

An Act making appropriations for the fiscal year 2026 to provide for supplementing certain existing appropriations and for certain other activities and projects.

Whereas, The deferred operation of this act would tend to defeat its purposes, which are to make supplemental appropriations for fiscal year 2026 and to make certain changes in law, each of which is immediately necessary to carry out those appropriations or to accomplish other important public purposes, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. To provide for supplementing certain items in the general appropriation act and other appropriation acts for fiscal year 2026, the sums set forth in section 2 are hereby appropriated from the General Fund or the Transitional Escrow Fund established in section 16 of chapter 76 of the acts of 2021, as amended by section 4 of chapter 98 of the acts of 2022, unless specifically designated otherwise in this act or in those appropriation acts, for the several purposes and subject to the conditions specified in this act or in those appropriation acts, and subject to the laws regulating the disbursement of public funds for the fiscal year ending June 30, 2026. These sums shall be in addition to any amounts previously appropriated and made available for the purposes of those items. These sums shall be made available through the fiscal year ending June 30, 2027.

SECTION 2.

JUDICIARY

Board of Bar Examiners

0321-0100 Board of Bar Examiners \$211,857

Committee for Public Counsel Services

0321-1520 Indigent Persons Fees and Court Costs \$12,300,000

EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE

Group Insurance Commission

1108-5200 Group Insurance Premium and Plan Costs \$300,000,000

OFFICE OF THE COMPTROLLER

1599-3384 Settlements and Judgments \$25,000,000

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

Department of Transitional Assistance

4400-1100 DTA Caseworkers \$41,651,558

Department of Public Health

4513-1012 WIC Program Manufacturer Rebates Retained Revenue \$600,000

EXECUTIVE OFFICE OF PUBLIC SAFETY AND SECURITY

Department of Correction

8900-0001 Department of Correction Facility Operations \$31,009,996

TRANSPORTATION

Massachusetts Department of Transportation

1595-6368 Massachusetts Transportation Trust Fund \$50,000,000

1596-2427 MBTA Workforce/Safety Reserve \$125,000,000

Education and Transportation Innovation Fund100%

EXECUTIVE OFFICE OF EDUCATION

Department of Elementary and Secondary Education

1596-2423 Targeted Scholarships \$10,000,000

Education and Transportation Innovation Fund.....100%

1596-2424 Green Schoolworks \$20,000,000

Education and Transportation Innovation Fund.....100%

1596-2514 Adult Basic Education and Workforce Readiness \$5,000,000

Education and Transportation Innovation Fund.....100%

SECTION 2A. To provide for certain unanticipated obligations of the commonwealth, to provide for an alteration of purpose for current appropriations, and to meet certain requirements of law, the sums set forth in this section are hereby appropriated from the General Fund or the Transitional Escrow Fund established in section 16 of chapter 76 of the acts of 2021, as amended by section 4 of chapter 98 of the acts of 2022, unless specifically designated otherwise in this section, for the several purposes and subject to the conditions specified in this section, and subject to the laws regulating the disbursement of public funds for the fiscal year ending June 30, 2026. Except as otherwise stated, these sums shall be made available through the fiscal year ending June 30, 2029.

EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE
Reserves

- 1596-2026 For Boston Soccer 2026 Corp. and activities related to the 2026 World Cup matches hosted in Massachusetts; provided, that the secretary of administration and finance may transfer funds to reimburse the commonwealth for costs incurred related to said matches in Massachusetts \$10,000,000
- 1599-0511 For a reserve to support the operations of the Health Care Affordability Working Group; provided, that the secretary of administration and finance may transfer from the sum appropriated in this item to other items of appropriation as necessary \$500,000
- 1599-6083 For the federal Home Energy Assistance Program to assist eligible low-income elders, working families and other households with assistance paying a portion of winter heating bills; provided, that the executive office of housing and livable communities shall establish the maximum assistance for which a household shall be eligible \$35,000,000
- 1599-8910 For a reserve to support costs associated with the 14 county sheriffs' offices; provided, that the secretary of administration and finance may transfer funds from this item to state agencies as defined in section 1 of chapter 29 of the General Laws; and provided further, each sheriffs' office receiving funds from this item shall file a report with the executive office of administration and finance and to the house and senate committees on ways and means on: (i) the reasons for any spending over what was appropriated to their office in fiscal year 2025; (ii) actions taken to mitigate those deficiencies in fiscal year 2025; (iii) the reasons for any currently projected deficiencies in fiscal year 2026; (iv) actions taken to mitigate said deficiencies in fiscal year 2026; and (v) a detailed breakdown of all funds projected to be expended in fiscal year 2027 delineated by which of those costs are legally mandated and the legal precedent for each such mandate \$54,472,655

SECTION 2F. The sums set forth in this section are hereby appropriated from the Education and Transportation Fund established in section 2BBBBBB of chapter 29 of the General Laws and the Education and Transportation Innovation and Capital Fund established in section 2DDDDDD of said chapter 29 for the purposes and subject to the conditions specified in this section and subject to the laws regulating the disbursement of public funds for the fiscal year ending June 30, 2026. All appropriations in this section shall not be subject to section 5D of said chapter 29. These sums shall be made available through the fiscal year ending June 30, 2029.

