

OFFICE OF THE GOVERNOR  
COMMONWEALTH OF MASSACHUSETTS  
STATE HOUSE • BOSTON, MA 02133  
(617) 725-4000

MAURA T. HEALEY  
GOVERNOR

KIMBERLEY DRISCOLL  
LIEUTENANT GOVERNOR

March 1, 2023

To the Honorable Senate and House of Representatives:

I am filing for your consideration a bill entitled “*An Act Creating Tax Relief for Affordability, Competitiveness, and Equity*.” This tax package, projected to cost \$742 million net to budget in fiscal year 2024 (FY24), is an integral part of my FY24 budget proposal. It draws on the consensus around tax relief that began to emerge last year and delivers on my promise to help families across the Commonwealth.

Extraordinary tax growth over the past several years, together with prudent fiscal management, allows me to propose tax relief which is both responsible and meaningful. The bill’s total impact of \$859 million, including \$117 million that would otherwise go to long-term reserves, stems primarily from substantial tax cuts in four key areas.

The Child and Family Tax Credit is the \$458 million centerpiece of our Administration’s tax proposal. It hits squarely on affordability – for families with young children or disabled or senior dependents; equity – for low-income caregivers who could use a break in the form of a refundable credit; and competitiveness – for employers seeking to attract and retain workers in a state with high child care costs. This expanded and simplified credit would replace two interrelated dependent credits. The new credit is uncapped and is not limited by income: all filers will be able to claim \$600 for each qualifying dependent, including children under 13, disabled adults, and seniors. The \$600 refundable credit would provide relief for over 700,000 taxpayers who are supporting over 1,000,000 qualifying dependents across the Commonwealth.

A proposed reduction in the estate tax would increase the Commonwealth’s competitiveness: Massachusetts is one of only 12 states and Washington, D.C., that impose an estate tax. In addition, Massachusetts has the lowest threshold in the nation for estates subject to tax. Under current law, estates with a gross value over \$1 million are subject to taxation, starting with the first dollar at a rate of 0.8% and growing to a marginal rate of 16%. This bill would

establish a non-refundable \$182,000 credit for each estate. The credit would eliminate all taxes on estates worth \$3 million or less in net taxable value, while providing \$182,000 of tax relief on larger estates. This change would benefit all estate tax filers and provide reassurance to aging Massachusetts residents and their families at a cost of \$167 million in FY24 (\$272 million for a full year).

Two provisions touch on affordability of housing by increasing the maximum renter deduction, as well as the maximum senior circuit breaker tax credit for low-income seniors with high property tax costs. Current law allows filers to deduct up to 50% of the cost of the rent for their primary residence, up to \$3,000; this bill would increase the maximum deduction to \$4,000, saving renters \$40 million annually. Further, the package would double the maximum Senior Circuit Breaker credit from approximately \$1,200 up to approximately \$2,400. This credit, indexed to inflation, provides critical relief to low-income homeowners and renters aged 65 or older, and would result in \$60 million in tax relief.

By aligning the short-term capital gains tax rate with the 5% rate that applies to nearly all income, including long term capital gains, this bill would address an aspect of Massachusetts' tax structure that is out of step with nearly all other states. Because capital gains taxes above a threshold of approximately \$1.4 billion are not available to the budget under current law, this change can provide \$117 million in tax cuts, and bring the tax on capital gains more in line with other states for over 150,000 taxpayers, without having any impact on budgetary spending.

Ten smaller changes bring \$17 million in more targeted tax law improvements that would also have meaningful impact on key priorities, including housing, workforce, the environment, and Massachusetts' vibrant arts, culture and agricultural sectors.

In the area of affordability and equity, this bill would increase the statewide cap on the Housing Development Incentive Program (HDIP) from \$10 million to \$50 million on a one-time basis, and thereafter to \$30 million annually. HDIP expands the production of affordable housing through state tax credits to developers of market rate housing in Gateway Cities. The package expands occupations eligible for the apprenticeship tax credit and raises a statewide cap on the program to give it room to grow. The bill exempts any employer assistance with student loan repayment from taxable income for the employee. The expansion of commuter transit benefits to include regional transit passes and bike commuter expenses will help address commuting costs in a climate-friendly fashion and statewide.

