



**Office of
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Commonwealth of Massachusetts**

For Immediate Release

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Rep. Kane supports short-term borrowing bill to address revenue shortfall caused by pandemic, tax filing extension

BOSTON – State Representative Hannah Kane (R-Shrewsbury) voted in support of a short-term borrowing bill to address revenue reductions associated with the COVID-19 pandemic and the decision to move the state’s income tax filing deadline to July 15.

House Bill 4677, *An Act to facilitate the delay of the income tax filing deadline*, was enacted by the House of Representatives on a vote of 157-0 on May 13, with most members voting remotely to comply with social distancing requirements. The Senate is expected to enact the bill on May 14, after which it will be sent to Governor Charlie Baker for his signature.

Representative Kane said the short-term borrowing authorized by House Bill 4677 is necessary for the state to continue to maintain a positive cash flow and a strong bond rating as it deals with a significant revenue shortfall in Fiscal Year 2020 projected to be as much as \$3 billion. The bill is a redrafted version of legislation originally filed on March 27 by Governor Baker.

On April 3, Governor Baker signed into law legislation moving the personal income tax filing deadline from April 15 to July 15 to coincide with Congress’ approval of a similar extension of the federal tax deadline. While April is typically the single largest month for tax collections, the extended tax filing deadline – combined with the economic impacts associated with the ongoing COVID-19 State of Emergency – contributed to a 54 percent drop in revenues last month, with monthly revenues down \$2.3 billion compared to April of 2019 and nearly \$2.2 billion short of estimates.

Representative Kane noted that, unlike the federal government, the state must balance its budget each fiscal year and cannot engage in deficit spending. By using short-term borrowing, Massachusetts can continue to pay its bills and meet its financial and legal obligations.

House Bill 4677 authorizes the state treasurer to issue Revenue Anticipation Notes (RANs), which will allow the state to borrow against revenue expected to come in after the current fiscal year ends on June 30. All interest and principal payments on the notes issued must be repaid from the General Fund by June 30, 2021.

In addition, House Bill 4677 authorizes any income tax payments received in Fiscal Year 2021 that were originally due in Fiscal Year 2020 to be recorded by the State Comptroller as Fiscal Year 2020 revenues. This applies to all tax payments received by August 31, 2020. The bill also allows the Comptroller to

categorize income tax refunds claimed but not paid until Fiscal Year 2021 as refunds payable for Fiscal Year 2020.

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