EXECUTIVE OFFICE OF EDUCATION

Office of the Secretary

1596-2517 For local one-time education projects \$100,000

Department of Elementary and Secondary Education

1596-2604 For a reserve to support reimbursements to school districts and direct payments to service providers for special education instructional and transportation costs pursuant to section 5A of chapter 71B of the General Laws and item 7061-0012; provided, that reimbursements shall be made in the fiscal year ending on June 30, 2027 for costs incurred in the fiscal year ending on June 30, 2026; and provided further, that funds may be transferred to said item 7061-0012 and expended subject to the conditions specified in said item in the general appropriations act for the fiscal year ending on June 30, 2027 \$150,000,000

1596-2702 For efforts to reduce the waitlist for income-eligible early education and care programs; provided, that funds from this item shall be expended in coordination with funds from item 3000-4060; provided further, that funds may be expended for teen parents and homeless families at risk of becoming eligible for transitional aid to families with dependent children; provided further, that funds may be expended for informal early education and care benefits for families meeting income-eligibility criteria; provided further, that not less than \$10,700,000 shall be expended for the department's fiscal year 2027 procured contracted early education slots; provided further, that not less than \$8,000,000 shall be expended for educator costs associated with personal childcare; provided further, that not less than \$7,500,000 shall be expended for an early education and care educator loan forgiveness program established in section 19G of chapter 15A of the General Laws; provided further, that the funds for the department's fiscal year 2027 procured contracted early education slots and for educator costs associated with personal childcare shall not be utilized for or transferred for other purposes or any other early education eligible populations; provided further, that the early education and care services funded from this item shall be distributed in a geographically equitable manner that provides fair and adequate access to early education and care for all eligible individuals; provided further, that the commissioner of early education and care may transfer funds between this item and items 3000-1000, 3000-3060 and 3000-4060; and provided further, that not later than May 1, 2026, the department of early education and care shall submit a report to the house and senate committees on ways and means detailing the number of families projected to be removed from the waitlist through this item \$38,700,000

1596-2703 For grants to support civics education programs; provided, that not less than \$500,000 shall be expended for the implementation of a program to support civics education learning opportunities in coordination with the John Fitzgerald Kennedy Library Foundation, Incorporated, that focuses on underserved communities and other communities, across the commonwealth; and provided further, that not less than \$500,000 shall be expended for the Edward M. Kennedy Institute for the United States Senate, Inc. to expand civics education programs, including investments in curriculum and technology
\$1,000,000

Department of Higher Education

1596-2425 For the purposes of continuing the implementation of section 15E of chapter 15A of the General Laws to encourage private fundraising by the commonwealth's public institutions of higher education for the endowments and capital outlay programs of those institutions including, but not limited to, endowed scholarship funds, endowed professorships, endowed STEM programming, endowed research positions, endowed programming in the arts and humanities, endowed funds to increase diversity and inclusion on public higher education campuses, endowed funds to increase persistence and completion rates, endowed funds to encourage innovative financial aid strategies, including income-sharing arrangements, endowed early college programs and such other purposes as the board of higher education shall determine to be consistent with system-wide and campus mission statements and with measurable goals and metrics tied to those missions; provided, that the board of higher education shall implement the program in a manner that ensures that each institution shall have an equal opportunity to secure matching funds from this item; provided further, that not less than \$5,000,000 shall be allocated to state universities; provided further, that not less than \$5,000,000 shall be allocated to community colleges; provided further, that not later than September 1, 2026, the board of higher education shall issue a preliminary report on the initial allocation of matching dollars and any guidelines adopted for the distribution and use of such funding; and provided further, that the report shall be submitted to the house and senate committees on ways and means \$10,000,000

1596-2603 For a reserve to provide financial assistance to Massachusetts students enrolled in and pursuing a program of higher education at a public institution of higher education in the commonwealth; provided, that funds may be transferred from this item to items 7070-0065, 1596-2414 and 1596-2700 at the direction of the secretary of education \$18,300,000

1596-9805 For programs to encourage graduates of the commonwealth's public institutions of higher education to work as public school educators; provided, that funds shall be expended to fund the tomorrow's educators program established in section 19D of chapter 15A of the General Laws; provided further, that funds shall be expended for a student loan repayment assistance program for public school educators; provided further, that the student loan repayment assistance program shall be administered by the executive office of education and that funds for the program may be expended to enhance existing loan repayment assistance programs, if appropriate; provided further, that the student loan repayment assistance program shall provide assistance of not more than \$7,500 per eligible individual; provided further, that said program shall prioritize the recruitment and retention of racially, culturally, ethnically and linguistically diverse educators consistent with chapter 132 of the acts of 2019 to diversify the educator workforce; provided further, that to be eligible for the student loan repayment assistance program under this item, an individual shall: (i) have completed a bachelor's degree program at a public institution of higher education as defined in section 5 of said chapter 15A and including Quincy College, after January 1, 2020; (ii) have outstanding educational debt that was incurred to pay tuition, fees or additional costs of attendance as calculated by the institution of higher education, including, but not limited to, room and board, books and supplies, transportation, child care and personal expenses, while enrolled in an undergraduate degree or post-baccalaureate program at the institution; and (iii) commit to and work for 4 years in a school district, as defined in section 2 of chapter 70 of the General Laws, as a teacher, instructional or program paraprofessional or in any other position that requires a license or other form of certification issued by the department of elementary and secondary education or other state agency; provided further, that the executive office of education shall promulgate regulations for the administration and enforcement of the student loan repayment assistance program, which shall include repayment procedures if a participating individual fails to comply with the program requirements; provided further, that if the funds appropriated for the student loan repayment assistance program are insufficient to cover costs of all eligible individuals, priority shall be given to educators working in school districts with higher shares of students who are designated as low income as defined in said section 2 of said chapter 70; provided further, that not less than 45 days prior to the obligation of funds for the student loan repayment assistance program, the executive office of education shall submit a comprehensive program plan to the executive office for administration and finance, the joint committee on education and the house and senate committees on ways and means; and provided

further, that funds from this item may be expended on a public awareness campaign on the student loan repayment assistance program \$5,100,000