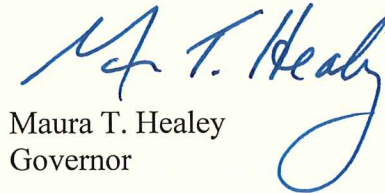
A series of targeted tax cuts are potentially of great value for residents of environmental justice and rural communities. The bill doubles the deductions for lead paint abatement to \$3,000 for full and \$1,500 for partial abatement. It likewise doubles the maximum credit for septic tank repair or replacement in a primary residence to \$12,000, and allows taxpayers to access these credits on a more accelerated schedule. The bill extends the expiring brownfields tax credit program through 2028, to continue support for cleanup of contaminated properties.



Lastly, the bill touches on target opportunities for competitiveness in regionally and culturally important activities. A new live theater tax credit would enable qualifying productions, selected through a competitive award process, to claim a credit for a share of payroll, production, and transportation costs. The bill would increase the dairy tax credit statewide cap from \$6 million to \$8 million, further insulating farmers when wholesale milk prices decline. Finally, the proposal would adjust the allowable alcohol content in cider and still wine to allow locally produced hard cider and still wine makers access to a more favorable tax rate.

I believe you will recognize and like many elements of this bill. I look forward to working with you over the coming months on finalizing a tax package for the benefit of our Commonwealth.

Respectfully submitted,

A handwritten signature in blue ink, reading "M. T. Healey". The signature is fluid and cursive, with a large, sweeping "H" and "E" at the end.

Maura T. Healey  
Governor



# The Commonwealth of Massachusetts

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IN THE YEAR TWO THOUSAND AND TWENTY-THREE

## AN ACT CREATING TAX RELIEF FOR AFFORDABILITY, COMPETITIVENESS, AND EQUITY

*Be it enacted by the Senate and House of Representatives in General Court assembled,  
and by the authority of the same as follows:*

SECTION 1. Chapter 23A of the General Laws, as appearing in the 2020 Official Edition, is hereby amended by inserting after section 3L the following section:-

Section 3M. (a) (1) For the purposes of this section the term “office” shall mean the Massachusetts office of business development established in section 1 of chapter 23A, or any constituent office thereof.

(2) There is hereby established a pilot program for a live theater tax credit for which a live theater company doing business with a Massachusetts-based theater venue, theater company, theater presenter or producer may be eligible. The credit shall be established to support the expansion of pre-Broadway productions, pre-off Broadway productions and national tour launches, as those terms are defined in paragraph (1) of subsection (dd) of section 6 of chapter 62 and subsection (a) of section 38NN of chapter 63 of the General Laws, and shall assist in the development of long run show development and growth.

(b)(1) The office, directly or through a constituent office, shall run a competitive grant program to award live theater tax credits. An applicant may only be awarded a tax credit if they meet the



requisite criteria and qualifications for the credit as outlined in this section and subsection (dd) of chapter 62 of the General Laws or section 38NN of chapter 63 of the General Laws. The office shall establish criteria for prioritization of credits, which may include anticipated economic impact and other factors at the discretion of the office. No more than \$5,000,000 may be awarded in any calendar year.

(2) An applicant for a live theater tax credit shall properly prepare, sign, and submit to the office an application for certification of the theater production. The application shall include information and data the office deems necessary for the evaluation and administration of the application, including, but not limited to, any information about the theater production company or its related partners or presenters and a specific Massachusetts live theater or musical production. The eligible theater production budget shall be not less than \$100,000. The maximum credit for any production shall not be more than \$5,000,000, or a lesser amount as determined by the office.

(3) The office shall review completed applications, determine whether they meet the requisite criteria and qualifications for certification, and award tax credits at their sole discretion. The office may issue a certification of the eligible theater production or presentation to the theater production company, co-producer or presenter and to the commissioner of revenue. The certification shall provide a unique identification number for the production and shall be a statement of conditional eligibility for the production.

(c) Upon completion of an eligible theater production for which a certification has been granted, the applicant shall properly prepare, sign, and submit to the office and the department of revenue a cost accounting in connection with the eligible theater production. The cost accounting shall

contain a cost report and an accountant's certification. In computing payroll costs, production and performance expenditures, and transportation expenditures for which a credit will be claimed, an eligible theater production shall subtract any state funds, state loans or state guaranteed loans. The office and commissioner of revenue may rely, without independent investigation, upon an accountant's certification, in the form of an opinion, confirming the accuracy of the information included in the cost report.

