must submit annual report by May 15. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	DOR reviews application for credits to assess meeting of guidelines DOR has approval process for transfer of credit	Commissioner of Revenue shall annually, not later than December 31, report in writing to the house and senate committee on ways and means on the status of the film tax credit. The report shall include, but not be limited to, the motion picture production activity generated by the tax credits and the net revenue impact of the tax credits. See Acts of 2007 c. 63 *§ 13* Secretary of Economic Development shall conduct an economic study and issue a report no later than 12/31/2011 *See Acts of 2005, c. 158, § 7* http://www.mass.gov/Ador/docs/dor/News/2010FilmIncentiveReport.pdf	Film and motion picture industry and subsequent employees	No	Yes – Jan 1, 2023

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

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1.613 See Corp Excise 2.615	Medical Device User Fee Credit Medical device companies that develop or manufacture medical devices in Massachusetts can claim a credit equal to 100% of the user fees paid by them when submitting certain medical device applications and supplements to the United States Food and Drug Administration. The credit is also transferable. For the personal income tax, the credit applies to any qualifying entity organized as a sole proprietorship, partnership, limited liability company, corporate trust or other business where the income is taxed directly. Statutory Basis: M.G.L. c. 62, § 6 1/2, St. 2006 c. 145. Date of First Enactment: 2006	0.4	0.4	0.4	DOR	Beginning in 2012, DOR must submit annual report by May 15. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	Upon transfer of credit, DOR has approval process	DOR will make annual report available on website *See DOR TIR 10-11*	Medical device companies	No	No
Corporate Income											
2.001	Small Business Corporations In general, corporations organized under, or subject to, chapters 156, 156A, 156B, 156C, 156D, or 180 of Massachusetts General Laws (M.G.L.) or that have privileges, powers, rights or immunities not possessed by individuals or partnerships are subject to corporate excise. Certain corporations with no more than 100 shareholders may elect to be taxed, for both federal and state tax purposes, as "S corporations." The earnings of an S corporation with total receipts of less than $6 million are not generally subject to taxation at the corporate level. S corporations with total receipts of $6 million or more are subject to a reduced corporate excise: 1.97%(*) if receipts are $6 million or more but less than $9 million and 2.95%(*) if receipts are $9 million or more. In addition, S corporation net earnings (and losses) are attributed directly to shareholders (whether or not they are distributed as dividends) and are taxed at the individual shareholder level, generally at the applicable personal income tax rate (5.85% in tax year 2000, 5.6% in tax year 2001, 5.3% in tax years 2002 and thereafter). By contrast, ordinary corporate earnings are taxed twice: once when earned by the corporation at a 8.25%, and once when distributed to shareholders in the form of dividends, which are generally taxable at the applicable personal income tax rate. The difference between the manner in which income is taxed to an ordinary business corporation (including its shareholders) and an S corporation and its shareholders constitutes a tax expenditure. Massachusetts first adopted this treatment of corporations in 1986. Statutory Basis: IRC, § 1361-1363, M.G.L. c. 62, § 17A c. 63, §.32D Date of First Enactment: 1986, 1986	69.6	76	75.2	DOR	Annual tax return	Tax audit	None Reported	Small Business Corporations	No	No

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2.002 See Per Inc. 1.020	Exemption of Income from the Sale, Lease or Transfer of Certain Patents Income from the sale, lease or other transfer of approved patents for energy conservation, and royalties and income from the sale, lease or other transfer of property subject to such patents are excluded from gross income for a period of five years. Statutory Basis: M.G.L. c. 63, § 30(3) IRC, § 30(5)(a) Date of First Enactment: 1903	N.A.	N.A.	N.A	DOR	Annual tax return	Tax Audit The commissioner of energy resources may approve United States patents, which have been issued to Massachusetts residents or applied for by Massachusetts residents as useful for energy conservation and related purposes or as useful for alternative energy development and related purposes, provided that such patents are determined by said commissioner to be of economic value, practicable, and necessary for the convenience and welfare of the Commonwealth and its citizens	None reported	Individuals or companies in possession of approved patents	No	No
2.101	Deferral of Tax on Certain Shipping Companies Certain companies with merchant marine capital construction funds receive up to a 25-year deferral of tax on that portion of their net income, which is set aside for construction, modernization, and major repair of ships. Statutory Basis: IRC, §§ 1177, 7518(c), (g)(5)	0.1	0.1	0.1	DOR	Annual tax return	Tax audit	None Reported	Companies with merchant marine capital construction costs	No	No
2.201	Charitable Contributions and Gifts Deduction In computing net income, corporations may deduct charitable donations up to 10% of taxable income computed without the deductions. There is a carryover of excess contributions available for five succeeding taxable years. Origin: IRC, § 170 (b)(2)(A), (d)(2)(A)	62.5	61.3	61.9	DOR	Annual tax return	Tax audit	None Reported	Businesses/Taxpayers	No	No

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2.203	Net Operating Loss Carry-Over There has been a statutory expansion of the general NOL carry-forward period from 5 to 20 years for business corporations, for taxable years beginning on or after January 1, 2010. There has also been a change to the calculation of an NOL carry-forward, and for tax years beginning on or after January 1, 2010; all carry-forward losses of an eligible business corporation are to be carried forward on a post-apportioned basis, applying the apportionment percentage of the corporation for the taxable year in which the loss is sustained. See TIR 10-15 for details: Statutory Basis: IRC, § 172, M.G.L. c. 63, § 30(5)(b), TIR 10- 15. Date of First Enactment: 1903	98.5	93.6	91.6	DOR	Annual tax return	Tax audit	None Reported	Businesses/Taxpayers	No	No
2.204 See Per Inc. 1.203	Excess Natural Resource Depletion Allowance Taxpayers in extractive industries (mining or drilling for natural resources, quarrying) may deduct a percentage of gross mining income as a depletion allowance ("percentage depletion") even if the cost basis of the property has been reduced to zero. The deduction may not exceed 50% (in some cases, 65%) of net income from the property. In the case of oil and gas, percentage depletion is available only to domestic oil and gas sold by "independent producers" (nonintegrated companies). The excess of the deduction available using the percentage of gross income method of depletion over a depletion deduction based on cost is a tax expenditure. Statutory Basis: IRC, §§ 613, 613A	0.1	0.1	0.1	DOR	Annual tax return	Tax audit	None Reported	Individuals or investors in extractive industries	No	No
2.205	Deduction for Certain Dividends of Cooperatives Farmers' cooperatives and certain corporations acting as cooperatives may deduct patronage dividends and other amounts from gross income. Cooperatives meeting certain requirements may deduct dividends on capital stock and certain payments to patrons such as investment income. Under generally accepted rules for taxing corporations, the corporation cannot deduct dividends paid to shareholders. Statutory Basis: IRC, § 1381-1388	N.A.	N.A.	N.A	DOR	Annual tax return	Tax audit	None Reported	Farmers and certain corporations acting as cooperatives	No	No