University of Massachusetts

1596-2426 For the purposes of continuing the implementation of the public higher education endowment incentive and capital outlay contribution program established in section 15E of chapter 15A of the General Laws to encourage private fundraising by the commonwealth's public institutions of higher education for the endowments and capital outlay programs of those institutions including, but not limited to, endowed scholarship funds, endowed professorships, endowed STEM programming, endowed research positions, endowed programming in the arts and humanities, endowed funds to increase diversity and inclusion on public higher education campuses, endowed funds to increase persistence and completion rates, endowed funds to encourage innovative financial aid strategies including income-sharing arrangements, endowed early college programs and such other purposes as the University of Massachusetts board of trustees shall determine to be consistent with system-wide and campus mission statements and with measurable goals and metrics tied to those missions; provided, that the board of higher education shall implement the program in a manner that ensures that each institution shall have equal opportunity to secure matching funds from this item; provided further, that not less than \$10,000,000 shall be allocated to the University of Massachusetts to support the endowments described above, established and held by The University of Massachusetts Foundation Inc.; provided further, that not later than September 1, 2026, the University of Massachusetts board of trustees shall issue a preliminary report on the initial allocation of matching dollars and any guidelines adopted for the distribution and use of such funding; and provided further, that the report shall be submitted to the house and senate committees on ways and means \$10,000,000

TRANSPORTATION

Massachusetts Department of Transportation

1596-2404 For programs to improve the Massachusetts Bay Transportation Authority's physical infrastructure; provided, that the authority shall consult with the executive office for administration and finance on the projects to be funded by this appropriation; provided further, that the authority prioritizes upgrades and deferred maintenance projects in the core subway system; and provided further, that not later than September 1, 2026, the authority shall submit a report to the house and senate committees on ways and means including, but not limited

to: (i) the criteria used for distributing funds from this item; and (ii) a list and description of the projects funded through this item or planned to be funded through this item, including the estimated cost for each project and the expected timeline for the completion of each project \$60,000,000

1596-2405 For a reserve to implement a low-income reduced fare program under the Massachusetts Bay Transportation Authority for riders of all modes with low-incomes; provided, that funds from this item may be expended on uses including, but not limited to: (i) replacement of foregone fare revenues; (ii) operating and administrative costs relating to the program; (iii) data and technology improvements, systems integration and support; and (iv) community engagement; provided further, that prior to expending funds from this item, the authority shall submit a proposed plan for implementing a low-income reduced fare program to the secretary of transportation for the approval of the secretary; and provided further, that not later than December 30, 2026, the authority shall submit a report detailing the expenditures from this item including rider enrollment in the low-income reduced fare program as of October 31, 2026, to the secretary of transportation, the joint committee on transportation and the house and senate committees on ways and means \$20,000,000

1596-2505 For an operating transfer to the Massachusetts Transportation Trust Fund established in section 4 of chapter 6C of the General Laws for a program to support grants for workforce and training initiatives at regional transit authorities and support transit improvements across the commonwealth; provided, that the Massachusetts Department of Transportation shall oversee the distribution of grants under this item; and provided further, that not later than September 1, 2026, the department shall submit a report to the joint committee on transportation and the house and senate committees on ways and means that shall include, but not be limited to: (i) the grant criteria used to determine awards; (ii) a list of grant recipients, including the amounts received by each recipient; and (iii) a description of the specific uses by each recipient \$25,000,000

1596-2507 For one-time transportation projects \$100,000

1596-2521 For an operating transfer to the Massachusetts Transportation Trust Fund established in section 4 of chapter 6C of the General Laws for a program to support improvements to water transportation infrastructure across the commonwealth \$10,000,000

1596-2612 For an operating transfer to the Massachusetts Bay Transportation Authority to replenish the Massachusetts Bay Transportation Authority deficiency fund; provided, that the Massachusetts Bay

Transportation Authority shall notify the Massachusetts Department of Transportation, the executive office for administration and finance, the joint committee on transportation and the house and senate committees on ways and means not less than 30 days in advance when funding will be withdrawn from the Massachusetts Bay Transportation Authority deficiency fund; provided further, that not later than June 30, 2026, the Massachusetts Bay Transportation Authority shall submit a written deficiency fund policy to the Massachusetts Department of Transportation, the executive office for administration and finance, the joint committee on transportation and the house and senate committees on ways and means; provided further, funds shall be expended for commuter rail service; and provided further, that funds may be expended for rider affordability initiatives and pilots that encourage ridership, improving value for riders and passholders and support and encourage participation in the income-eligible reduced fare program \$525,000,000

1596-2613 For an operating transfer to the Massachusetts Transportation Trust Fund established in section 4 of chapter 6C of the General Laws to create a workforce pipeline including, but not limited to, civil engineers and to support capital project delivery initiatives within the highway division and rail and transit division to support for capital improvements, resilient infrastructure, technical and related assistance to municipalities and to enhance transportation capital project delivery across the commonwealth \$30,000,000

1596-2614 For a reserve to support sustainable aviation fuel to accelerate the deployment and use of lower-carbon aviation fuels and strengthen the commonwealth's clean energy economy; provided, that priority shall be given to projects that reduce greenhouse gas emissions, advance in-state economic development and align with the commonwealth's climate and clean transportation goals; and provided further, that the department of revenue shall notify the executive office for administration and finance, the joint committee on transportation and house and senate committees on ways and means not less than 30 days after funding is withdrawn to reimburse municipalities under section 29 \$30,000,000

SECTION 3. Section 2 of chapter 22D of the General Laws, as appearing in the 2024 Official Edition, is hereby amended by inserting after the word "teams", in line 11, the following words:- , including the joint hazard incident response team which shall be composed of hazardous materials technicians designated by the marshal and members of the Massachusetts state police bomb squad designated by the colonel of the department of state police.

SECTION 4. Paragraph (c) of section 1 of chapter 62 of the General Laws, as so appearing, is hereby amended by inserting after the word “408(q)”, in line 10, the following words:- ; provided, that for purposes of section 1400Z, the term “qualified opportunity zone” shall mean an area located entirely within the commonwealth that is designated as a qualified opportunity zone under said section 1400Z-2; and provided further, that “Code” shall not include reference to any individual amendments to the Internal Revenue Code pursuant to section 90 of chapter 62C.

SECTION 5. Paragraph (1) of subsection (d) of section 2 of said chapter 62, as so appearing, is hereby amended by adding the following 2 subparagraphs:-

(R) For taxable years beginning on or after January 1, 2022, the deductions allowed by section 70302(f) of Pub. L. 119-21.

(S) For taxable years beginning on or after January 1, 2025 and before January 1, 2026, the deductions allowed by section 174A of the Code.