(d) The office, in consultation with the commissioner of revenue, shall promulgate rules and regulations to carry out this section.

(e) The office, in conjunction with the commissioner of revenue, shall report on the impact of the live theater tax credit pursuant to subsection (dd) of section 6 of chapter 62 and section 38NN of chapter 63 of the General Laws and shall submit the report to the clerks of the house of representatives and the senate, the house and senate committees on ways and means and the joint committee on economic development and emerging technologies not later than December 31, 2028. The office and commissioner shall collaborate with the live theater industry to collect the relevant data for the report. Said report shall include data to assess the direct and indirect economic impacts of the live theater tax credit on the economy of the commonwealth, including estimates of theater tickets sales to domestic and international visitors, spending by live theater productions on adjacent businesses, wages paid for setting up and taking down productions, and impacts on businesses in proximity to theaters, including hotels and restaurants.

SECTION 2. Subparagraph (9) of paragraph (a) of part B of section 3 of chapter 62 of the General Laws, as so appearing, is hereby amended by striking out, in line 109, the figure "3,000" and inserting in place thereof the following figure:- 4,000.



SECTION 3. Subparagraph (15) of said paragraph (a) of said part B of said section 3 of said chapter 62, as so appearing, is hereby amended by inserting, in line 160, after the words “commuter boat”, the following words:-, or for regional transit authority passes, or for a bikeshare membership or for a bicycle including electric bikes, bicycle improvements, repair, and storage,”

SECTION 4. Said paragraph (a) of said part B of said section 3 of said chapter 62, as so appearing, is hereby further amended by adding the following subparagraph:-

(20) An amount equal to the amount of student loan payment assistance received by an individual from their employer during the taxable year, and not already excluded under section 127 of the Code. For the purposes of this subparagraph, “student loan payment assistance” shall mean the payment of principal or interest on a qualified education loan, as defined in section 221 of the Code.

SECTION 5. Paragraph (1) of subsection (a) of section 4 of said chapter 62, as so appearing, is hereby amended by inserting, in line 5, after the word “cent” the following words:- provided, however, that any gain from the sale or exchange of capital assets held for 1 year or less shall be taxed at the rate of 5 per cent.

SECTION 6. Subsection (e) of section 6 of said chapter 62, as so appearing, is hereby amended by striking out, in line 75, the words “one thousand five hundred dollars” and inserting in place thereof the following words:- \$3,000.

SECTION 7. Said subsection (e) of said section 6 of said chapter 62, as so appearing, is hereby further amended by striking out, in line 86, the words “five hundred dollars” and inserting in place thereof the following words:- \$1,000.

SECTION 8. Subsection (i) of said section 6 of said chapter 62, as so appearing, is hereby amended by striking out, in line 273, the figure “15,000” and inserting in place thereof the following figure:- 30,000.

SECTION 9. Said subsection (i) of said section 6 of said chapter 62, as so appearing, is hereby further amended by striking out, in line 277, the figure “1,500” and inserting in place thereof the following figure:- 4,000.

SECTION 10. Said subsection (i) of said section 6 of said chapter 62, as so appearing, is hereby further amended by striking out, in line 279, the figure “6,000” and inserting in place thereof the following figure:- 12,000.

SECTION 11. Paragraph (1) of subsection (j) of said section 6 of said chapter 62 of the General Laws, as so appearing, is hereby amended by striking out, in line 290, the figure “2023” and inserting in place thereof the following figure:- 2028.

SECTION 12. Said paragraph (1) of said subsection (j) of said section 6 of said chapter 62, as so appearing, is hereby further amended by striking out, in line 296, the figure “2024” and inserting in place thereof the following figure:- 2029.

SECTION 13. Paragraph (4) of said subsection (j) of said section 6 of said chapter 62, as so appearing, is hereby amended by adding the following sentence:- For the purpose of the



Brownfields Redevelopment Fund, state financial assistance shall mean the amount of any grant or principal amount of any loan, but shall not include any loan principal repaid as of the date the credit application is filed with the commissioner. Net response and removal costs shall not include any reimbursement that is received, or will be received, by the applicant, or any amounts paid on behalf of the applicant from any source for these costs.