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2.206 See Per Inc. 1.204	Economic opportunity areas; tax deduction for renovation of abandoned buildings Businesses renovating eligible buildings in Economic Opportunity Areas may deduct 10% of the cost of renovation from gross income. This deduction may be in addition to any other deduction for which the cost of renovation may qualify. To be eligible for this deduction, renovation costs must relate to buildings designated as abandoned by the Economic Assistance Coordinating Council. Statutory Basis: M.G.L. c. 63, § 38O Date of First Enactment: 1993	Negligible	Negligible	Negligible	Economic Assistance Coordinating Council DOR	At the end of each year, certified projects are required to submit a report to the EACC and to the Municipality in which the project is located.	From EDIP 2011 Program Guidelines: The EACC will consider project certification based on the merits of individual projects and will take into consideration the jobs impact, project location, industry and resulting economic activity. Support of sustainable manufacturing projects and investment within middle tier or gateway communities are key program objectives http://www.mass.gov/Ehed/docs/mobd/EDIP%20Site/2011%20EDIP%20Guidelines%20updated_01_24_11.pdf	An annual reporting form will be posted at www.mass.gov/dbd/edip	Business/individual that qualify for the 10% deduction to gross income	No	No
2.301 See Per Inc. 1.301	Accelerated Depreciation on Rental Housing Landlords and investors in rental housing may use accelerated methods of depreciation for new and used rental housing. Rental housing placed in service after 1986 is depreciated on a straight-line basis over a 27.5 year period. Rental housing placed in service before 1987 was depreciable over shorter periods (generally 19 or 20 years), and, instead of straight-line depreciation, the 175% declining balance method was permitted. Straight-line depreciation over the property's expected useful life is the generally accepted method for recovering the cost of buildings. The excess of allowable depreciation over such generally accepted depreciation is a tax expenditure, resulting in a deferral of tax or an interest-free loan. Statutory Basis: IRC § 168	2.1	2	1.9	DOR	Annual tax return	Tax audit	None Reported	Landlords and investors in rental housing	No	No

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2.302 See Per Inc. 1.302	Accelerated Depreciation for Rehabilitation of Low-Income Housing Expenditures made for the rehabilitation of low-income rental housing may be depreciated over a five-year period, using the straight-line method of depreciation and ignoring salvage value, if the expenditures are made under a binding contract in existence before 1987. Generally, the aggregate expenditures qualifying for the deduction cannot exceed $20,000 per unit, though they must equal at least $3,000 per unit over two consecutive years. Any remaining cost may be depreciated under the accelerated methods described in item 2.301. The accelerated recovery of costs which otherwise would be depreciable over a longer period amounts to a deferral of tax or an interest-free loan. Statutory Basis: IRC, § 167(k)	N.A.	N.A.	N.A	*IRC 167(k) repealed in 1990 by public law 101-508*						
2.303	Expenditures to remove architectural and transportation barriers to the handicapped and elderly Taxpayers may elect to deduct up to $35,000 of the costs of removing architectural or transportation barriers to the handicapped in the year these costs are incurred. The immediate deduction of these expenditures, which would otherwise have to be capitalized and depreciated over a longer period, results in a deferral of tax or an interest-free loan. Statutory Basis: IRC, § 190	0.3	0.3	0.3	DOR	Annual tax return	Tax audit	None Reported	Businesses/Taxpayers	No	No
2.304 See Per Inc. 1.306	Five-Year Amortization of Start-Up Costs Taxpayers may elect to treat certain capital costs of starting a business as deferred expenses and amortize them over five years. Without the election, only costs for particular assets could be recovered through depreciation deductions. Other costs would be part of the basis in the business and generally could not be recovered until the business was sold or discontinued. The election to amortize these costs allows for a deferral of tax or an interest-free loan. Statutory Basis: IRC, § 195	0.5	0.2	0.2	DOR	Annual tax return	Tax audit	None Reported	Start Up Businesses	No	No
2.305 See Per Inc. 1.304	The Accelerated Cost Recovery System (ACRS) for Equipment For depreciable tangible personal property placed in service after 1980, capital costs must be recovered using the federal Accelerated Cost Recovery System (ACRS), which applies accelerated methods of depreciation over set periods. For property placed in service after 1986, the Federal Tax Reform Act of 1986 prescribes revised ACRS depreciation schedules, generally using double-declining balance depreciation over specified periods that are substantially shorter than actual useful lives. The excess of accelerated depreciation over what is considered to be normal depreciation for tangible personal property (double-declining balance over expected useful lifetimes) is a tax expenditure. Statutory Basis: IRC, § 168	205.7	216.8	227.6	DOR	Annual tax return	Tax audit	None Reported	Businesses with capital costs	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
2.306 See Per Inc. 1.305	Deduction for Excess First-Year Depreciation Taxpayers may elect to expense certain business assets purchased during the taxable year. The total deduction cannot exceed $25,000 ($100,000 in the case of taxable years beginning after 2002 and before 2010); for taxpayers whose investment in eligible assets exceeds $200,000 ($400,000 in the case of taxable years beginning after 2002 and before 2010) in the year, the $25,000 ceiling is reduced by $1 for each dollar of investment above $200,000. Any remaining cost may be depreciated according to ACRS as described in item 2.305. The immediate deduction results in a deferral of tax or an interest-free loan. Statutory Basis: IRC, § 179	1.1	6.9	3.5	DOR	Annual tax return	Tax audit	None Reported	Taxpayers/Businesses	No	No
2.307 See Per Inc. 1.303	Accelerated Depreciation on Buildings (other than Rental Housing) Construction may be depreciated under methods which produce faster depreciation than economic depreciation. The precise rules have been changed repeatedly in recent years by revisions of the federal tax code. For structures (other than housing) placed in service after 1986, federal law requires straight-line depreciation over a 31.5 year life. The excess of accelerated depreciation over economic depreciation is a tax expenditure. For a more detailed description of accelerated depreciation, see item 2.301 above. Statutory Basis: IRC, § 168	5.7	6	6.3	DOR	Annual tax return	Tax audit	None Reported	Businesses with property	No	No
2.308 See Per Inc. 1.309	Expensing Research and Development Expenditures in One Year Taxpayers may elect to treat research or experimental expenditures incurred in connection with a trade or business as immediately deductible expenses. Under generally accepted accounting principles, at least some of these costs would otherwise be treated as capital expenditures and depreciated or amortized over a period of years. Their immediate deduction results in a deferral of tax or an interest-free loan. Statutory Basis: IRC, § 174	63	57.3	57.4	DOR	Annual tax return	Tax audit	None Reported	R&D businesses	No	No
2.309 See Per Inc. 1.308	Expensing Exploration and Development Costs Certain capital costs incurred in bringing a known mineral deposit into production are deductible in the year incurred. A portion of domestic mining exploration costs can also be expensed, although they will be recaptured if the mine reaches the production stage. Certain intangible drilling and development costs of domestic oil, gas, and geothermal wells are deductible when made, but to a certain extent may be recaptured upon disposition of oil, gas, or geothermal property to which they are properly chargeable. The immediate expensing of these costs, which would otherwise be capitalized and recovered through depreciation or through depletion as the natural resource is removed from the ground, results in a deferral of tax or an interest-free loan. Statutory Basis: IRC, §§ 193, 263(c), 616, 617	1	0.9	1.1	DOR	Annual tax return	Tax audit	None Reported	Mining industry	No	No