SECTION 6. Said paragraph (1) of said subsection (d) of said section 2 of said chapter 62, as so appearing, is hereby further amended by adding the following subparagraph:-

(T) For taxable years beginning on or after January 1, 2026, the deductions allowed by section 174A of the Code.

SECTION 7. Section 6 of said chapter 62, as so appearing, is hereby amended by adding the following subsection:-

(jj)(1) As used in this subsection, the following words shall, unless the context clearly requires otherwise, have the following meanings:

“Farm business”, any trade or business located in the commonwealth that is not a business corporation subject to the excise under chapter 63 and that is engaged in the business of farming as defined in section 1A of chapter 128.

“Nonprofit food distribution organization”, an entity located in the commonwealth that is exempt from taxation under section 501(c)(3) of the Code, as amended or renumbered, and organized with a purpose of providing food donations or selling food at a charge sufficient only to cover the cost of handling such food.

(2) A farm business that donates food, meals or crops grown, manufactured, packaged or prepared by the farm business to a nonprofit food distribution organization shall be allowed a refundable credit against the liability imposed by this chapter for the taxable year of the donation. The credit shall be equal to the fair market value of the food, meals or crops donated by the farm business during the taxable year but not to exceed an aggregate credit of \$5,000 annually; provided, however, that the farm business shall not have claimed a federal or state tax deduction for the same food, meals or crops donated by said farm business during the same taxable year.

(3) If the amount of the credit allowed under this subsection exceeds the taxpayer’s liability, the commissioner of revenue shall treat such excess as an overpayment and shall pay the taxpayer 100 per cent of the amount of such excess, without interest. No credit provided for under this subsection shall be transferable or shall carry over into a subsequent tax year.

(4) A credit shall be allowed under this subsection only if the donated food, meals or crops are distributed or served by the nonprofit food distribution organization without charge or at a charge sufficient only to cover the cost of handling such food and are not: (i) used by the nonprofit food distribution organization as consideration for services performed or personal

property purchased; or (ii) sold by the nonprofit food distribution organization at a charge in excess of the organization's cost of handling the food, meals or crops.

(5) To claim any credit under this subsection, the farm business shall attach to the farm business's income tax return, for each donation, a written certification that identifies the nonprofit food distribution organization, the date of the donation, the amount of food donated and the fair market value of the food, meals or crops donated.

(6) The commissioner of revenue, in consultation with the commissioner of agricultural resources, shall promulgate regulations necessary for the implementation, administration and enforcement of this subsection and section 38VV of chapter 63. The commissioner of revenue, in consultation with the commissioner of agricultural resources, shall develop and publish a standard form that eligible claimants under this subsection shall use to report the information required for donations under paragraph (5).

SECTION 8. Subsection (jj) of said section 6 of said chapter 62 is hereby repealed.

SECTION 9. Chapter 62C of the General Laws is hereby amended by adding the following section:-

Section 90. (a) For the purposes of this section, the definition of "Code" in section 1 shall not apply.

(b) Except as provided in subsection (c), any individual amendment of the Internal Revenue Code as would otherwise apply pursuant to chapter 62 or chapter 63, that would affect the determination of Massachusetts gross income, Massachusetts deductions pursuant to said chapter 62, gross income pursuant to paragraph 3 of section 30 of said chapter 63 or net income pursuant to paragraph 4 of said section 30 of said chapter 63 shall not apply to:

(i) any taxable year that begins in the calendar year in which the amendment is enacted;

or

(ii) any taxable year that precedes the calendar year in which the amendment is enacted.

(c) Subsection (b) shall not apply to any individual amendment of the Internal Revenue Code if the commissioner determines within 90 days after such amendment is enacted that the impact to tax revenue collected pursuant to chapter 62 or chapter 63 is estimated to be less than \$20,000,000 in lost or gained revenue based on a rolling 3 year average, adjusted for inflation as provided by subsection (f) of section 1 of the Internal Revenue Code, as amended and in effect for the taxable year, for:

(i) the fiscal year that begins during the calendar year in which the amendment is enacted;

or

(ii) any fiscal year that precedes the calendar year in which the amendment is enacted.

(d) Not later than 30 days after any individual amendment to the Internal Revenue Code, the commissioner shall submit to the house and senate committees on ways and means and post to its website the estimated impact to tax revenue collected pursuant to chapter 62 and chapter 63 of enactment of such individual amendment.

SECTION 10. Section 30 of chapter 63 of the General Laws, as appearing in the 2024 Official Edition, is hereby amended by striking out paragraph 3 and inserting in place thereof the following paragraph:-

3. "Gross income", gross income as defined under the provisions of the federal Internal Revenue Code, as amended and in effect for the taxable year, plus the interest from bonds, notes and evidences of indebtedness of any state, including this commonwealth; provided, however, that: (i) gross income of corporations taxable under section 38B shall, in addition to the

foregoing, include a deduction for losses from the sale or exchange of capital assets sustained during the taxable year to the extent allowable by the federal Internal Revenue Code; (ii) for purposes of applying section 1400Z-2 of the federal Internal Revenue Code, the term “qualified opportunity zone” shall mean an area located entirely within the commonwealth that is designated as a qualified opportunity zone under said section 1400Z-2; and (iii) any individual federal Internal Revenue Code amendments as referenced in section 90 of chapter 62C shall have no force or effect.

SECTION 11. Said section 30 of said chapter 63, as so appearing, is hereby further amended by inserting after the word “allowed”, in lines 32 and 33, the following words:- ; and provided further, that any individual amendments to the Internal Revenue Code as referenced in section 90 of chapter 62C shall have no force or effect.

SECTION 12. Said section 30 of said chapter 63, as so appearing, is hereby further amended by striking out, in lines 81 to 83, inclusive, the words “and (viii) the deductions allowed by sections 245A, 250 and 965(c) of the Code” and inserting in place thereof the following words:-

(viii) the deductions allowed by sections 245A, 250 and 965(c) of the Code;

(ix) for taxable years beginning on or after January 1, 2022, the deductions allowed by section 70302(f) of Pub. L. 119-21; and

(x) for taxable years beginning on or after January 1, 2025 and before January 1, 2026, the deductions allowed by section 174A of the Code.