SECTION 14. Paragraph (2) of subsection (k) of said section 6 of said chapter 62, as so appearing, is hereby amended by striking out, in line 447, the figure “750” and inserting in place thereof the following figure:- 1,500.

SECTION 15. Paragraph (3) of subsection (o) of said section 6 of said chapter 62, as so appearing, is hereby amended by striking out, in line 732, the figure “6,000,000” and inserting in place thereof the following figure:- 8,000,000.

SECTION 16. Paragraph (5) of subsection (q) of said section 6 of said chapter 62, as so appearing, is hereby amended by striking out, in lines 896 to 898, inclusive, the words “The total amount of credits that may be authorized by DHCD in a calendar year pursuant to this subsection and section 38BB of chapter 63 shall not exceed \$10,000,000 and” and inserting in place thereof the following 3 sentences:- EOHLC may authorize up to \$30,000,000 in credits annually under this subsection and section 38BB of chapter 63. In addition, EOHLC may authorize annually (i) any portion of the annual cap on credits not authorized by EOHLC in the preceding calendar years under this subsection or said section 38BB of said chapter 63; and (ii) any credits under this subsection or said section 38BB of said chapter 63 returned to EOHLC by a certified housing development project. The total amount of credits authorized during a year.

SECTION 17. Said paragraph (5) of said subsection (q) of said section 6 of said chapter 62, as so appearing, is hereby further amended by inserting, in line 900, after the words “chapter 63;” the following word:- and.

SECTION 18. Said paragraph (5) of said subsection (q) of said section 6 of said chapter 62, as so appearing, is hereby further amended by striking out, in lines 903 to 905, inclusive, the words “Any portion of the \$10,000,000 annual cap not awarded by the DHCD in a calendar year shall not be applied to awards in a subsequent year.”

SECTION 19. Said section 6 of chapter 62 of the General Laws is hereby further amended by striking out subsections (x) and (y), and inserting in place thereof the following subsection:-

(x)(1) As used in this subsection, the following words shall have the following meanings:

“Cost-of-living adjustment”, for any calendar year, the percentage, if any, by which the CPI for the preceding calendar year exceeds the CPI for calendar year 2023.

“CPI”, the consumer price index for any calendar year as defined in section 1 of the Code.

“Eligible dependent”, an individual who is either (i) under the age of 13 and who qualifies for exemption as a dependent under section 151 of the Code; or (ii) not less than 65 years of age and who qualifies as a dependent under section 152 of the Code; or (iii) disabled and who qualifies as a dependent under section 152 of the Code.

(2) A taxpayer who maintains a household that includes as a member an eligible dependent shall be allowed a credit in an amount equal to \$600 for each such eligible dependent; provided, that the credit provided in this subsection shall be allowed only if the taxpayer and the taxpayer’s



spouse file a joint return for the taxable year or if the taxpayer qualifies as a head of household under section 2(b) of the Code; and provided further, that for the purposes of this subsection, “maintains a household” shall have the same meaning as in section 21 of the Code. For each taxable year, the commissioner shall annually increase the amount of credit for each eligible dependent as provided by this subsection by an amount equal to such credit multiplied by the cost-of-living adjustment for the calendar year in which such taxable year begins. With respect to a taxpayer who is a non-resident for part of the taxable year, the credit shall be further limited to the amount of allowable credit multiplied by a fraction, the numerator of which shall be the number of days in the taxable year the person resided in the commonwealth and the denominator of which shall be the number of days in the taxable year. A person who is a non-resident for the entire taxable year shall not be allowed the credit. If the amount of the credit allowed under this subsection exceeds the taxpayer’s tax liability, the commissioner shall treat the excess as an overpayment and shall pay the taxpayer the entire amount of the excess without interest.

SECTION 20. Paragraph (1) of subsection (v) of said section 6 of said chapter 62, as so appearing, is hereby amended by adding, in line 1158, after the words “NAICS code 31-33”, the following words:- and other expansion industries the secretary of labor and workforce development identifies as critical to a regional labor market economy.

SECTION 21. Said section 6 of said chapter 62 of the General Laws, as amended by section 103 of chapter 268 of the acts of 2022, is hereby further amended by adding the following subsection:-

(dd)(1) As used in this subsection, the following words shall, unless the context clearly requires otherwise, have the following meanings:

“Advertising and public relations expenditure”, a cost incurred within the commonwealth by an eligible theater production for goods or services related to the marketing, public relations, creation and placement of print, electronic, television, billboards or other forms of advertising to promote the eligible theater production.