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		FY 10	FY 11	FY 12							
2.310 See Per Inc. 1.307	Five-Year Amortization of Certain Operating Rights Certain bus, trucking and shipping companies may amortize over a five-year period the cost of bus route, freight forwarding and certain other operating rights that have lost their economic value due to federal deregulation of these industries. The five-year amortization of these costs, which would otherwise be capitalized and recovered upon the sale of the business, results in a deferral of tax or an interest-free loan. Statutory Basis: Federal Tax Reform Act of 1986 § 243	N.A.	N.A.	N.A.	Allows for cost reductions for unprofitable transport operations	Annual tax return	Tax audit	None Reported	Individuals or investors in a trade or business	No	No
2.311	Five-Year Amortization of Pollution Control Facilities Taxpayers may elect to amortize the cost of a certified pollution control facility over a five-year period, allowing for accelerated recovery of these costs. Accelerated recovery is only available for pollution control facilities subsequently added to plants that were in operation before 1976. The excess of accelerated recovery over depreciation deductions otherwise allowable results in a deferral of tax or an interest-free loan. Statutory Basis: IRC, § 169	N.A.	N.A.	N.A	DOR	Annual tax return	Tax audit	None reported	Businesses with older operating plants	No	No
2.312	Alternative energy sources; deduction In determining net income, a corporation may elect to take an immediate deduction for expenditures made for certain solar or wind powered systems or units located in Massachusetts and used exclusively in the business, in lieu of all other deductions and credits including the deduction for depreciation. Without this provision, such expenditures would have to be capitalized and depreciated. The immediate deduction results in a deferral of tax or an interest-free loan. Statutory Basis: M.G.L. c. 63, § 38H Date of First Enactment: 1976	0.3	0.3	0.4	DOR	Annual tax return	Tax audit	None reported	Businesses that invest in alternative energy sources	No	No
2.313	Seven-Year Amortization for Reforestation Taxpayers may elect to amortize reforestation costs for qualified timber property over a seven-year period. In the absence of this special provision, these costs would be capitalized and depreciated over a longer period or recovered when the timber is sold. The accelerated cost recovery results in a deferral of tax or an interest-free loan. Statutory Basis: IRC, § 194	N.A.	N.A.	N.A	DOR	Annual tax return	Tax audit	None reported	Timber industry	No	No

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		FY 10	FY 11	FY 12							
2.401	Unequal Weighting of Sales, Payroll, and Property in the Apportionment Formula Corporations with a presence in Massachusetts and other states allocate income to the Commonwealth using a three-factor apportionment formula. A corporation's sales, payroll, and property in Massachusetts are compared to those outside Massachusetts. Exporters benefit from an apportionment formula that weights sales more heavily than the other factors. Effective January 1, 1996, eligible defense corporations are allowed a formula that weights sales 100%. For other qualified manufacturers, a 100% sales weight was phased-in over five years, and was fully effective January 1, 2000. All corporations other than mutual fund corporations (see below) will continue to use a formula that weights sales 50%. Effective January 1, 1997 mutual fund corporations are allowed to attribute mutual fund sales to Massachusetts based on the domicile of shareholders in the mutual funds. Effective July 1, 1997, mutual fund corporations are allowed to apportion their income to Massachusetts based solely on the percentage of sales to Massachusetts' residents. Comment: In listing this item, it is assumed that a standard apportionment formula gives equal weight to sales, property and payroll. The estimate is of the impact of departing from this standard formula. Statutory Basis: M.G.L. c. 63, § 38 (c), (k), (l), (m) Date of First Enactment: 1919,1995,1995,1996	304.7	320.7	340	DOR	Reporting requirement ceased with job creation requirements in 2002	Tax audit	DOR filing requirement has expired	Qualified manufacturers, mutual fund corporations 2011 Calendar Year: *Manufacturers: 1,500-2,600; $111M *Mutual Fund Comp.: 60-120; $136M *Numbers according to DOR Commissioner testimony, 3/29/11 Senate Post Audit Oversight Hearing	No	No
2.501	Nontaxation of Certain Energy Property Tangible property qualifying for the deduction for expenditures for alternative energy described in item 2.312 above is not subject to taxation under the tangible property measure of the corporate excise. Statutory Basis: M.G.L. c. 63, § 38H(f) Date of First Enactment: 1976	N.A.	N.A.	N.A.	DOR	Annual tax return	Tax audit	None reported	Businesses that own alternative energy equipment	No	No
2.502	Exemption for Property Subject to Local Taxation In computing the state corporate excise on tangible property, property subject to tax at the local level is exempt. Generally, the state taxes only the machinery of manufacturing corporations and exempts business real estate and tangible personal property. For purposes of estimating revenue loss from this tax expenditure, the state's rate on property, $2.60 per $1,000, has been applied. Statutory Basis: M.G.L. c. 63, § 30(7) Date of First Enactment: 1962	140.7	148.2	158.6	DOR	Annual tax return	Tax audit	None reported	Businesses that own property	No	No

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		FY 10	FY 11	FY 12							
2.602	Investment Tax Credit Manufacturing corporations and corporations engaged primarily in research and development, agriculture or commercial fishing are allowed a credit of 3% of the cost of depreciable real and tangible property. Such property must have a useful life of four years or more. The property must be used and located in Massachusetts on the last day of the taxable year. A corporation cannot take the credit on property which it leases to another. A corporation can take the credit on property which it leases from another (for property leased and placed in service on or after July 1, 1994). Generally, eligible corporate lessees making qualifying leasehold improvements may claim the credit. A corporation may carry over to the next succeeding three years any unused portion of its Investment Tax Credit (ITC) To be consistent with all other estimates in this document, this estimate is based on actual investment tax credit claims of corporations from the most recent Corporate Excise Returns Report, and does not take into account increased tax revenues resulted from greater economic activity induced by the investment tax credit (i.e., the estimate is "static", not "dynamic") Statutory Basis: M.G.L. c. 63, § 31A Date of First Enactment: 1970	41.2	42.3	44.5	DOR	Annual tax return	Tax audit The commissioner of revenue shall by regulation require such documentation of the lessor and lessee as to substantiate the credit claimed by this section *See M.G.L. c. 63, § 31A, subsection i*	None Reported	Manufacturing corporations and corporations engaged primarily in research and development, agriculture or commercial fishing	No	No
2.603	Vanpool Credit Business corporations are allowed a credit of 30% of the cost incurred during the taxable year for the purchase or lease of company shuttle vans used in the Commonwealth as part of an employer-sponsored ridesharing program. The shuttle vans must be used for transporting employees. Statutory Basis: M.G.L. c. 63, § § 31D, 31E, 31F Date of First Enactment: 1987	0.1	0.1	0.1	DOR	Annual tax return	Tax audit	None Reported	Businesses that seek to encourage ride-sharing for their employees	Yes, if property is disposed of or ceases to be in qualified, the difference between the credit taken and the credit allowed for actual use must be added back as additional taxes due in the year of disposition *See M.G.L. c. 63, § 31E (e)*	No

