

Governor Healey and Lieutenant Governor Driscoll Unveil \$750 Million Tax Relief Package

Proposal includes direct relief for families, seniors and those dealing with high costs of housing

Governor Maura T. Healey and Lieutenant Governor Kimberley Driscoll today unveiled a \$742 million tax relief package that provides significant savings for families, renters, seniors, farmers, commuters and more. The proposal also includes key reforms to the tax code that will bring Massachusetts in line with other states, making it a more attractive place to live, work and do business.

“Everywhere we go, the Lieutenant Governor and I hear from people who are struggling to get by as the cost of living continues to skyrocket past them – the family watching their grocery bill grow each week, the young mom who wants to return to her dream job but can’t afford child care, the recent college graduate who can’t afford both his rent and student loan payments, the seniors who want to keep the home where they raised their family,” said **Governor Healey**. “We’re filing this tax relief package for each of them. This proposal centers affordability, competitiveness and equity each step of the way, delivering relief to those who need it most and making reforms that will attract and retain more businesses and residents to our great state.”

“Massachusetts is a national leader in so many ways – in education, business, science and technology, democracy and civil rights. But we’re not leading when it comes to affordability,” said **Lieutenant Governor Driscoll**. “If people can’t afford to live and work here, we’re not going to be able to maintain our economic edge. Our tax relief package will put more money back in the pockets of those who need it most while also making key reforms in areas where we are an outlier among other states.”

This package of tax reforms for Fiscal Year 2024 (FY24) will be filed on Wednesday as companion legislation to the administration’s FY24 budget (H.1). The proposal is built around relief that will go directly to families, seniors and those dealing with the high costs of housing.

That includes:

- **Healey’s Child and Family Tax Credit**, a new benefit that will provide families with a \$600 credit per dependent, including children under 13, people with disabilities, and senior dependents aged 65 and older.
- An **increase to the rental deduction**, currently capped at 50 percent of rent up to \$3,000, to \$4,000. At a cost of \$40 million, this increase will help offset the high cost of housing for 880,000 renters.
- A proposal to **double the senior circuit breaker credit** from \$1,200 to \$2,400 for low-income seniors with high property taxes or rent, helping seniors in 100,000 households stay in their homes.
- Reforms to two taxes in which the state is currently an outlier. It would **reduce the short-term capital gains tax** from 12 percent to 5 percent. It would also **eliminate the**

estate tax for all estates valued at up to \$3 million with a credit of up to \$182,000. Massachusetts is one of only 12 states that has an estate tax.

Other components of this tax package include:

- **Housing Development Incentive Program (HDIP)** - Increase the \$10 million annual cap on HDIP credits to \$50 million in the first year, and \$30 million per year moving forward for developers as an incentive to produce more market-rate housing in the state's Gateway Cities.
- **Apprenticeships Tax Credit** – Improve access to apprenticeships for workers by expanding the list of occupations that qualify for employer tax credits and doubling the statewide cap on credits to \$5 million.
- **Dairy Tax Credit** – Increase the statewide cap from \$6 million to \$8 million to protect the state's dairy farmers from fluctuations in wholesale milk prices.
- **Live Theater** – Promote local live theater productions with a new credit for a share of payroll, production and transportation costs for qualifying productions.
- **Title V** – Double the maximum credit to \$12,000 (40 percent of \$30,000) for expenses incurred at a primary residence for repair or replacement of failed cesspool or septic systems.
- **Lead Paint Abatement** – Double the allowable deductions to \$3,000 for full lead paint abatement and \$1,000 for partial abatement.
- **Local Cider** – Promote more locally produced hard cider and still wine by allowing higher-alcohol content ciders and wines (up to 8.5 ABV) to qualify for lower tax rates typically reserved for low-alcohol content products.
- **Student Loan Repayment** – Exempt employer assistance with student loan repayment from income taxation for student borrowers.
- **Commuter Transit Benefits** – Add regional transit passes and bike commuter expenses, such as bike-share memberships, purchases and storage, to those that qualify for tax deductions, alongside existing expenses like tolls and MBTA passes.
- **Brownfields** - Extend the brownfields tax credit program, currently set to expire in 2023, through 2028. This program allows taxpayers to claim a credit for costs related to cleanup of contaminated properties.

The Administration has created a special brief titled, *FY 2024 Budget Recommendation Budget Brief: Providing Meaningful Tax Relief*. Read more about these proposals in that document, which is attached to this update.

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