SECTION 13. Said section 30 of said chapter 63 is hereby further amended by striking out the words “and (x) for taxable years beginning on or after January 1, 2025 and before

January 1, 2026, the deductions allowed by section 174A of the Code”, inserted by section 12, and inserting in place thereof the following words:-

(x) for taxable years beginning on or after January 1, 2025 and before January 1, 2026, the deductions allowed by section 174A of the Code; and

(xi) for taxable years beginning on or after January 1, 2026, the deductions allowed by section 174A of the Code

SECTION 14. Said chapter 63 is hereby further amended by inserting after section 38UU the following section:-

Section 38VV. (a) As used in this section, the following words shall, unless the context clearly requires otherwise, have the following meanings:

“Farm business”, any business corporation located in the commonwealth that is engaged in the business of farming as defined in section 1A of chapter 128.

“Nonprofit food distribution organization”, an entity located in the commonwealth that is exempt from taxation under section 501(c)(3) of the Code, as amended or renumbered, and organized with a purpose of providing food donations or selling food at a charge sufficient only to cover the cost of handling such food.

(b) A farm business that donates food, meals or crops grown, manufactured, packaged or prepared by the farm business to a nonprofit food distribution organization shall be allowed a refundable credit against the liability imposed by this chapter for the taxable year of the donation. The credit shall be equal to the fair market value of the food, meals or crops donated by the farm business during the taxable year but not to exceed an aggregate credit of \$5,000 annually; provided, however, that the farm business shall not have claimed a federal or state tax

deduction for the same food, meals or crops donated by said farm business during the same taxable year.

(c) If the amount of the credit allowed under this section exceeds the taxpayer's liability, the commissioner of revenue shall treat such excess as an overpayment and shall pay the taxpayer 100 per cent of the amount of such excess, without interest. No credit provided for under this section shall be transferable or shall carry over into a subsequent tax year.

(d) A credit shall be allowed under this section only if the donated food, meals or crops are distributed or served by the nonprofit food distribution organization without charge or at a charge sufficient only to cover the cost of handling such food and are not: (i) used by the nonprofit food distribution organization as consideration for services performed or personal property purchased; or (ii) sold by the nonprofit food distribution organization at a charge in excess of the organization's cost of handling the food, meals or crops.

(e) To claim any credit under this section, the farm business shall attach to the farm business's income tax return, for each donation, a written certification that identifies the nonprofit food distribution organization, the date of the donation, the amount of food donated and the fair market value of the food, meals or crops donated.

(f) The commissioner of revenue, in consultation with the commissioner of agricultural resources, shall promulgate regulations necessary for the implementation, administration and enforcement of this section and subsection (jj) of section 6 of chapter 62. The commissioner of revenue, in consultation with the commissioner of agricultural resources, shall develop and publish a standard form that eligible claimants under this section shall use to report the information required for donations under subsection (e).

SECTION 15. Section 38VV of said chapter 63 is hereby repealed.

SECTION 16. The General Laws are hereby further amended by inserting after chapter 63D the following chapter:-

Chapter 63E

TAXATION OF PASS-THROUGH ENTITIES ON INCOME EXCEEDING SURTAX
THRESHOLD

Section 1. As used in this chapter, the following words shall, unless the context clearly requires otherwise, have the following meanings:

“Code”, as defined in section 1 of chapter 62.

“Commissioner”, the commissioner of revenue.

“Eligible pass-through entity”, an S corporation under section 1361 of the Code, a partnership under section 7701 of the Code or a limited liability company that is treated as an S corporation or partnership under said section 1361 of the Code or said section 7701 of the Code.

“Qualified income taxable in Massachusetts”, the income of an eligible pass-through entity determined under chapter 62 allocable to a qualified member and included in the qualified member’s Massachusetts taxable income under said chapter 62; provided, however, that qualified income taxable in Massachusetts shall be limited to the sum of the amounts by which the amount allocated to each qualified member exceeds the surtax threshold pursuant to subsection (d) of section 4 of chapter 62 .

“Qualified member”, a shareholder of an S corporation or a partner in a partnership, including a member of a limited liability company that is treated as an S corporation or partnership under section 1361 of the Code or section 7701 of the Code, that is a natural person or trust or estate subject to tax under section 10 of chapter 62; provided, however, that a qualified member may be a resident, nonresident or a part-year resident; and provided further, that

“qualified member” shall not include such shareholder, partner or member whose allocable share of income included in their Massachusetts taxable income under said chapter 62 does not exceed the surtax threshold.

Section 2. An eligible pass-through entity may elect to pay an excise on its qualified income taxable in Massachusetts at a rate of 4 per cent. A qualified member of an electing eligible pass-through entity shall be allowed a refundable credit against the tax imposed under chapter 62. The credit shall be available to qualified members in an amount proportionate to each qualified member’s share of the tax due and paid under this chapter by the eligible pass-through entity multiplied by 0.9. The credit shall be available for the member’s taxable year in which the electing eligible pass-through entity’s taxable year ends.

Section 3. This chapter shall not apply to any taxable year for which the federal limitation on the state and local tax deduction imposed by section 164(b)(6) of the Internal Revenue Code, as amended and in effect for the applicable year, has expired or is otherwise not in effect.

Section 4. The excise under this chapter shall be in addition to, and not in lieu of, any other Massachusetts tax required to be paid, including tax imposed by chapter 62 or chapter 63. The excise under this chapter shall be due and payable on the eligible pass-through entity’s original, timely filed return. A return that reports the excise shall be due at the same time as a partnership information return or corporate excise return would be due for the entity under chapter 62C. Nothing in this chapter shall alter any filing requirements for a qualified member under said chapter 62C.

