



Office of

Representative Hannah E. Kane Commonwealth of Massachusetts

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Representative Kane supports comprehensive \$1.02 billion tax relief package

Reforms estate tax, expands Senior Circuit Breaker and rental deduction

BOSTON – State Representative Hannah Kane (R-Shrewsbury) has joined with her colleagues to approve a comprehensive tax package that will provide significant financial relief to Massachusetts residents and businesses.

House Bill 4104, *An Act to improve the Commonwealth's competitiveness, affordability, and equity*, offers a phased-in approach to a series of tax reforms that is expected to produce \$561 million in savings for taxpayers this fiscal year and an estimated \$1.02 billion in savings once the changes are fully implemented in 2026. The bill, which represents a compromise negotiated over the last three months by a six-member conference committee, received preliminary approval by the House of Representatives on a vote of 155-1 on September 27.

Representative Kane noted that the final tax package provides for increases in the child and dependent tax credit, the rental deduction cap, and the Earned Income Tax Credit. It also doubles the Senior Circuit Breaker tax credit while raising the estate tax threshold from \$1 million to \$2 million and increasing the amount seniors can deduct from their property taxes when participating in the Senior Property Tax Volunteer Program.

House Bill 4104 also authorizes a reduction in the short-term capital gains tax rate and implements a single sales factor for companies beginning January 1, 2025 to encourage economic growth and help maintain Massachusetts-based businesses. In addition, the bill triples the maximum allowable Title V tax credit for homeowners repairing or replacing their septic tanks, while also expanding the lead paint abatement and taking steps to promote more housing development across the state.

According to Representative Kane, House Bill 4104:

- Combines the child and dependent tax credits into one while eliminating the existing cap and increasing the credit from \$180 to \$310 in FY23 and to \$440 in FY24, which will benefit over 565,000 families;
- Increases the rental deduction cap from \$3,000 to \$4,000, which will assist approximately 800,000 renters;
- Raises the Earned Income Tax Credit from 30% to 40% of the federal credit, which will benefit approximately 400,000 taxpayers earning less than \$60,000;
- Doubles the maximum Senior Circuit Breaker tax credit from \$1,200 to \$2,400, indexed to inflation, to assist nearly 100,000 seniors with their housing costs;
- Eliminates the estate tax for all estates valued under \$2 million and allows for a uniform credit of \$99,600, effective January 1, 2023;
- Allows municipalities to provide up to \$2,000 in property tax reductions for older residents participating in the senior work-off program, which is currently capped at \$1,500;

- Reduces the tax on short-term capital gains from 12% to 8.5%;
- Replaces the current three-prong sales tax apportionment for Massachusetts-headquartered businesses that incorporates property, payroll and sales with a new system that only factors in sales;
- Increases the maximum tax credit for septic tank repairs or replacement under Title V from \$6,000 to \$18,000 and also increases the amount that can be claimed to \$4,000 per year;
- Doubles the lead paint abatement to \$1,000 for partial abatement and \$3,000 for full abatement;
- Raises the statewide cap on the Housing Development Incentive Program (HDIP) from \$10 million to \$57 million for one year before setting the annual cap at \$30 million moving forward;
- Raises the annual authorization for the Low-Income Housing Tax Credit from \$40 million to \$60 million;
- Allows cities and town to adopt a local property tax exemption for renters whose income falls below a certain level set by the community;
- Increases the statewide cap on the Dairy Tax Credit from \$6 million to \$8 million to assist local farmers impacted by reductions in milk prices;
- Makes public transit fares and certain other expenses eligible for the commuter expenses tax deduction;
- Expands the number of occupations eligible for the workforce development tax credit;
- Exempts employer student loan payments from being counted as taxable income by the state; and
- Increases the maximum amount of alcohol that hard ciders and still wines may contain from 6% of alcohol by weight to 8.5%, which will allow more of these locally produced products to be taxed at a lower rate.

House Bill 4104 must still be approved by the Senate and enacted in both branches before reaching Governor Maura Healey's desk for her review and signature.

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