



JONATHAN HECHT  
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STATE HOUSE, ROOM 22

*The Commonwealth of Massachusetts*  
HOUSE OF REPRESENTATIVES  
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Representative Mark Cusack  
House Chair, Joint Committee on Revenue  
State House, Room 34  
Boston, MA 02133

Senator Adam Hinds  
Senate Chair, Joint Committee on Revenue  
State House, Room 109-E  
Boston, MA 02133

Dear Chair Cusack and Chair Hinds,

I write respectfully to request a favorable report on H.2490, *An Act simplifying the tax treatment of individual retirement accounts*.

The Commonwealth has a strong interest in encouraging its residents to save money for retirement. One important way it can facilitate saving is through tax laws that enable residents to consider the full range of financial options -- including pensions, 401(k)s, 403(b)s, traditional IRAs (individual retirement accounts), and Roth IRAs -- and choose the ones that suit their circumstances and goals with a minimum number of complications.

At present, however, the Commonwealth's treatment of one of these retirement options -- traditional IRAs -- creates undue burdens for residents and in some instances results in double taxation. Federal law permits the deduction of contributions to a traditional IRA from taxable income and taxes IRA distributions. Under Massachusetts law, however, IRA contributions are not deductible and therefore included in taxable income at the time they are made. To avoid double taxation, IRA distributions are excludable from Massachusetts income up to an amount equal to the original (after-tax) contributions. But documenting this exclusion requires careful recordkeeping for each and every contribution over an extended period of time. This is confusing and burdensome for IRA account holders in Massachusetts. As a consequence, many forfeit the state exclusion and suffer double taxation.

H.2490 would align the Commonwealth's tax treatment of IRAs with federal law (deduct contributions and tax distributions). This would relieve taxpayers of burdensome recordkeeping, avoid double taxation, and end the inequitable treatment of one retirement savings option.

Thank you for your Committee's consideration of this important legislation. Please feel free to be in touch with any questions or concerns you may have.

Best regards,

A handwritten signature in blue ink, appearing to read 'Jonathan Hecht', with a large, sweeping flourish above the name.

Jonathan Hecht  
State Representative  
29<sup>th</sup> Middlesex District