Section 5. The collection and administration of the excise under this chapter shall be governed by chapter 62C unless expressly provided otherwise in this chapter or in regulations promulgated by the commissioner pursuant to this chapter.

Section 6. The election under this chapter shall be made by the eligible pass-through entity on an annual basis in a manner determined by the commissioner. All members of the electing eligible pass-through entity shall be bound by the election. Once an election is made for a particular year, the election shall not be revoked.

Section 7. The commissioner shall promulgate regulations or guidance to administer this chapter. The regulations or guidance may: (i) make the credit available to qualified members with income from eligible pass-through entities that in turn have income from other eligible pass-through entities; (ii) provide rules on the application of this chapter to eligible trusts and estates; and (iii) require estimated payments of the excise by electing eligible pass-through entities and their qualified members in a manner consistent with chapter 62B.

SECTION 17. Chapter 64J of the General Laws is hereby amended by inserting after section 4 the following section:-

Section 4A. (a) As used in this section, the following words shall, unless the context clearly requires otherwise, have the following meanings:

“CORSIA”, the Carbon Offsetting and Reduction Scheme for International Aviation.

“Department”, the department of revenue.

“Division”, the aeronautics division within the Massachusetts Department of Transportation established in section 59 of chapter 6C.

“Economic operator”, any entity involved in the production, processing, distribution, trading or use of sustainable aviation fuel within the supply chain.

“GHG emissions”, gases emitted into the atmosphere, either naturally or as a result of human activities, which trap heat in the Earth’s atmosphere, including, but not limited to, CO₂ emissions arising from the production, distribution and combustion of aviation fuel.

“ICAO”, the International Civil Aviation Organization.

“Person”, a natural person, corporation, association, partnership or other legal entity.

“Proof of sustainability” or “POS”, a document issued by an economic operator that is certified by at least 1 of the independent sustainability certification schemes approved through the ICAO’s CORSIA, which confirms that a given batch of sustainable aviation fuel meets the requirements for sustainability and GHG emissions savings under the certification scheme or regulation promulgated or sponsored by such organization for the purpose of compliance with CORSIA.

“Qualified mixture”, as defined in subsection (c) of section 40B of the Internal Revenue Code.

“Sustainable aviation fuel”, liquid fuel that: (i) consists of synthesized hydrocarbons and: (A) meets the requirements of the ASTM International Standard D7566; and (B) when blended with fossil fuel meets the provisions of ASTM International Standard D1655; (ii) is derived from biomass resources, waste streams, renewable energy sources or gaseous carbon oxides; (iii) is not derived from any palm derivatives; and (iv) for the fuel production pathway for the sustainable aviation fuel, achieves at least a 50 per cent lifecycle greenhouse gas emissions reduction in comparison with petroleum-based jet fuel, as determined by a test that shows: (1) that the fuel production pathway achieves at least a 50 per cent reduction in GHG emissions intensity relative to fossil jet fuel considering the attributional core lifecycle emissions and the induced land use change values as determined through the lifecycle methodology for sustainable aviation fuels adopted by the ICAO with the agreement of the United States; or (2) that the fuel production pathway achieves at least a 50 per cent reduction in GHG emissions intensity relative to fossil jet fuel considering the attributional core lifecycle emissions and the induced land use change values

as determined through the most recent version of Argonne National Laboratory's GREET model, inclusive of agricultural practices and carbon capture and sequestration.

"Taxpayer", a person subject to the excise imposed by this chapter.

(b)(1) To defray the excise paid under this chapter, a taxpayer may be allowed a credit against the excise imposed by this chapter in an amount equal to the product of the number of gallons of sustainable aviation fuel included in a qualified mixture, multiplied by \$1.50 or such other number that results from the calculation in paragraph (2), as documented on a POS provided by the taxpayer, that the sustainable aviation fuel is purchased for use as fuel in an aircraft departing from an airport in the commonwealth.

(2) Subject to the limitation set forth in subsection (d), the amount of the credit per gallon of sustainable aviation fuel allowed under this subsection shall increase by \$0.015 for each additional 1 per cent reduction in life-cycle greenhouse gas emissions above 50 per cent, as determined in the same manner as provided under clause (iv) of the definition of sustainable aviation fuel; provided, however, that the maximum amount of the credit per gallon of sustainable aviation fuel allowed under this section shall not exceed \$2.00 per gallon.

(3) Nothing in this section shall limit the authority of the commissioner to make adjustments to a taxpayer's liability upon audit or limit any other legal remedies available to the commissioner or the commonwealth against said taxpayer.

(c)(1) The division shall authorize the tax credits under this section, which shall be non-refundable. A taxpayer entitled to a credit under this section for a tax period may carry over and apply to its excise for any of the next succeeding 6 tax periods that portion, as reduced from period to period, of its credit which exceeds its excise for the tax period. A taxpayer shall be eligible for the credit established by this section if the taxpayer demonstrates to the division that

it has purchased sustainable aviation fuel for an aircraft departing from an airport in the commonwealth. The division may recapture tax credits authorized to a taxpayer if after an investigation by the division, in consultation with the department, the division determines that the taxpayer is in material noncompliance with this section. The division shall notify the department of any such determination.

(2) The total cumulative value of the tax credits authorized pursuant to this section shall not exceed \$10,000,000 over a fiscal year. Any portion of the cap established in the preceding sentence that is not authorized by the division during a fiscal year shall be added to the amount the division may authorize in subsequent years.

(d) The state treasurer shall, upon certification of the commissioner, reimburse a city or town that has adopted this chapter in accordance with section 13 in an amount equal to the excise that would have been due to that city or town but for the claiming of the credit established by this section.

(e) The division, in consultation with the commissioner, shall promulgate regulations and forms necessary to implement this section.

SECTION 18. Section 4A of said chapter 64J is hereby repealed.

SECTION 19. Subsection (e) of section 16 of chapter 115 of the General Laws, as appearing in the 2024 Official Edition, is hereby amended by adding the following sentence:- If the secretary approves the board's vote on the veteran's status, then that determination shall be the only proof required to show the veteran's character of discharge for any state program and service.