“Eligible theater production”, a live stage musical, dance or theatrical production or tour being presented in a qualified production facility that is either: (i) a pre-Broadway production; (ii) a pre-off Broadway production; (iii) a national tour launch; or (iv) a regional professional theater production.

“Eligible theater production certificate”, a certificate issued by the office, in consultation with the commissioner, certifying that a production is an eligible theater production that meets the rules or regulations of the office, and that it has been awarded a tax credit in a specified amount, pursuant to section 3M of chapter 23A.

“National tour launch”, a live stage production that, in its original or adaptive version, is performed in a qualified production facility and opens its national tour in the commonwealth.

“Office”, the Massachusetts office of business development established in section 1 of chapter 23A, or any constituent office thereof.

“Payroll”, all salaries, wages, fees and other compensation from sources within the commonwealth, including, but not limited to, taxes, benefits and any other consideration incurred or paid to talent and non-talent employees of the applicant for services rendered within the commonwealth to and on behalf of an eligible theater production; provided, that the payroll expenditure shall be incurred or paid by the applicant for services related to any portion of an



eligible theater production from its pre-production stages, including, but not limited to: (i) the writing of the script; (ii) casting; (iii) hiring of service providers; (iv) purchases from vendors; (v) marketing; (vi) advertising; (vii) public relations; (viii) load in; (ix) rehearsals; (x) performances; (xi) other eligible theater production related activities; and (xii) load out; and provided further, that the payroll expenditure shall be directly attributable to the eligible theater production and shall be limited to the first \$100,000 of wages incurred or paid to each employee of an eligible theater production in each tax year.

“Pre-Broadway production”, a live stage production that, in its original or adaptive version, is performed in a qualified production facility having a presentation scheduled for the city of New York’s Broadway theater district within 24 months after its presentation in the commonwealth.

“Pre-off Broadway production”, a live stage production that, in its original or adaptive version, is performed in a qualified production facility having a presentation scheduled for city of New York’s off-Broadway theater district within 24 months after its presentation in the commonwealth.

“Production and performance expenditures”, a contemporaneous exchange of cash or cash equivalent for goods or services related to development, production, performance or operating expenditures incurred in the commonwealth for a qualified theater production, including, but not limited to, expenditures for design, construction and operation, including sets, special and visual effects, costumes, wardrobes, make-up, accessories, costs associated with sound, lighting, staging, advertising and public relations expenditures, facility expenses, rentals, per diems, accommodations and other related costs.

“Qualified production facility”, a facility located in the commonwealth in which live theater productions are, or are intended to be, exclusively presented that contains at least 1 stage, a seating capacity of not less than 175 seats, dressing rooms, storage areas and other ancillary amenities necessary for the eligible theater production.

"Regional professional theater production", a live stage production that is performed in a qualified production facility with a professional cast and crew.

“Transportation expenditures”, expenses incurred in Massachusetts for the packaging, crating and transportation both to the commonwealth for use in a qualified theater production of sets, costumes or other tangible property constructed or manufactured out of state, or from the commonwealth after use in a qualified theater production of sets, costumes or other tangible property constructed or manufactured in the commonwealth and the transportation of the cast and crew to and from the commonwealth; provided, that “transportation expenditures” shall include any portion performed in Massachusetts of the packaging, crating and transporting of property and equipment used for special and visual effects, sound, lighting and staging, costumes, wardrobes, make-up and related accessories and materials and any other performance or production-related property and equipment.

(2) Any taxpayer that has been awarded an eligible theater production certificate and has completed a cost accounting pursuant to subsection (c) of section 3M of chapter 23A shall be allowed a tax credit against taxes imposed by this chapter. The credit shall not exceed \$5,000,000 and shall be limited to (i) 35 per cent of in-state payroll costs; (ii) 25 per cent of production and performance expenditures; and (iii) 25 per cent of transportation expenditures.

Additionally, the credit shall not exceed the amount of credit specified in the eligible theater production certificate.

(3) The tax credit shall be allowed against the tax for the taxable period in which the credit is issued and any amount of the tax credit that exceeds the tax due for a taxable year may be carried forward for not more than 5 succeeding tax years.