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		FY 10	FY 11	FY 12							
2.604	Research Credit A credit is allowed for corporations which made basic research payments and/or incurred qualified research expenses conducted in Massachusetts during the taxable year. A corporation taking the research credit is limited in the amount that can be taken against the excise in any year. The credit cannot reduce the tax to less than $456. The amount of credit is equal to: 100% of the first $25,000 of excise; and 75% of any amount of excise remaining after the first $25,000. The deduction allowed to a corporation for any research expenses generating a Massachusetts Research Credit must be reduced by the amount of the credit generated. This amount is added back to income on Schedule E, line 13. Any corporation which is a member of a combined group may share excess research credits with other members of the combined group. Corporations which are members of a controlled group or which are under common control with any trade or business (whether or not incorporated) are treated as a single taxpayer for purposes of determining the allowable Research Credit. Statutory Basis: M.G.L. c. 63, § 38M Date of First Enactment: 1991	72.6	76.5	80.3	DOR	Beginning in 2012, Agency head must submit annual report by May 15 to DOR. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	Tax audit	DOR will make annual report available on website. *See DOR TIR 10-11*	The R&D tax credit is available to any foreign or domestic corporation subject to the corporate excise under *See M.G.L. c. 63, § 32 and c. 63, § 39, per 830 CMR 63.38M.1*	No	No
2.605 See Per Inc. 1.603	EDIP/Economic Development Incentive Program Credit Businesses investing in qualified property in an Economic Opportunity Area are entitled to a credit against tax of 5% of the cost of the property. To qualify for the 5% credit, the property must be used exclusively in a certified project in an Economic Opportunity Area. To be certified, the Economic Assistance Coordinating Council must approve a project. St. 2009, c. 166, §§ 21, 24, 47 made significant changes to the Economic Development Incentive Program (EDIP) established pursuant to M.G.L. c. 23A, including the tax credit provided in M.G.L. c. 62, § 6(g) and M.G.L. c. 63, § 38N which is a key component of the EDIP. Under the provisions of the Economic Development Incentive Program (EDIP) established pursuant to M.G.L. c. 23A, the Economic Assistance Coordination Council (EACC) may authorize taxpayers participating in certified projects to claim tax credits. See TIR 10-1 & TIR 10-15 for further details. Statutory Basis: M.G.L. c. 62, § 6(g), M.G.L. c. 63, § 38N TIR 10-1, TIR 10-1. Date of First Enactment: 1993	19.1	19.6	19.6	Economic Assistance Coordinating Council	Beginning in 2012, EACC must submit annual report by May 15 to DOR. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 DOR TIR 10-11*	From EDIP 2011 Program Guidelines: The EACC will consider project certification based on the merits of individual projects and will take into consideration the jobs impact, project location, industry and resulting economic activity. Support of sustainable manufacturing projects and investment within middle tier or gateway communities are key program objectives http://www.mas§gov/Ehed/docs/mobd/EDIP%20Site/2011%20EDIP%20Guidelines%20updated_01_24_11.pdf EACC is required to report to DOR regarding compliance with credit cap. $25M	DOR will make annual report available on website *See DOR TIR 10-11*	Business that qualifies for EDIP credit.	Yes, if property is disposed of or ceases to be qualified recapture provisions of C. 31A, e apply. *See M.G.L. c. 62, § 6(g), paragraph 1*	No

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		FY 10	FY 11	FY 12							
2.606 See Per Inc. 1.604	Credit for Employing Former Full-Employment Program Participants Employers who continue to employ former participants of the §110(1) full employment program in non-subsidized positions are eligible to receive a tax credit equal to $100 per month for each month of non-subsidized employment, up to a maximum of $1,200 per employee, per year. Statutory Basis: St. 1995, c. 5, § 110(m)	Negligible	Not Active	Not Active	DOR Department of Transitional Assistance (DTA)	DTA shall report to the department of revenue and to the employer the program participant's name and social security number, the employer's name and identification number and the number of complete months of eligible employment for each participant of the program for whom an employer would be eligible to claim the credit provided by this subsection within thirty-one days of the end of each calendar year	Tax audit	DOR shall consult with the house and senate committees on ways and means to determine non-confidential data which shall annually be published to determine the effectiveness of the credit provided by this subsection. Said department of revenue shall promulgate rules and regulations necessary to implement the provisions of this subsection	Businesses/Taxpayers	No	No
2.607	Harbor Maintenance Tax Credit Corporations are allowed a credit against the corporate excise for certain harbor maintenance taxes paid to the U.S. Customs Service pursuant to IRC § 4461. A corporation is eligible for the credit if the tax paid is attributable to the shipment of break-bulk or containerized cargo by sea and ocean-going vessels through a Massachusetts harbor facility. The credit is not subject to the 50% limitation; however, it may not reduce the tax to less than the minimum excise of $456. A taxpayer may carryover any excess credit to any of the next succeeding five taxable years. Statutory Basis: M.G.L. c. 63, § 38P Date of First Enactment: 1996	1	1.1	1.1	DOR	Annual tax return	Tax audit	None Reported	Businesses engaged in marine commerce	No	No

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		FY 10	FY 11	FY 12							
2.608 See Per Inc. 1.608	Brownfields Credit Taxpayers are allowed a credit for amounts expended to rehabilitate contaminated property owned or leased for business purposes and located within an economically distressed area. The eligibility period for the Brownfields Credit has been lengthened. The environmental response action commencement cut-off date has been extended by St. 2010, c. 240 from August 5, 2005 to August 5, 2013 and the time for incurring eligible costs that qualify for the credit has been extended to January 1, 2014. The Brownfields Credit may be transferred, sold or assigned to another taxpayer with a liability under chapter 62 or chapter 63, or to a nonprofit organization. The Brownfields Credit cannot offset more than 50% of the excise due nor reduce the excise below the minimum tax. Any unused credit may be carried forward for five years. Statutory Basis: M.G.L. c. 63, § 38Q, St. 2006, c. 123, §§ 49, 63, St. 2010, c. 240 Date of First Enactment: 1998	0.1	0.1	0.1	DOR Department of Environmental Protection (DEP)	Beginning in 2012, DOR must submit annual report by May 15 [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	Any credit allowed under this subsection may be taken only after a response action outcome statement or remedy operation status submittal has been filed with the Department of Environmental Protection	DOR will make annual report available on website *See M.G.L. c. 62, §6(j)(6) & DOR TIR 10-11*	A taxpayer or nonprofit organization *See M.G.L. c. 62, § 6(j)(1)*	If property is disposed of or no longer in qualified use prior to end of useful life, the difference between credits taken and allowed must be added back as taxes due *See M.G.L. c. 62, § 6(j)(2)*	Yes – Jan 1, 2014
2.609	Low Income Housing Credit This credit is administered through the Massachusetts Department of Housing and Community Development (DHCD). The Low-Income Housing Credit is available to taxpayers that claim a U.S. credit for the construction or development of low income housing. The state credit is taken over five years. The amount of credit a taxpayer may claim for a qualified Massachusetts project is allocated by the DHCD and is based on a total pool of money awarded to the Commonwealth. The LIHC is not subject to the 50% limitation rule for corporate taxpayers. If the taxpayer disposes of the property generating the LIHC, a portion of the credit may be subject to recapture. Under prior law, the Massachusetts low-income housing tax credits were available only to taxpayers who had been allocated federal low-income housing tax credits. Effective August 1, 2010, the Act allows the Department of Housing and Community Development to grant state low-income housing credits (within the existing $10 million annual cap) to otherwise eligible projects that do not receive a federal low-income housing credit. The credits may be sold or transferred to another taxpayer. Many of these credits are claimed by financial institutions and insurance companies, which are not included in this tax expenditure budget. The Department of Revenue estimates that in fiscal year 2010 approximately $16.8 million were claimed by financial institutions and insurance companies in addition to $2.1 million that was claimed by corporations. (The same impacts in fiscal years 2011 and 2012) Statutory Basis: St. 2010, c. 240, § 116 and 117 amending M.G.L. c. 62, § 6I; St. 2010, c. 240, § 123 and § 124 amending M.G.L. c. 63, § 31H, TIR 10-15, IRC, § 42. Date of First Enactment: 1999	2.2	2.2	2.2	Massachusetts Department of Housing and Community Development DOR	Beginning in 2012, DHCD must submit annual report by May 15 to DOR [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	Project owners eligible for this credit must submit a state tax return and a statement of eligibility issued by the state Department of Housing and Economic Development. Credit is not allowed if eligibility statement is not documented	DOR will make annual report available on website *See DOR TIR 10-11*	Low income housing developer	Yes, if project ceases to meet federal law requirement *See. M.G.L. c. 62, § 6I, (c)(5) & (d)(1)&(2)*	No

