

**SENATE . . . . . No.**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**Walsh, Marian (SEN)**

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to the taxation of financial institutions.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Walsh, Marian (SEN)	Suffolk and Norfolk

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. S01843 OF 2007-2008.]

## The Commonwealth of Massachusetts

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In the Year Two Thousand and Nine

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### AN ACT RELATIVE TO THE TAXATION OF FINANCIAL INSTITUTIONS.

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

1 SECTION 1. Section 1 of chapter 63 of the General Laws, as appearing in the 2004 Official  
2 Edition, is hereby amended by inserting at the end of the definition of financial institution the  
3 following: —

4 Provided further that for taxable years beginning on or after January 1, 1999, any partnership or  
5 any S corporation, as defined under section 1361 of the Internal Revenue Code that otherwise  
6 falls within this definition shall not be taxable as a financial institution under this chapter. The  
7 partners in such a partnership shall be subject to tax on their distributive share of the  
8 partnership's income. Such an S corporation shall be subject to the provisions of section 32D of  
9 this chapter and its shareholders shall be subject to tax on their distributive share of the S  
10 corporation's income. Where such a partnership or S corporation has income from business  
11 activity which is taxable both within and without this commonwealth, the provisions of sections

12 1 and 2A of this chapter shall apply for purposes of determining the net income taxable under  
13 said section 32D and the portion of partnership or S corporation distributive income taxable  
14 under this chapter or chapter 62.

15 SECTION 2. Section 1 of this act shall take effect retroactively to January 1, 1999.