(4) If a taxpayer has not claimed the tax credits in whole or part, a taxpayer eligible for the tax credits may assign, transfer or convey the tax credits, in whole or in part, by sale or otherwise to any individual or entity and such assignee of the tax credits that have not claimed the tax credits, in whole or in part, may assign, transfer or convey the tax credits, in whole or in part, by sale or otherwise to any individual or entity. The assignee of the tax credits may use acquired credits to offset up to 100 per cent of the tax liabilities otherwise imposed pursuant to this chapter. The assignee may apply the tax credits against taxes imposed on the assignee for not more than 5 succeeding tax years from the date an eligible theater production certificate is first issued by the office. The assignor shall perfect the transfer by notifying the commissioner, in writing, within 30 calendar days following the effective date of the transfer and shall provide any information as may be required by the commissioner to administer and carry out this subsection.

SECTION 22. Subsection (a) of section 38Q of chapter 63 of the General Laws, as appearing in the 2020 Official Edition appearing, is hereby amended by striking out, in line 3, the figure “2023” and inserting in place thereof the following figure:- 2028.



SECTION 23. Said subsection (a) of said section 38Q of said chapter 63, as so appearing, is hereby further amended by striking out, in line 9, the figure “2024” and inserting in place thereof the following figure:- 2029.

SECTION 24. Subsection (d) of said section 38Q of said chapter 63, as so appearing, is hereby amended by adding the following sentence:- For the purpose of the Brownfields Redevelopment Fund, state financial assistance shall mean the amount of any grant or principal amount of any loan, but shall not include any loan principal repaid as of the date the credit application is filed with the commissioner. Net response and removal costs shall not include any reimbursement that is received, or will be received, by the applicant, or any amounts paid on behalf of the applicant from any source for these costs.

SECTION 25. Subsection (c) of section 38Z of said chapter 63, as so appearing, is hereby amended by striking out, in line 28, the figure “6,000,000” and inserting in place thereof the following figure:- 8,000,000.

SECTION 26. Subdivision (5) of section 38BB of said chapter 63, as so appearing, is hereby amended by striking out, in lines 42 to 44, inclusive, the words “The total amount of credits that may be authorized by DHCD in a calendar year under this section and subsection (q) of section (6) of chapter 62 shall not exceed \$10,000,000 and” and inserting in place thereof the following 3 sentences:- EOHLC may authorize up to \$30,000,000 in credits annually under this section and subsection (q) of section (6) of chapter 62. In addition, EOHLC may authorize annually (i) any portion of the annual cap on credits not authorized by EOHLC in the preceding calendar years under this section or said subsection (q) of said section (6) of said chapter 62; and (ii) any credits

under this section or said subsection (q) of said section (6) of said chapter 62 returned to EOHLC by a certified housing development project. The total amount of credits authorized during a year.

SECTION 27. Said subdivision (5) of said section 38BB of said chapter 63, as so appearing, is hereby further amended by inserting, in line 46, after the words “chapter 62;” the following word:- and.

SECTION 28. Said subdivision (5) of said section 38BB of said chapter 63, as so appearing, is hereby further amended by striking out, in lines 50 to 52, inclusive, the words “Any portion of the \$10,000,000 annual cap not awarded by DHCD in a calendar year shall not be applied to awards in a subsequent year.”

SECTION 29. Subsection (a) of section 38HH of said chapter 63, as so appearing, is hereby amended by adding, in line 18, after the words “NAICS code 31-33”, the following words:- and other expansion industries the secretary of labor and workforce development identifies as critical to a regional labor market economy.

SECTION 30. Said chapter 63 is hereby further amended by inserting after section 38MM, inserted by section 106 of chapter 268 of the acts of 2022, the following section:-

Section 38NN. (a) As used in this section, the following words shall, unless the context clearly requires otherwise, have the following meanings:

“Advertising and public relations expenditure”, a cost incurred within the commonwealth by an eligible theater production for goods or services related to the marketing, public relations,

creation and placement of print, electronic, television, billboards or other forms of advertising to promote the eligible theater production.

“Eligible theater production”, a live stage musical, dance or theatrical production or tour being presented in a qualified production facility that is either: (a) a pre-Broadway production; (b) a pre-off Broadway production; (c) a national tour launch; or (iv) a regional professional theater production.