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		FY 10	FY 11	FY 12							
2.610	Historic Buildings Rehabilitation Credit Effective for years beginning on or after January 1, 2005 and ending on or before December 31, 2017, taxpayers may be eligible for the Historic Rehabilitation Credit (HRC). To claim this credit, a historic rehabilitation project must be complete and have been certified by the Massachusetts Historical Commission. Unused portions of the credit may be carried forward for a maximum of five years. This credit may be transferred or sold to another taxpayer. The HRC is not subject to the 50% limitation rule for corporate taxpayers. If the taxpayer disposes of the property generating the HRC, a portion of the credit may be subject to recapture. The expenditure for this item (combined with the Historic Rehabilitation Credit for individual filers, item 1.610) was originally capped at $15 million per year, with a start date for the credit of January 1, 2005 and an end date of December 31, 2009. St. 2006, c. 123 extended the availability of the credit for an additional two years, to December 31, 2011, and increased the annual $15 million cap amount to $50 million. Again, the credit has been extended for an additional six years, to December 31, 2017. Many of these credits are claimed by financial institutions and insurance companies, which are not included in this tax expenditure budget. The Department of Revenue estimates that in fiscal year 2010 approximately $26.3 million were claimed by financial institutions and insurance companies in addition to $21.3 million that was claimed by corporations. The Department estimates that in fiscal year 2011 and 2012 as well, the same dollar amounts will be claimed. Statutory Basis: M.G.L. c. 63, § 38R, St. 2006, c. 123, §§ 51 and 65, TIR 10-11 Date of First Enactment: 2003	21.3	21.3	21.3	Massachusetts Historical Commission DOR	Beginning in 2012, Massachusetts Historical Commission must submit annual report by May 15 to DOR. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] Filed annually with *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	The Massachusetts Historical Commission shall determine the criteria for eligibility for the credit. Rehabilitation must be certified by the Commission in order to qualify for the credit *See M.G.L. c. 63, § 38R, (b), paragraph 1, and (c)*	DOR will make annual report available on website *See DOR TIR 10-11*	Businesses with historical buildings	If the credit holder disposes of his/her interest in the historical structure before the five year eligibility period expires, the tax liability for the taxpayer shall be increased by the recaptured amount *See M.G.L. c. 63, § 38R, (f), paragraph ii, and (g)*	Dec. 31, 2017
2.611	Jobs Incentive Payment for Biotechnology and Medical Device Companies A biotechnology or medical device manufacturing company that creates 10 or more eligible jobs in the commonwealth during a single calendar year shall be entitled to a jobs incentive payment if its weighted average employment for such year reflects a net increase of at least 10 jobs over the company's weighted average employment for the prior calendar year. The jobs incentive payment shall be equal to 50% multiplied by the applicable Massachusetts income tax rate for the salary paid to the persons who perform the newly created eligible jobs for the calendar year in question. Effective for tax years beginning on or after January 1, 2006, St. 2006, c. 123 expands the job incentive payment program to include marine science technology companies. Statutory Basis: M.G.L. c. 62C, § 67D, St. 2006, c. 123, §§ 56, 57 and 58 Date of First Enactment: 2003	Negligible	Expired	Expired	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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		FY 10	FY 11	FY 12							
2.612	Solar Heat Credit Massachusetts allows a credit of up to $300 for the installation of a solar hot water heating system in a commercial building between November 1, 2005 and March 31, 2006. Statutory Basis: M.G.L. c. 63, § 38T. according to tax expenditure budget. Correction M.G.L. c. 63, §38H Date of First Enactment: 1976	Expired	Expired	Expired	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2.613	Home Energy Efficiency Credit The owner of residential property located in Massachusetts was allowed a credit for certain energy efficient items purchased between November 1, 2005 and March 31, 2006 for installation in residential property. Qualifying purchases included home insulation, new window insulation, advanced programmable thermostats, solar hot water systems, fuel-efficient furnaces, boilers, oil, gas, propane or electric heating systems, certain weather sealing and other approved purchases. The credit was only available in 2005 & 2006. Statutory Basis: TIR 05-18 and "Act Relative to Heating Energy Assistance and Tax Relief", St. 2005, c. 140, signed into law on November 22, 2005; M.G.L. c. 63	Expired	Expired	Expired	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
2.614 See Per Inc. 1.611	Film (or Motion Picture) Credit For taxable years beginning on or after January 1, 2006 and before January 1, 2023, Massachusetts allows two credits for motion picture production companies who meet certain qualification requirements. Production companies who incur at least $50,000 of production costs in Massachusetts are eligible for income and corporate excise tax credits equal to 20% of the total Massachusetts payroll for the production, excluding salaries of $1 million and higher. In addition, production companies whose Massachusetts production expenses exceed 50% of the total production cost receive an income and corporate excise tax credit of 25% of the total Massachusetts production expense. Supporting documentation is available to the Department of Revenue upon request. These tax credits are refundable at 90% of the approved credit amounts, or the amount of the tax credit that exceeds the tax due for a taxable year may be carried forward by the taxpayer to any of the 5 subsequent taxable years. Additionally, all or any portion of tax credits issued may be transferred, sold or assigned to other taxpayers with tax liabilities under chapter 62 (the individual income tax) or chapter 63 (the corporate or other business excise taxes). For applications submitted prior to January 1, 2007, film tax credits were capped at $7,000,000 for any one motion picture production has; for applications submitted on or after January 1, 2007, there is no cap. Also, the sunset date for the film incentives statute has been extended from January 1, 2013 to January 1, 2023. See TIR 07-15 for more information. The Department of Revenue estimates that financial institutions and insurance companies will claim $52.8 million in fiscal year 2011 and the same amount in fiscal 2012 in film tax credits, which are not covered in this tax expenditure budget. This is in addition to the $10.1 million and $2.1 million that will be claimed by corporations and individuals (respectively) and is shown in this tax expenditure. Statutory Basis: See "An Act Providing Incentives to the Motion Picture Industry", St. 2005, c. 158, Date of First Enactment: Signed into law on November 23, 2005 and "An Act Providing Incentives to the Motion Picture Industry", St. 2007, c. 63; TIR 07-15, TIR 06-1; M.G.L. c. 63, § 38T Date of First Enactment: 2005	15.5	10.1	10.1	DOR	Beginning in 2012, DOR must submit annual report by May 15. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	DOR reviews application for credits to assess meeting of guidelines DOR has approval process for transfer of credit	Commissioner of Revenue shall annually, not later than December 31, report in writing to the house and senate committee on ways and means on the status of the film tax credit. The report shall include, but not be limited to, the motion picture production activity generated by the tax credits and the net revenue impact of the tax credits. See Acts of 2007 c. 63, *§ 13* Secretary of Economic Development shall conduct an economic study and issue a report no later than 12/31/2011 *See Acts of 2005, c. 158, § 7* http://www.mass.gov/Ador/docs/dor/News/2010FilmIncentiveReport.pdf	Film and motion picture industry and subsequent employees	No	Yes – Jan 1, 2023