SECTION 20. Section 33 of chapter 148 of the General Laws, as so appearing, is hereby amended by adding the following paragraph:-

The marshal may provide support to law enforcement agencies through the use of the joint hazard incident response team, within the department of fire services hazardous materials response division, as established pursuant to section 2 of chapter 22D, for the purpose of technical or operational assistance for incidents or events involving potential reactive or energetic materials that may pose a risk to public health or safety. Any response action taken by a municipal firefighter as a member of the joint hazard incident response team at the direction of the marshal or their designee shall be deemed to have been taken on behalf of the department of fire services and for the benefit of the commonwealth. Municipal firefighters who are members of the joint hazard incident response team shall not be considered law enforcement officers and shall not exercise police powers.

SECTION 21. Section 6 of chapter 175M, as so appearing, is hereby amended by striking out, in lines 22, 33 and 39, the figure “40”, each time it appears, and inserting in place thereof, in each instance, the following figure:- 100.

SECTION 22. Said section 6 of said chapter 175M, as so appearing, is hereby further amended by striking out, in lines 25, 33 and 43, the figure “100”, each time it appears, and inserting in place thereof, in each instance, the following figure:- 40.

SECTION 23. Item 4513-1012 of section 2 of chapter 9 of the acts of 2025 is hereby amended by striking out the figure “\$28,600,000”, each time it appears, and inserting in place thereof, in each instance, the following figure:- \$29,200,000.

SECTION 24. (a) The department of revenue shall review, in anticipation of the 2026 ballot initiative entitled “25-18 Initiative Petition for a Law Relative to Reducing the State Personal Income Tax Rate from 5% to 4%” submitted for the 2026 biennial statewide election proposing to set the personal taxable income at 4.67 per cent for tax year 2027, each law, rule or

policy that couples the commonwealth with the Internal Revenue Code to benefit corporate taxpayers and all corporate tax deductions or credits that are allowed in the commonwealth, including, but not limited to, chapters 62 and 63 of the General Laws. The department of revenue shall identify for each corporate federal tax deduction or credit the fiscal impact to the commonwealth. Not later than June 30, 2026, the department shall post the information to its website and submit a report of said information to the house and senate committees on ways means and the joint committee on revenue.

(b) The executive office for administration and finance, in consultation with the department of revenue, shall make recommendations on decoupling from specific corporate federal tax deductions and credits in the commonwealth and any other laws, rules or policies that provide corporate tax incentives to offset the loss of revenue to the commonwealth if the personal taxable income tax is reduced to 4.67 per cent in tax year 2027 through said ballot initiative. Not later than June 30, 2026, the department of revenue, in consultation with the executive office for administration and finance, shall submit a report of the findings and recommendations to the house and senate committees on ways and means and the joint committee on revenue.

SECTION 25. (a) Notwithstanding paragraph (1) of subsection (d) of section 2 of chapter 62 of the General Laws and paragraph 4 of section 30 of chapter 63 of the General Laws, the deduction allowed by section 174A of the Internal Revenue Code, as amended and in effect for the current tax year, shall be disallowed for taxable years beginning in 2025; provided, that for taxable years beginning on or after January 1, 2022 and before January 1, 2026, any research or experimental expenditures paid or incurred for said taxable years shall be deducted as permitted under section 174 of the Internal Revenue Code as in effect on July 3, 2025.

(b) Notwithstanding paragraph (1) of subsection (d) of section 2 of chapter 62 of the General Laws and paragraph 4 of section 30 of chapter 63 of the General Laws, the deduction allowed by section 174A of the Internal Revenue Code, as amended and in effect for the current tax year shall be disallowed for all future taxable years if the 2026 ballot initiative entitled “25-18 Initiative Petition for a Law Relative to Reducing the State Personal Income Tax Rate from 5% to 4%” submitted for the 2026 biennial statewide election proposing to set the personal taxable income at 4.67 per cent for tax year 2027 passes until action by the general court to authorize said deductions and the identification of an alternative revenue source to replace revenue lost due to said ballot initiative; provided, that for taxable years beginning on or after January 1, 2022 and all future taxable years, any research or experimental expenditures paid or incurred for said taxable years shall be deducted as permitted under section 174 of the Internal Revenue Code as in effect on July 3, 2025.

SECTION 26. (a) Notwithstanding paragraph (1) of subsection (d) of section 2 of chapter 62 of the General Laws and paragraph 4 of section 30 of chapter 63 of the General Laws, the following deductions shall be disallowed for taxable years beginning in 2025 and 2026: (i) the deduction allowed by section 168(n) of the Internal Revenue Code, as amended and in effect for the current tax year; (ii) the deduction described by section 179 of the Internal Revenue Code to the extent it is increased by amendments to sections 179(b)(1) and 179(b)(2) of the Internal Revenue Code inserted by section 70306 of Pub. L. 119-21; and (iii) the deduction described by section 163(j) of the Internal Revenue Code to the extent that the definition of “adjusted taxable income” is modified by an amendment to section 163(j)(8)(A)(v) of the Internal Revenue Code inserted by section 70303 of Pub. L. 119-21.

(b) Notwithstanding paragraph (1) of subsection (d) of section 2 of chapter 62 of the General Laws and paragraph 4 of section 30 of chapter 63 of the General Laws, the following deductions shall be disallowed for all future taxable years if the 2026 ballot initiative entitled “25-18 Initiative Petition for a Law Relative to Reducing the State Personal Income Tax Rate from 5% to 4%” submitted for the 2026 biennial statewide election proposing to set the personal taxable income at 4.67 per cent for tax year 2027 passes until action by the general court to authorize said deductions and the identification of an alternative revenue source to replace any revenue lost due to said ballot initiative: (i) the deduction allowed by section 168(n) of the Internal Revenue Code, as amended and in effect for the current tax year; (ii) the deduction described by section 179 of the Internal Revenue Code to the extent it is increased by amendments to sections 179(b)(1) and 179(b)(2) of the Internal Revenue Code inserted by section 70306 of Pub. L. 119-21; and (iii) the deduction described by section 163(j) of the Internal Revenue Code to the extent that the definition of “adjusted taxable income” is modified by an amendment to section 163(j)(8)(A)(v) of the Internal Revenue Code inserted by section 70303 of Pub. L. 119-21.

