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Rep. Kane supports \$4.3 billion bill promoting economic development, tax relief and COVID recovery efforts

BOSTON – State Representative Hannah Kane (R- Shrewsbury) recently voted to support a multi-billion dollar economic development bill that includes a series of tax relief proposals as well as significant investments in many state programs and local projects.

House Bill 5007, *An Act relating to economic growth and relief for the commonwealth*, is funded through a combination of federal American Rescue Plan Act (ARPA) money, surplus state budget dollars, and bond proceeds totaling just under \$4.3 billion. The bill was engrossed by the House of Representatives on a vote of 154-0 on July 14, following two days of debate on 870 amendments filed by members.

During floor debate on the bill, Representative Kane was able to secure funding for several local initiatives, including \$125,000 for the town of Shrewsbury and \$75,000 for the town of Westborough to support local economic recovery efforts.

Representative Kane noted that the bill includes a series of tax relief proposals, many of which were first put forward by Governor Charlie Baker in January. The package:

- increases the child/dependent tax credit from \$180 to \$310 per child/dependent and eliminates the current \$360 cap for two or more children/dependents;
- expands the Earned Income Tax Credit from 30% to 40% of the federal credit;
- increases the maximum senior circuit breaker tax credit to \$1,755;
- raises the rental deduction cap from \$3,000 to \$4,000; and
- increases the estate tax threshold from \$1 million to \$2 million while ensuring that only the amount over the threshold is subject to the tax, and sets a 17% tax rate for estates valued at over \$5 million

An additional tax relief component included in House Bill 5007 is the creation of a Taxpayer Energy & Economic Relief Fund. Representative Kane said this fund will be used to provide one-time rebates of \$250 for taxpayers filing an individual return and \$500 for married couples filing a joint return. The rebates will not be subject to the state's personal income tax and will be limited to individuals with an annual income between \$38,000 and \$100,000 and married couples with an income between \$38,000 and \$150,000.

House Bill 5007 also retains Governor Baker's proposal to increase the Housing Development Incentive Program (HDIP) tax credits from \$10 million to \$30 million per calendar year, allowing for up \$57 million in credits for FY23, and then \$30 million annually thereafter. The bill also extends the Brownfield Tax Credit by an additional five years, from August 5, 2023 to August 5, 2028 and increases the maximum amount of the credit for certain eligible projects.

According to Representative Kane, the House proposal allocates \$200 million to assist small businesses that are still experiencing financial challenges caused by the COVID-19 pandemic, \$75 million of which is targeted for

minority-owned businesses. The bill also provides \$300 million to help shore up the unemployment insurance trust fund, along with \$75 million in grants for hotels that suffered financial losses during the pandemic.

An additional tax credit included in House Bill 5007 would help promote live theater and musical productions. The credit, which would be capped at \$5 million annually is designed to cover in-state payroll costs; production and performance expenditures; transportation expenditures; and out of state payroll costs that are “directly attributable to activities in the Commonwealth.”

Representative Kane said the bill includes \$25 million to address food insecurity issues and also provides \$350 million to assist financially-strained hospitals, along with \$80 million for community health centers. Other health and human services-related initiatives include \$165 million for nursing facilities workforce needs, \$100 million for supplemental rates for human services providers, and \$195 million for nursing facilities and rest homes.

House Bill 5007 also sets aside \$100 million for the Affordable Housing Trust Fund and \$75 million for minority-owned housing development. Representative Kane noted that the bill also includes \$175 million for upgrades to state parks and recreational facilities and \$100 million for the Clean Water Trust Fund.

Among the bond funding included in the bill is \$400 million to support the MassWorks Infrastructure Competitive grant program and \$200 million for the Technology Matching Grants program to help Massachusetts organizations compete for federal innovation grants.

Several policy and funding initiatives were added to House Bill 5007 during floor debate, including:

- a state sales and use tax exemption for “rolling stock” to support the state’s trucking industry and help make Massachusetts more competitive with neighboring states that already provide this exemption;
- provisions allowing for online sales for the Massachusetts State Lottery;
- language establishing a fund to support early education and care in the Commonwealth;
- a state sales and use tax exemption to encourage economic development in the construction and operations of the data center industry;
- the creation of a special commission to study the potential benefits associated with procuring large-scale energy storage through contracts as a way to help the state achieve its climate change goals;
- a \$3 million operational support grants program to assist qualifying movie theaters who experienced a decline of 40% or more in box office receipts during the pandemic; and
- a \$10 million appropriation for the federal Low Income Home Energy Assistance Program to assist eligible low-income elders, working families and other households pay a portion of their winter heating bills

House Bill 5007, as amended, now moves to the Senate for its consideration.

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