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
2.615 See Per Inc. 1.613	Medical Device User Fee Credit The Medical Device Credit is equal to 100% of the user fees actually paid to the United States Food and Drug Administration (USFDA) by a medical device company during the taxable year for which the tax is due for pre-market submissions (e.g., applications, supplements, or 510(k) submissions) to market new technologies or upgrades, changes, or enhancements to existing technologies, developed or manufactured in Massachusetts. Statutory Basis: M.G.L. c. 63, § 31L, TIR 06-22, St. 2006, c. 144, 145 Date of First Enactment: 2006	3.2	3.4	3.6	DOR	Beginning in 2012, DOR must submit annual report by May 15. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	Upon transfer of credit, DOR has approval process	DOR will make annual report available on website *See DOR TIR 10-11*	Medical device companies	No	No
2.616	Devens Refundable Tax Credit Effective July 21, 2006, the Economic Opportunity Area credit is made refundable for certain projects. Notwithstanding subsections (b) to (d), inclusive, of section 38N of chapter 63 of the General Laws, in the event that a credit allowed under said section 38N of said chapter 63 exceeds the tax otherwise due under said chapter 63, the balance of that credit shall be refundable to the taxpayer in the taxable year in which qualified property giving rise to that credit is placed in service. This applies to credits for projects in the biotechnology industry, certified on or after June 1, 2006 and before June 1, 2008 by taxpayers who commit to investment of not less than $650 Million over a period of 8 years and the creation of not fewer than 550 new jobs at the project site. "Project" means the design, planning, permitting, site preparation, construction, development, and operation of infrastructure and other improvements, including demolition of existing structures and design and construction of necessary replacement structures on adjacent or proximate land, and upgrades to the existing electric and gas utility systems serving the Devens Regional Enterprise Zone, as established by St. 1993, c. 498, to support the operation of a large scale biologics pharmaceutical manufacturing facility, or reasonably required to facilitate complete development, construction, and operation of such a facility. (See item 2.605) Statutory Basis: M.G.L. c. 63, § 38N, St. 2006, c. 173, § 3 Date of First Enactment: 1993	0	35	19.8	Economic Assistance Coordinating Council (EACC) DOR	Taxpayer must file reports within two years after initial certification through EACC, and annually thereafter with pertinent employment data needed to determine whether the taxpayer has reasonably satisfied the employment projections	Upon request of the Commissioner, the taxpayer shall make records available to confirm compliance with the parameters of the credit EACC approval process The economic assistance coordinating council shall provide the commissioner with any documentation deemed necessary to confirm compliance with the annual cap.	DOR shall provide a report confirming compliance with the annual cap to the secretary of administration and finance and the secretary of housing and economic development	Biotechnology industry	If property being held by an eligible corporation is disposed of or ceases to be in qualified use, or ceases to be used exclusively with a certified project prior to the end of the certification period, or if the certification of a project is revoked, the recapture provisions shall apply *See M.G.L. c. 38N, (a)* Clawback provisions for unmet job requirements	Yes, applies to credits generated in biotech industry certified on or after June 1, 2006 and before June 1, 2008

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions FY 10	FY 11	FY 12	Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
										St. 2006, c. 173 § 3	
2.617	Life Sciences Tax Incentive Program On June 16, 2008, "An Act Providing for the Investment in and Expansion of the Life Sciences Industry in the Commonwealth" was passed. The Act establishes the Life Sciences Investment Program as well as the Life Sciences Tax Incentive Program. It provides for a one billion dollar investment in the life sciences sector, including $25 million each year for 10 years for the Massachusetts Life Sciences Investment Fund (subject to required authorizations by the Massachusetts Life Sciences Center and to approval by the Secretary of Administration and Finance). These incentives are effective from January 1, 2009 through December 31, 2018. Since the tax expenditures in this item will be subject to approval and their composition will differ from year-to-year, it is not known what proportion will be in the form of corporate tax credits as opposed to other tax expenditures. However, the Department of Revenue believes that the largest portion of the tax expenditure will be in the form of corporate tax credits, has placed it in this section of the tax expenditure budget. Statutory Basis: M.G.L. c. 62, 63, St. 2008, c. 130, § 52-54, *M.G.L. c. 23I* , TIR 08- 23. Date of First Enactment: 2008	5	20	25	Massachusetts Life Sciences Center DOR	Beginning in 2012, Life Sciences Center must submit annual report by May 15 to DOR. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	The Massachusetts Life Sciences Center is authorized to certify life science companies, provided that the company submits a proposal including, but not limited to, revenue projections and any evidence of agreements between the applying company and banking institutions, with regard to loans *See M.G.L. c. 23I, § 5B*	DOR will make annual report available on website *DOR TIR 10-11* Life Sciences Center Annual Report *See M.G.L. c. 23I, § 15* http://www.masslifesciences.com/docs/2010AnnualReport.pdf	Life Sciences Industry	The Center is authorized to revoke certification for a life sciences company, if return on investment is less than 70% of the amount proposed. Upon revocation, DOR shall invoke recapture *See M.G.L. c. 23I, § 5(e), (2), (3)*	Yes. Dec. 31, 2018
2.618	Dairy Farmers Credit The Massachusetts dairy farmer tax credit was established to offset the cyclical downturns in milk prices paid to dairy farmers and is based on the U.S. Federal Milk Marketing Order for the applicable market, such that when the U.S. Federal Milk Marketing Order price drops below a trigger price anytime during the taxable year the taxpayer will be entitled to the tax credit. The total amount of credits granted cannot exceed $4 million in any year. A taxpayer who holds a certificate of registration as a dairy farmer pursuant to M.G.L. c. 94, § 16A is allowed a refundable tax credit based on the amount of milk produced and sold. The dairy farmer tax credit as originally enacted was 90% refundable. Under recent legislation, the dairy farmer tax credit is now 100% refundable. Statutory Basis: M.G.L. c. 63, § 38Z, St. 2008, c. 310, § 6 TIR 09-21 Date of First Enactment: 2008	1.8	1.8	1.8	Massachusetts Department of Agricultural Resources DOR	Beginning in 2012, Massachusetts Department of Agricultural Resources must submit annual report by May 15 to DOR. [Identity of awarded taxpayer & credit program, amount of credit, date of award and project.] *See M.G.L. c. 62C, § 89 & DOR TIR 10-11*	The Department of Agricultural Resources shall certify to DOR whether a dairy farm claiming the credit is eligible, and shall also determine the amount of credit to be received by a certified applicant *See M.G.L. c. 63, § 38Z, (d)*	DOR will make annual report available on website *See DOR TIR 10-11*	Dairy Industry	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
2.701	Exemption of Credit Union Income Credit unions, which are in effect mutual business organizations, are considered tax-exempt organizations for federal income tax purposes and therefore are exempt from the corporate excise as well. Comment: The estimate applies to state-chartered credit unions only. Statutory Basis: IRC, § 501(c)(14)(A), M.G.L. c. 63, § 30(1) Date of First Enactment: 1903	3.5	3.4	3	DOR	Annual tax return	Tax audit	None Reported	Financial industry	No	No
2.702	Tax-Exempt Organizations Corporations considered to be tax-exempt under section 501 of the Internal Revenue Code (such as religious, scientific and educational organizations) are exempt from tax under the corporate excise. The non-taxation of their net income and property creates a tax expenditure. Statutory Basis: IRC, § 501, M.G.L. c. 63, § 30(1) Date of First Enactment: 1903	N.A.	N.A.	N.A	DOR	Annual tax return	Tax audit	None Reported	Multiple industries	No	No
2.703	Exemption for Regulated Investment Companies Corporate Regulated Investment Companies are exempt from the corporate excise. The non-taxation of their net income and property creates tax expenditure. Statutory Basis: M.G.L. c. 63, § 30, 38B Date of First Enactment: 1903,1929	N.A.	N.A.	N.A	DOR	Annual tax return	Tax audit	None Reported	Financial Industry	No	No
Sales Tax											
3.004	Exemption for Sales of Tangible Personal Property to Motion Picture Production Companies Sales of tangible personal property to a qualifying motion picture production company or to an accredited film school student for the production expenses related to a school film project are exempt from the sales tax. Statutory Basis: M.G.L. c. 64H, § 6(ww) Date of First Enactment: 2005	0.8	0.9	1.1	DOR Housing & Economic Development	A motion picture production company shall designate a member or representative of the company as a primary liaison with the commissioner for the purpose of facilitating the proper reporting of expenditures and other information as required by the commissioner. Said estimate of expenditures shall be filed prior to the	Approval of the secretary of economic development and the commissioner	DOR annual Film Industry Tax Expenditure Report http://www.mass.gov/Ador/docs/dor/News/2010FilmIncentiveReport.pdf	Qualifying motion picture production company	Any qualifying motion picture production company that has been approved which fails to expend $50,000 within a consecutive 12 month period shall be liable for the sales taxes that	Jan 1, 2023

