



Massachusetts Can Opt Out of the Federal Corporate Tax Cuts

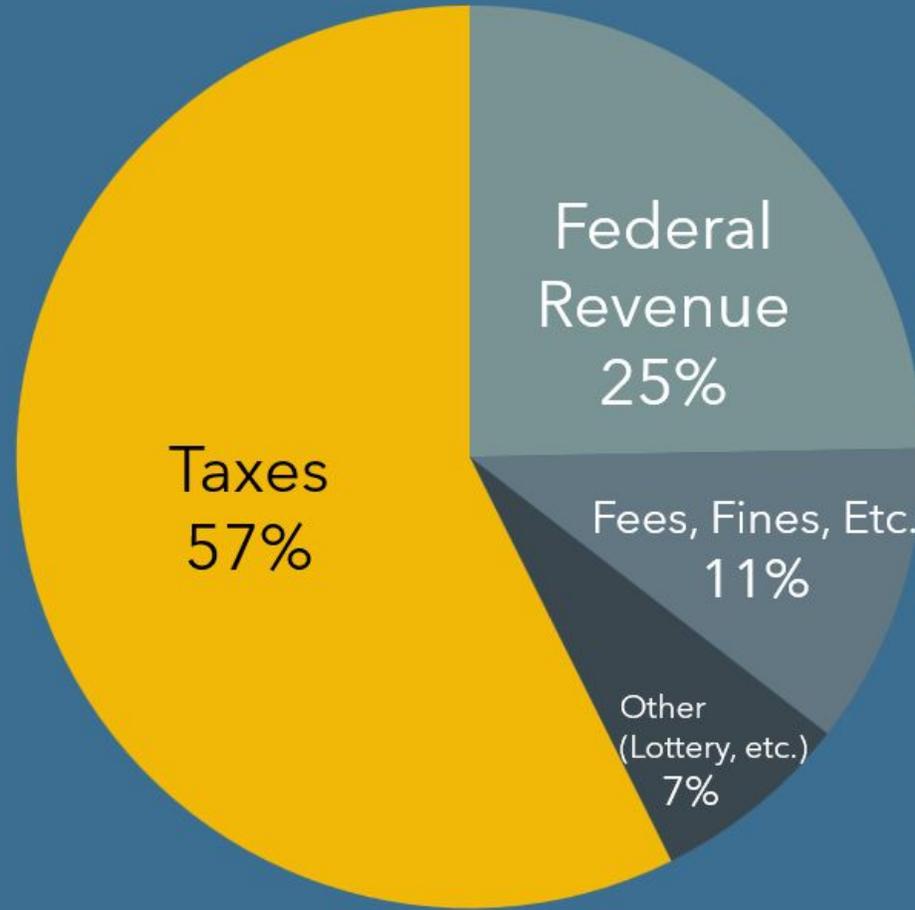
Progressive Massachusetts
Phineas Baxandall, Director of Research & Policy Analysis
PBaxandall@massbudget.org

How we gather resources to do things that we can't do alone





Where does Massachusetts's revenue come from?



Fiscal Year 2025



Do State Tax Rules Conform to the “One Big Beautiful Bill?”

Personal Income Tax

No automatic conformity

Corporate Income Tax

Automatic conformity

Do State Tax Rules Follow the “One Big Beautiful Bill?”

Personal Income Tax

No automatic conformity

Corporate Income Tax

Automatic conformity

But we can opt out!

Should MA Conform to OB3 Corporate Tax Cuts?

The entire MA delegation voted against OB3



OB3 Corporate Tax Cuts are Expensive

Five most expensive

Fiscal Year 2026: \$463 million

Fiscal Year 2027: 278 million

continue for future years at lower levels

The Most Expensive Corporate Tax Cuts

Sec. 70302 (Full expensing of domestic and experimental expenditures)

Sec. 70307 (Special depreciation allowance for qualified production property)

Sec. 70303. (Modification of limitation on business interest)

Sec. 70306. (Increased dollar limits for expensing depreciable business assets)

Sec. 70421. (Permanent renewal and enhancement of opportunity zones)

OB3 Tax Cuts Make Inequality Worse

Corporate ownership is highly concentrated.

Federal corporate tax cut: \$1.4 trillion over 10 years nationwide.

Massachusetts highest income one percent: average annual federal benefit from corporate and individual tax cuts: **\$84,000**

Lowest-income fifth of households federal benefit: **\$50**



Where Do Things Stand?

Governor's bill (H.4975)

House bill (Fair Share supplemental budget)

Senate?