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For Immediate Release

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Rep. Kane calls for public hearing on Governor Baker's expanded sales tax holiday proposal

BOSTON – State Representative Hannah Kane, R-Shrewsbury, is calling for “an expeditious and inclusive public hearing” to solicit testimony from across the state on Governor Baker’s proposal to expand this year’s sales tax holiday.

Representative Kane was one of nearly three dozen legislators to write to the chairs of the Joint Committee on Revenue on July 27 urging them to schedule a hearing on House Bill 3906, *An Act establishing an extended sales tax holiday in 2021*, “as soon as possible.” The letter, which was spearheaded by Senate Minority Leader Bruce Tarr (R-Gloucester) and House Minority Leader Bradley H. Jones, Jr. (R-North Reading), was signed by all 33 members of the House and Senate Republican caucuses.

Although a two-day sales tax holiday is already scheduled to take place the weekend of August 14-15, House Bill 3906 would authorize a two-month suspension of the sales tax in August and September. Most taxable items costing \$2,500 or less purchased during this time period – both in-store and online – would not be subject to the state’s 6.25% sales tax, but certain items such as alcohol and tobacco products would still be taxed.

The caucus letter describes House Bill 3906 as offering “a rare opportunity to provide support for consumers, small businesses and the economy.” Representative Kane noted the sales tax holiday will help to generate additional sales for local businesses that have suffered financially during the COVID-19 global pandemic, while also allowing customers to save money.

“Throughout the past year, consumers have been struggling with the burdens of the COVID-19 pandemic, often challenged by disrupted supply chains and premium pricing for products in demand,” the letter states. “The extended sales tax holiday proposed by H.3906 would not only ease the impacts of the sales tax, which are particularly regressive, but also encourage a return to robust purchasing from local retailers, those that populate the main streets of our cities and towns and on whom we depend to provide employment and prosperity for economies at the local and state levels.”

The letter also cites the state’s unique financial situation, which has seen an influx of billions of dollars in pandemic-related federal funding assistance, as well as state tax revenues that have continued to outperform expectations, leading to projected surpluses of \$1.5 billion for Fiscal Year 2021 and approximately \$4 billion for Fiscal Year 2022. Governor Baker has proposed using a portion of the state’s budget surplus to cover the estimated \$900 million in lost revenues the state would forego during the sales tax holiday.

“While surely much of this revenue is likely to be of a one-time nature, so is the chance to reorient consumer spending patterns to local businesses following an historic global pandemic,” the letter states.

Representative Kane said she is committed to supporting local businesses and taking whatever steps are needed to assist in their recovery as the state continues to emerge from the pandemic.

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