SECTION 27. (a) Notwithstanding paragraph 3 of section 30 of chapter 63 of the General Laws, a taxpayer shall, for taxable years beginning in 2025 or 2026, apply section 1400Z-2 of the Internal Revenue Code as in effect for taxable years beginning prior to January 1, 2026.

(b) Notwithstanding paragraph 3 of section 30 of chapter 63 of the General Laws, a taxpayer shall, for all future taxable years if the 2026 ballot initiative entitled “25-18 Initiative Petition for a Law Relative to Reducing the State Personal Income Tax Rate from 5% to 4%” submitted for the 2026 biennial statewide election proposing to set the personal taxable income at 4.67 per cent for tax year 2027 passes until action by the general court to authorize said tax

changes and the identification of an alternative revenue source to replace any revenue lost due to said ballot initiative, apply section 1400Z-2 of the Internal Revenue Code as in effect for taxable years beginning prior to January 1, 2026.

SECTION 28. Notwithstanding any general or special law to the contrary, in fiscal year 2026, the comptroller shall transfer \$150,000,000 from the Education and Transportation Innovation and Capital Fund established in section 2DDDDDD of chapter 29 of the General Laws to the High-Quality Early Education & Care Affordability Fund established in section 2YYYYYY of said chapter 29.

SECTION 29. Notwithstanding any general or special law to the contrary, the state treasurer shall make reimbursements consistent with subsection (d) of section 4A of chapter 64J of the General Laws and said reimbursements shall be drawn from reserve account 1596-2614, as established pursuant to section 2, and shall be made at the same schedule as the distributions, credits and payments required by section 12 of said chapter 64J.

SECTION 30. Notwithstanding chapters 62B, 62C and 63B of the General Laws, interest and penalties shall not be imposed on an underpayment or late payment of tax for taxable years beginning in 2025 where a taxpayer filed a return with the commissioner of revenue for such taxable years prior to enactment of this act that did not accord with sections 5, 12 and 25, and the taxpayer files a subsequent return with the commissioner of revenue to adjust the previous return to accord with said sections 5, 12 and 25 within 90 days of enactment of this act; provided, that such underpayment or late payment of tax is due to reasonable cause and not due to willful neglect, as determined by the commissioner; provided, however, that reasonable cause shall include amendments to the Internal Revenue Code inserted by section 70302 of Pub. L. 119-21. The commissioner shall publish guidance related to the underpayment or late payment of tax due

to amendments to the Internal Revenue Code inserted by section 70302 of Pub. L. 119-21 not later than 30 days after the effective date of this act.

SECTION 31. (a) Not later than 30 days after the effective date of this act, the executive office of labor and workforce development, in consultation with the department of family and medical leave, shall provide guidance related to the changes in sections 21 and 22 and the impact for employers and employees in calendar year 2027, including, but not limited to, any administrative adjustments that shall be taken by the department to ensure the overall balance of employee and employer contribution levels remain unchanged while limiting the tax burdens on employees. Said guidance shall be available on the department's website.

(b) Not later than 30 days after making administrative adjustments to the annual contribution rates for family and medical leave consistent with sections 21 and 22, the department of family and medical leave shall notify the house and senate committees on ways and means and the joint committee on labor and workforce development. Said notification shall provide detailed information related to the adjustments that were made and any impacts to employers and employees.

SECTION 32. The salary adjustments and other economic benefits authorized by the following collective bargaining agreements shall be effective for the purposes of section 7 of chapter 150E of the General Laws:

(1) the agreement between the Commonwealth of Massachusetts and the Massachusetts Nurses Association (MNA), Unit 7;

(2) the agreement between the Barnstable County Sheriff's Office (BCSO) and the Barnstable County Correctional Officers Union (BCCOU), S1B;

(3) the agreement between the Commonwealth of Massachusetts and the International Association of Fire Fighters (IAFF), Local S-28 and S-29, Unit 11;

(4) the agreement between the University of Massachusetts and the New England Police Benevolent Association (NEPBA) Local 190, Amherst Campus, Unit A07;

(5) the agreement between the Commonwealth of Massachusetts and the Coalition of Public Safety, Unit 5;

(6) the agreement between University of Massachusetts and the American Federation of Teachers (AFT) Maintainers Local 6350, Dartmouth Campus, Unit D83;

(7) the agreement between the University of Massachusetts and the Professional Staff Union (PSU) Unit A, Amherst Campus, Unit A52 & Boston Campus, Unit B42; and

(8) the agreement between the University of Massachusetts and the American Federation of Teachers Educational Services Unit (ESU) Professional Local 1895, Dartmouth Campus, Unit D85.

SECTION 33. Sections 4, 9 through 11, inclusive, and 16, 21 and 22 shall apply for taxable years beginning on or after January 1, 2026.

SECTION 34. Sections 5 and 12 shall apply for taxable years beginning on or after January 1, 2025.

SECTION 35. Sections 6 and 13 shall only apply for taxable years beginning on or after January 1, 2026 if the 2026 ballot initiative entitled “25-18 Initiative Petition for a Law Relative to Reducing the State Personal Income Tax Rate from 5% to 4%” submitted for the 2026 biennial statewide election proposing to set the personal taxable income at 4.67 per cent for tax year 2027 passes; provided, however, that if the 2026 ballot initiative does not pass, sections 6 and 13 shall not apply for said taxable years.

SECTION 36. Sections 7 and 14 shall be effective for tax years ending on or after December 31, 2026.

SECTION 37. Sections 8 and 15 shall take effect on January 1, 2029.

SECTION 38. Section 17 shall take effect for tax years beginning on or after July 1, 2026.

SECTION 39. Section 18 shall take effect on June 30, 2029.