“Eligible theater production certificate”, a certificate issued by the office, in consultation with the commissioner, certifying that a production is an eligible theater production that meets the rules or regulations of the office, and that it has been awarded a tax credit in a specified amount, pursuant to section 3M of chapter 23A.

“National tour launch”, a live stage production that, in its original or adaptive version, is performed in a qualified production facility and opens its national tour in the commonwealth.

“Office”, the Massachusetts office of business development established in section 1 of chapter 23A, or any constituent office thereof.

“Payroll”, all salaries, wages, fees and other compensation from sources within the commonwealth, including, but not limited to, taxes, benefits and any other consideration incurred or paid to talent and non-talent employees of the applicant for services rendered within the commonwealth to and on behalf of an eligible theater production; provided, that the payroll expenditure shall be incurred or paid by the applicant for services related to any portion of an eligible theater production from its pre-production stages, including, but not limited to: (a) the writing of the script, (b) casting, (c) hiring of service providers, (d) purchases from vendors, (e)



marketing, (f) advertising, (g) public relations, (h) load in, (i) rehearsals, (j) performances, (k) other eligible theater production related activities, and (l) load out; and provided further, that the payroll expenditure shall be directly attributable to the eligible theater production and shall be limited to the first \$100,000 of wages incurred or paid to each employee of an eligible theater production in each tax year.

“Pre-Broadway production”, a live stage production that, in its original or adaptive version, is performed in a qualified production facility having a presentation scheduled for city of New York’s Broadway theater district within 24 months after its presentation in the commonwealth.

“Pre-off Broadway production”, a live stage production that, in its original or adaptive version, is performed in a qualified production facility having a presentation scheduled for the city of New York’s off-Broadway theater district within 24 months after its presentation in the commonwealth.

“Production and performance expenditures”, a contemporaneous exchange of cash or cash equivalent for goods or services related to development, production, performance or operating expenditures incurred in the commonwealth for a qualified theater production, including, but not limited to, expenditures for design, construction and operation, including sets, special and visual effects, costumes, wardrobes, make-up, accessories, costs associated with sound, lighting, staging, advertising and public relations expenditures, facility expenses, rentals, per diems, accommodations and other related costs.

“Qualified production facility”, a facility located in the commonwealth in which live theater productions are, or are intended to be, exclusively presented that contains at least 1 stage, a

seating capacity of not less than 175 seats, dressing rooms, storage areas and other ancillary amenities necessary for the eligible theater production.

"Regional professional theater production", a live stage production that is performed in a qualified production facility with a professional cast and crew.

"Transportation expenditures", expenses incurred in Massachusetts for the packaging, crating and transportation both to the commonwealth for use in a qualified theater production of sets, costumes or other tangible property constructed or manufactured out of state, or from the commonwealth after use in a qualified theater production of sets, costumes or other tangible property constructed or manufactured in the commonwealth and the transportation of the cast and crew to and from the commonwealth; provided, that "transportation expenditures" shall include any portion performed in Massachusetts of the packaging, crating and transporting of property and equipment used for special and visual effects, sound, lighting and staging, costumes, wardrobes, make-up and related accessories and materials and any other performance or production-related property and equipment.

(b) Any taxpayer that has been awarded an eligible theater production certificate and has completed a cost accounting pursuant to subsection (c) of section 3M of chapter 23A shall be allowed a tax credit against taxes imposed by this chapter. The credit shall not exceed \$5,000,000 and shall be limited to (i) 35 per cent of the total in-state payroll costs; (ii) 25 per cent of the production and performance expenditures; and (iii) 25 per cent of transportation expenditures. Additionally, the credit shall not exceed the amount of credit specified in the eligible theater production certificate.

(c) The tax credit shall be allowed against the tax for the taxable period in which the credit is issued and any amount of the tax credit that exceeds the tax due for a taxable year may be carried forward for not more than 5 succeeding tax years.

