



Office of  
**Representative Hannah E. Kane**  
Commonwealth of Massachusetts

FOR IMMEDIATE RELEASE  
April 13, 2023

CONTACT: Sophia Flionis, 617-722-2810  
[sophia.flionis@mahouse.gov](mailto:sophia.flionis@mahouse.gov)

## **House Republicans fight to uphold the will of the voters on 62F, support \$1.1 billion in tax relief for Massachusetts residents**

*Tax package expands Senior Circuit Breaker and rental deduction, reforms estate tax*

**BOSTON** – State Representative Hannah Kane (R-Shrewsbury) and the members of the House Republican Caucus recently presented a united front as they attempted to preserve the will of the voters on the Chapter 62F tax law, while approving a sweeping \$1.1 billion tax relief package.

House Bill 3770, *An Act to improve the Commonwealth's competitiveness, affordability, and equity*, was engrossed by the House of Representatives on a vote of 150-3 on April 13. The wide-ranging bill consists of a series of tax relief provisions that would double the Senior Circuit Breaker tax credit, increase the rental tax deduction, reform the estate tax, provide a higher state match on the federal Earned Income Tax Credit, and phase-in a reduction in the short-term capital gains tax over two years.

The bill also calls for changes to the voter-approved Chapter 62F law, which was passed in 1986 but has only been triggered twice in the last 37 years, first in 1987 and again in 2022. Chapter 62F ensures that excess tax revenues are returned to the state's taxpayers whenever revenue collections in a fiscal year exceed an annual cap tied to wage and salary growth, which resulted in nearly \$3 billion in excess revenues being returned to taxpayers last year in the form of a rebate.

Representative Kane explained that under the current Chapter 62F law, the amount of money returned to taxpayers corresponds to a percentage of their individual tax liability. House Bill 3770 includes language that proposes any future 62F payouts instead be distributed to all taxpayers in an equal amount, regardless of their income or tax liability.

During floor debate on the bill, the House Republican Caucus offered an amendment to strike the proposed changes made to 62F. Representative Kane supported the amendment, citing the importance of upholding the will of the state's voters and not tinkering with the law, but it was defeated on a vote of 26-128.

While Representative Kane remains strongly opposed to making any changes to the voter-approved law, she also acknowledged that the proposed changes will likely result in more lower and middle-class taxpayers receiving a larger 62F refund than they did last year, if and when the law is triggered again in the future.

Despite the Chapter 62F changes, Representative Kane said that she voted for the underlying legislation because it will provide over \$1 billion in tax relief to Massachusetts residents and business owners phased in over three years. Specifically, House Bill 3770 would:

- Double the Senior Circuit Breaker tax credit from \$1,200 to \$2,400;
- Increase the tax deduction available to renters from \$3,000 to \$4,000;

- Lower the tax on short-term capital gains from 12 percent to 8 percent in the first year of implementation and then to 5 percent in year two;
- Raise the estate tax threshold from \$1 million to \$2 million, and eliminate the “cliff effect” by making the tax applicable only to the value of the estate that exceeds \$2 million;
- Reduce corporate excise taxes for companies that operate in more than one state by assessing the tax using a single sales factor, rather than the current assessment that is based on in-state sales, local payroll and property holdings;
- Expand the state match on the federal Earned Income Tax Credit from 30 percent to 40 percent; and
- Provide for a combined child care and dependent care tax credit totaling \$310 per dependent in the first year, \$455 in the second year and \$600 beginning in the third year, while also eliminating the current cap on the tax credit.

The tax relief package must still be approved by the Senate and signed by Governor Maura Healey before it becomes law. Representative Kane said that she and the rest of the House Republican Caucus will ask Governor Healey to veto the changes to Chapter 62F should those provisions make it into the final version of the bill.

###