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
						commencement of filming in the commonwealth *See M.G.L. c. 64H, § 6(ww), third paragraph*				would have been paid had the approval not been granted. The sales taxes shall be considered due as of the date that taxable expenditures were made	
3.106	Exemption for Newspapers and Magazines Newspapers and magazines are exempt from sales tax. Statutory Basis: M.G.L. c. 64H, § 6(m) Date of First Enactment: 1967	35.4	36.5	36.4	N.A.	N.A.	N.A.	None reported	Newspaper & publication industries	No	No
3.108	Exemption for Certain Precious Metals Sales valued at $1,000 or more of the following precious metals are exempt from the sales tax: rare coins of numismatic value; gold or silver bullion or coins; and gold or silver tender of any nation which is traded and sold according to its value as precious metal. Fabricated precious metals that have been processed or manufactured for industrial, professional, or artistic use do not qualify for the exemption. Statutory Basis: M.G.L. c. 64H, § 6(ll) Date of First Enactment: 1987	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None reported	N.A.	No	No
3.109	Exemption for Cement Mixers Concrete mixing units mounted on the back of trucks are exempt from sales tax. Spare parts for such units are also exempt. The truck chassis is subject to sales tax. Statutory Basis: M.G.L. c. 64H, § 6(y) Date of First Enactment: 1971	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None reported	Construction industry	No	No
3.112	Exemption for Aircraft & Aircraft Parts Airplanes, helicopters, balloons and other aircraft are exempt from sales tax. Also exempt are parts used exclusively for the repair of aircraft. Statutory Basis: M.G.L. c. 64H, §§ 6(uu) and (vv) Date of First Enactment: 2001	13.4	13.6	14.1	N.A.	N.A.	N.A.	None reported	Aero Industries	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
3.301	Exemption for Items Used in Making Clothing Sales of materials used in making clothes, such as thread and fabric, are exempt from sales tax. Statutory Basis: M.G.L. c. 64H, § 6(v) Date of First Enactment: 1967	N.A.	N.A.	N.A	N.A.	N.A.	N.A.	None Reported	Textile industry	No	No
3.302	Exemption for Materials, Tools, Fuels and Machinery Used in Manufacturing Materials, tools, fuels and machinery, including spare parts, used in manufacturing are exempt from sales tax if they become components of a product to be sold or are consumed or directly used in the manufacturing process. Statutory Basis: M.G.L. c. 64H, § 6(r) and (s) Date of First Enactment: 1967	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None Reported	Manufacturing industry	No	No
3.303	Exemption for Materials, Tools, Fuels and Machinery Used in Research and Development Materials, tools, fuels and machinery, including spare parts, used in research and development by certified manufacturing or research and development corporations are exempt from sales tax. Statutory Basis: M.G.L. c. 64H, § 6(r) and (s) Date of First Enactment: 1967	82.4	89.9	94.9	N.A.	N.A.	N.A.	None Reported	Manufacturing and R&D Industries	No	No
3.304	Exemption for Materials, Tools, Fuels, and Machinery Used in Furnishing Power Materials, tools, fuels, and machinery, including spare parts, used in furnishing gas, water, steam, or electricity to consumers through mains, lines or pipes are exempt from sales tax if they are consumed or directly used in furnishing the power. Comment: Estimate excludes costs associated with the natural gas industry due to a lack of reliable data. Statutory Basis: M.G.L. c. 64H, § 6(r) and (s) Date of First Enactment: 1967	101.3	117.1	129.9	N.A.	N.A.	N.A.	None Reported	Energy Industries	No	No
3.306	Exemption for Materials, Tools, Fuels, and Machinery Used in Newspaper Printing Materials, tools, fuels, and machinery, including spare parts, used in newspaper printing are exempt from sales tax if they become components of a product to be sold or are consumed or directly used in newspaper publishing. Statutory Basis: M.G.L. c. 64H, § 6(r) and (s) Date of First Enactment: 1967	55.9	59.2	60.8	N.A.	N.A.	N.A.	None Reported	Newspaper/Printing industry	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
3.308	Exemption for Materials, Tools, Fuels, and Machinery Used in Agricultural Production Materials, tools, fuels, and machinery, including spare parts, used in agricultural production are exempt from sales tax if they become components of products to be sold or are consumed or directly used in agricultural production. The exemption includes the same items when used for the production of livestock, poultry and animals in research. Also included are seeds and plants used to grow food for human consumption outside the agricultural industry (e.g., by home gardeners). Statutory Basis: M.G.L. c. 64H, § 6(r), (s) and (p) Date of First Enactment: 1967	13.6	14.7	15.3	N.A.	N.A.	N.A.	None Reported	Agriculture industries	No	No
3.309	Exemption for Vessels, Materials, Tools, Fuels, and Machinery Used in Commercial Fishing Materials, tools, fuels, and machinery, including spare parts, used in commercial fishing are exempt from sales tax if they become components of a product to be sold or are consumed or directly used in commercial fishing. Statutory Basis: M.G.L. c. 64H, § 6(r), (s) and (o) Date of First Enactment: 1967	8.1	8.6	8.8	N.A.	N.A.	N.A.	None Reported	Commercial Fishing Industry	No	No
3.310	Exemption for Materials, Tools, Fuels and Machinery Used in Commercial Radio and TV Broadcasting Materials, tools, fuels and machinery, including spare parts, used in commercial radio and TV broadcasting are exempt from sales tax. Statutory Basis: M.G.L. c. 64H, § 6(r) and (s) Date of First Enactment: 1967	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None Reported	Radio and TV Broadcasting Industry	No	No
3.410	Exemption for Containers Most containers are exempt from sales tax. These include sales of empty returnable and non-returnable containers to be filled and resold, containers the contents of which are exempt from the sales tax, and returnable containers when sold with the contents or resold for refilling. Statutory Basis: M.G.L. c. 64H, § 6(q) Date of First Enactment: 1967	159.9	170.2	173.9	N.A.	N.A.	N.A.	None Reported	N.A.	No	No
3.411	Exemption for Certain Sales by Typographers, Compositors, Color Separators Sales by typographers, compositors or color separators of composed type, film positives and negatives and reproduction proofs, or transfers of such items to a printer, publisher, or manufacturer of folding boxes for use in printing, are exempt from sales tax. Statutory Basis: M.G.L. c. 64H, § 6(gg) Date of First Enactment: 1979	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None reported	N.A.	No	No
3.412	Exemption for Sales of Building Materials and Supplies to be Used in Connection with Certain Construction Contracts	157.2	154.6	163.4	N.A.	N.A.	Buildings related to MA Port Authority	None reported	Construction industry	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
	Materials and supplies used in connection with construction contracts with the United States and the Commonwealth of Massachusetts, or any of its subdivisions are tax exempt where the construction is for public purposes. Materials and supplies used in connection with construction contracts with a tax-exempt organization are tax exempt where the construction is to be used exclusively in carrying out the organization's charitable purpose. The exemption includes rentals of equipment as well. Statutory Basis: M.G.L. c. 64H, § 6(f) Date of First Enactment: 1967						soundproofing program must obtain a certificate to be eligible *See M.G.L. c. 64H(f)(3)*				
3.417	Exemption for Commuter Boats Vessels, materials, tools, repair and spare parts used exclusively to provide scheduled commuter passenger service are exempt from sales tax. Statutory Basis: M.G.L. c. 64H, § 6(pp) Date of First Enactment: 1990	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None reported	Transportation service industry	No	No
3.418	Exemption for Fuels, Supplies and Repairs for Vessels Engaged in Interstate or Foreign Commerce Fuels, supplies and repairs for vessels engaged in interstate or foreign commerce are exempt from sales tax. Statutory Basis: M.G.L. c. 64H, § 6(o) Date of First Enactment: 1967	0.6	0.6	0.7	N.A.	N.A.	N.A.	None Reported	Vessels engaged in commerce	No	No
3.419	Exemption for Fuel Used in Operating Aircraft and Railroads Fuel used in operating aircraft and railroads is exempt from sales tax. Comment: At a community's option, kero-jet fuel may be subject to a local tax at of 5% of average price or $0.05 per gallon; whichever is higher. Statutory Basis: M.G.L. c. 64H, § 6(j) Date of First Enactment: 1967	38.4	42.2	46.2	N.A.	N.A.	N.A.	None Reported	Air and Rail Industry	No	No
3.420	Exemption for Sales of Certain New or Used Buses New and used buses that provide scheduled intra-city local service and are used by common carriers certified by the Department of Telecommunications and Energy are exempt from sales tax. The exemption includes replacement parts, materials and tools used to maintain or repair these buses. Statutory Basis: M.G.L. c. 64H, § 6(aa) Date of First Enactment: 1973	N.A.	N.A.	N.A.	Department of Telecommunications and Energy	N.A.	Department of Telecommunications and Energy issues certificate to common carriers of passengers by motor vehicle to certify the exemption	None Reported	Transportation service industry	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

