

H1510/HD 1867
An Act Relative to the Massachusetts Estate Tax Code
Shawn C. Dooley, Norfolk

- **Increases The State Exemption:** to 50% of the Federal tax code. For 2017 that would make the Massachusetts exemption would be \$2,745,000 per person (5.49m is federal exemption). This is an increase over the existing exemption of \$1,000,000
- **Adjusts For Inflation:** Since it is tied to the Federal rate and that automatically adjusts yearly, our rate will adjust at exactly the same rate.
- **Streamlines Taxation:** Currently there are 10 rates within estate tax code ranging from 5%-16%. The new code will have 4 rates ranging from 10%-13%.
- **Forgiveness Clause:** Has a forgiveness clause that mirrors the federal forgiveness clause. If one spouse dies without proper planning then they do not lose their deduction. The current system punishes those who do not realize the tax consequences &/or do not understand the need for proper (more sophisticated) planning.
- **Brings Massachusetts Into Line:** Currently Massachusetts is an outlier even among the 14 states that have a state estate tax with a very low exemption of \$1,000,000. For instance CT is \$2,000,000 and NY transitioning to match the Federal Estate Tax exemption.
- **Primary Residence Exemption:** Exempts the primary residence (if in Massachusetts) from the calculation formula of an estate.
- **Eliminates Cliff Funding:** Currently the Mass tax ramps up faster once you get over the threshold. The new streamlined method eliminates that.
- **Revenue Neutral:** The reality is that wealthy people are leaving Massachusetts because of our estate (and other) taxes. This occurs at a much higher rate in retirement. Therefore we are not only losing 100% of their estate tax, but we are also losing 100% of 30-40 years worth of income tax, capital gains tax, property tax, excise tax, sales tax, etc. It is a compounding factor.
- **Clean Up:** It streamlines the entire process and eliminates many of the sections of the current law that are no longer in force or do not exist in practice because of the changes to the federal code. Fixes issues in basic areas such as QTIP (Qualified Terminable Interest Properties), generation skipping, etc.