(d) If a taxpayer has not claimed the tax credits in whole or part, a taxpayer eligible for the tax credits may assign, transfer or convey the tax credits, in whole or in part, by sale or otherwise to any individual or entity and such assignee of the tax credits that have not claimed the tax credits, in whole or in part, may assign, transfer or convey the tax credits, in whole or in part, by sale or otherwise to any individual or entity. The assignee of the tax credits may use acquired credits to offset up to 100 per cent of the tax liabilities otherwise imposed pursuant to this chapter. The assignee may apply the tax credits against taxes imposed on the assignee for not more than 5 succeeding tax years from the date an eligible theater production certificate is first issued by the office. The assignor shall perfect the transfer by notifying the commissioner, in writing, within 30 calendar days following the effective date of the transfer and shall provide any information as may be required by the commissioner to administer and carry out this section.

(e) Credits allowed to corporations that are included in a combined group within the meaning of section 32B may be shared with other corporations within such group that are also doing business in Massachusetts, to the extent those corporations are engaged in a unitary business.

(f) Credits allowed to a company that is a S corporation, as defined in section 1361 of the Code, partnership or a limited liability company that is taxed as a partnership shall be passed through respectively to persons designated as partners, members or owners of such companies on a pro rata basis or pursuant to an executed agreement among such persons designated as S corporation



shareholders, partners or members documenting an alternate distribution method without regard to their sharing of other tax or economic attributes of such entity.

(g) The commissioner shall promulgate such rules and regulations necessary for the administration of this section.

SECTION 31. Section 2A of chapter 65C of the General Laws, as appearing in the 2020 Official Edition, is hereby amended by striking out subsection (a) and inserting in place the following subsection:-

(a) A tax is hereby imposed upon the transfer of the estate of each person dying on or after January 1, 1997 who, at the time of death, was a resident of the commonwealth. The amount of the tax shall be equal to the credit for state death taxes that would have been allowable to a decedent's estate as computed under Code section 2011, as in effect on December 31, 2000, hereinafter referred to as the "credit". If the federal gross estate of a person includes real or tangible personal property located outside of the commonwealth at the time of death, the tax shall be reduced by an amount equal to the proportion of such allowable credit as the value of such real or tangible personal property located outside of the commonwealth bears to the value of the entire federal gross estate wherever situated, as determined under Code section 2011, as in effect on December 31, 2000.

SECTION 32. Said section 2A of said chapter 65C, as so appearing, is hereby further amended by adding the following 2 subsections:-

(f) For the estates of decedents dying on or after July 1, 2023, a credit shall be allowed against the tax imposed by subsections (a) and (b) equal to the amount of such tax; provided, however, that the credit shall not exceed \$182,000.

(g) The estates of decedents dying on or after July 1, 2023 shall not be required to pay any tax under subsections (a) and (b) if the value of the federal taxable estate is not more than \$3,000,000.

SECTION 33. Section 21 of chapter 138 of the General Laws, as so appearing, is hereby amended by striking out, in lines 20 and 21, the words “six per cent of alcohol by weight” and inserting in place thereof the following words:- 8½ per cent of alcohol by volume.; and

SECTION 34. Said section 21 of said chapter 138, as so appearing, is hereby further amended by striking out, in line 25, the word “six” and inserting in place thereof the following figure:- 8 ½

SECTION 35. Sections 46, 48, 61, 63 and 124A of chapter 287 of the acts of 2014, as most recently amended by section 26 of chapter 99 of the acts of 2018, are hereby repealed.

SECTION 36. Notwithstanding any general or special law to the contrary, in calendar year 2023, the executive office of housing and livable communities may authorize up to \$50,000,000 in credits under subsection (q) of section (6) of chapter 62 of the General Laws and section 38BB of chapter 63 of the General Laws. Any portion of this amount that is not authorized in calendar year 2023 shall be added to the amount the executive office of housing and livable communities may authorize in subsequent years under said subsection (q) of said section (6) of said chapter 62 and said section 38BB of said chapter 63.

SECTION 37. Sections 31 and 32 shall take effect for the estates of decedents dying on or after January 1, 2023.

SECTION 38. Sections 1, 21, and 30 shall apply to tax years beginning on or after January 1, 2024.

SECTION 39. Section 1 is hereby repealed.

SECTION 40. Sections 21 and 30 are hereby repealed.

SECTION 41. Section 39 shall take effect on January 1, 2029.

SECTION 42. Section 40 shall apply to tax years beginning on or after January 1, 2035.

SECTION 43. Except as otherwise specified, this act shall take effect for taxable years beginning on or after January 1, 2023.