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		FY 10	FY 11	FY 12							
3.421	Exemption for Films Motion picture films for commercial exhibition are exempt from sales tax. Statutory Basis: M.G.L. c. 64H, § 6(m) Date of First Enactment: 1967	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None reported	Motion Picture industry	No	No
3.422	Exemption for Telephone Services Sales of residential telecommunications services of up to $30 per month are exempt from sales tax. Comment: Telegraph services are also exempt, but are not included in this estimate. Statutory Basis: M.G.L. c. 64H, § 6(i) Date of First Enactment: 1967	41.5	43.2	43.5	N.A.	N.A.	N.A.	None reported	Telecommunication Industry/consumers	No	No
3.504	Nontaxation of Internet Access and Related Services Internet access services, electronic mail services, electronic bulletin board services, web hosting services or similar on-line computer services are not subject to the sales and use tax. Statutory Basis: M.G.L. c. 64H, § 1 Date of First Enactment: 1967	141.8	154	158.9	N.A.	N.A.	N.A.	None reported	N.A.	No	No
3.602	Exemption for Vending Machine Sales Vending machine sales of ten cents or less are exempt from sales tax. In addition, sales through vending machines, which exclusively sell snacks and candy with a sales price of less than one dollar, are exempt from the sales tax on meals. Statutory Basis: M.G.L. c. 64H, § 6(h) and (t) Date of First Enactment: 1967	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None reported	Vending industry/consumers	No	No
3.604	Exemption for Certain Bed and Breakfast Establishments from Sales Tax on Meals and Room Occupancy Excise Owner-occupied one-, two-, and three-bedroom bed and breakfast establishments are exempt from both the sales tax on meals and the room occupancy excise. Statutory Basis: M.G.L. c. 64G, §§ 1, 2, 3,3A, and 6, and M.G.L. c. 64H, § 6(h) Date of First Enactment: §§1-3,6,1966, 3A 1985, 64H § 6h,1967	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None reported	Hospitality industry	No	No
3.609	Exemption for Vessels or Barges of 50 Tons or Over Vessels or barges weighing 50 tons or more are exempt from sales tax when constructed in-state and sold by the builder. Statutory Basis: M.G.L. c. 64H, § 6(o) Date of First Enactment: 1967	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None reported	Marine manufacturing/consumers	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations

Item Number	Business Tax Expenditure According to Fiscal Year 2012 Tax Expenditure Budget	Estimates from FY 12 Tax Expenditure Budget in Millions			Responsible Agency	Reporting Requirement	Special Verification	Disclosure	Recipients	Clawback	Sunset
		FY 10	FY 11	FY 12							
3.610	Exemption for Rental Charges for Refuse Containers Rental charges in connection with service contracts by and between waste service firms and customers for refuse containers or bins are exempt from sales tax when the containers are placed on the customer's premises by waste service firms. Statutory Basis: M.G.L. c. 64H, § 6(ii) Date of First Enactment: 1982	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	None Reported	Waste management industry	No	No

Sources: Massachusetts General Laws, Federal Internal Revenue Code, Department of Revenue Technical Information Releases and Code of Massachusetts Regulations