

## H.4104 - The FY2024 Tax Package Section-by-Section Summary

SECTION 1. The Stabilization Fund balance as a percentage of the operating budget is increased from 15% to 25.5%, making it harder to trigger the tax relief outlined in MGL c. 62F.

SECTION 2. The local option tax reduction for seniors who volunteer in their municipality was increased from \$1,500 to \$2,000.

SECTION 3. A new local option tax exemption is created for residential properties rented at affordable rates to people with incomes that do not exceed 200% of the area median income.

SECTION 4. The rental deduction cap for one's primary residence is increased to \$4,000 from \$3,000.

SECTIONS 5 and 6. The deduction for public transportation expenses is greatly expanded to include transit fares, bike share, bicycle or electric bicycle memberships, and any commuter boat fares passes.

SECTION 7. A personal income tax deduction is created for individuals who receive student loan payment assistance from their employer so long as it does not qualify for federal educational assistance programs.

SECTION 8. The rate on short-term capital gains (assets held for less than one year) is reduced from 12% to 8.5%.

SECTIONS 9 and 10. The tax incentives for lead paint abatement measures are enhanced by doubling the maximum credit per residential dwelling from \$1,500 to \$3,000, and the per dwelling credit for replacement of windows containing lead from \$500 to \$1,000.

SECTION 11. The earned income tax credit (EITC) is increased to 40% of the federal credit amount from the current rate of 30%.

SECTION 12 - 16. Makes several changes to the incentives for Title V septic tank improvement or replacement. The tax credit available to homeowners for repair or replacement of a septic system for their principal residence is increased from 40% of total expenditures to 60%, and the cap on expenses is doubled from \$15,000 to \$30,000. The maximum annual credit allowed is increased from \$1,500 to \$4,000, and the maximum aggregate credit is tripled from \$6,000 to \$18,000.

SECTION 17. The property tax credit maximum is increased to \$1,000 from \$750 for income-eligible seniors.

SECTION 18. The personal income statute is amended to reflect the increase in the aggregate amount available for a dairy farm's tax credit to \$8,000,000 from \$6,000,000, effective January 1, 2024.

SECTION 19. The total amount available to the Executive Office of Housing and Livable Communities to distribute through the Housing Development Incentive Program is raised to \$57 million in 2023 from the current \$10 million cap and then changed to \$30 million in 2024 and thereafter.

SECTION 20. The individual income tax code is amended to make taxpayers in more industries eligible for the recently created apprenticeship tax credit.

SECTION 21. A refundable dependent credit is created that provides \$310 per dependent for tax years beginning on or after January 1, 2023.

SECTION 22. The dependent credit is increased to \$440 from \$310 effective for tax years beginning on or after January 1, 2024.

SECTION 23. The aggregate available amount for the Low-Income Housing Credit is increased to \$60 million from \$40 million.

SECTION 24. A new requirement is imposed on taxpayers who file a joint return at the federal level to file a joint return on the state level for that taxable year.

SECTION 25. The Department of Revenue is required to report monthly to the Legislature on net tax revenue estimates when state revenue may exceed the allowable state tax revenue that would trigger the excessive tax collection refund provided in M.G.L. Chapter 62F.

SECTION 26. Amends Chapter 62F to require that the distribution of excess tax collections be returned to taxpayers in equal amounts rather than a pro rata share of the total tax liability. For those taxpayers whose tax refund exceeds their tax liability, it shall be considered an overpayment and refundable to the taxpayer by the Commonwealth.

SECTION 27-29, 31 and 35. These provisions adopt single sales factor apportionment for all industries effective for tax years beginning on or after January 1, 2025. Under the new law, only the percentage of a corporation's sales in Massachusetts relative to their total sales will be considered in determining the tax basis for applying the corporate excise tax.

SECTION 30. The corporate excise law is amended to adjust for the change in the aggregate amount of housing credits the Executive Office of Housing and Livable Communities is able to distribute from the \$57 in 2023 to \$30 million annually in 2024 and thereafter, a significant increase from the current \$10 million annual cap.

SECTION 31. See above.

SECTION 32. The aggregate amount available to corporate filers for the dairy farm's tax credit is increased to \$8,000,000 from \$6,000,000.

SECTION 33. The corporate excise tax law is amended to triple the amount of housing credits the Executive Office of Housing and Livable Communities can distribute starting in calendar year 2024 to \$30 million from \$10 million.

SECTION 34. The tax code for corporations is amended to make taxpayers in more industries eligible for the recently created apprenticeship tax credit.

SECTION 35. See above.

SECTION 36 and 37. The estate tax law is amended to provide a maximum credit of \$99,600 per estate, which would effectively eliminate the cliff effect. Estates that are valued at \$2 million or less are not subject to estate tax.

SECTION 38 and 39. Changes the alcohol excise tax by altering the percentage of alcohol per volume from 6% to 8.5% to allow hard ciders to be taxed at a lower rate.

SECTIONS 40 and 41. This section repeals sections of an earlier economic development law.

SECTION 42. Increases the aggregate funding available to the Housing Development Incentive Program to \$57 million for 2023.

SECTION 43. Directs the Executive Office of Administration and Finance to conduct a study on the feasibility of advancing quarterly payments for credits pertaining to household and dependent care expenses under the Internal Revenue Code.

SECTION 44. The Department of Revenue is directed to analyze the potential impact of creating a 4% elective entity level tax for pass-through entities coupled with a refundable tax credit and report its findings by February 1, 2024.

SECTION 45- 48. These provisions provide the various effective dates for different sections of the bill.