

HOUSE No. 2762

The Commonwealth of Massachusetts

PRESENTED BY:

Marjorie C. Decker and Andres X. Vargas

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to increase family stabilization through the earned income tax credit.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>	<i>1/11/2023</i>
<i>Andres X. Vargas</i>	<i>3rd Essex</i>	<i>1/20/2023</i>
<i>Bud L. Williams</i>	<i>11th Hampden</i>	<i>1/20/2023</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>1/20/2023</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>	<i>1/20/2023</i>
<i>Joanne M. Comerford</i>	<i>Hampshire, Franklin and Worcester</i>	<i>1/24/2023</i>
<i>David Henry Argosky LeBoeuf</i>	<i>17th Worcester</i>	<i>1/25/2023</i>
<i>Michael D. Brady</i>	<i>Second Plymouth and Norfolk</i>	<i>1/26/2023</i>
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>	<i>1/27/2023</i>
<i>Christine P. Barber</i>	<i>34th Middlesex</i>	<i>1/30/2023</i>
<i>Natalie M. Blais</i>	<i>1st Franklin</i>	<i>1/30/2023</i>
<i>Steven Ultrino</i>	<i>33rd Middlesex</i>	<i>2/3/2023</i>
<i>Jon Santiago</i>	<i>9th Suffolk</i>	<i>2/6/2023</i>
<i>Patricia A. Duffy</i>	<i>5th Hampden</i>	<i>2/8/2023</i>
<i>James C. Arena-DeRosa</i>	<i>8th Middlesex</i>	<i>2/8/2023</i>
<i>Natalie M. Higgins</i>	<i>4th Worcester</i>	<i>2/9/2023</i>
<i>Tram T. Nguyen</i>	<i>18th Essex</i>	<i>2/10/2023</i>
<i>Adam Scanlon</i>	<i>14th Bristol</i>	<i>2/14/2023</i>

<i>Mindy Domb</i>	<i>3rd Hampshire</i>	<i>2/15/2023</i>
<i>Priscila S. Sousa</i>	<i>6th Middlesex</i>	<i>2/23/2023</i>
<i>Samantha Montaño</i>	<i>15th Suffolk</i>	<i>2/23/2023</i>
<i>David Paul Linsky</i>	<i>5th Middlesex</i>	<i>3/2/2023</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>3/11/2023</i>
<i>Tommy Vitolo</i>	<i>15th Norfolk</i>	<i>3/15/2023</i>
<i>Carlos González</i>	<i>10th Hampden</i>	<i>3/30/2023</i>
<i>Erika Uytterhoeven</i>	<i>27th Middlesex</i>	<i>4/24/2023</i>
<i>Rebecca L. Rausch</i>	<i>Norfolk, Worcester and Middlesex</i>	<i>7/10/2023</i>

HOUSE No. 2762

By Representatives Decker of Cambridge and Vargas of Haverhill, a petition (accompanied by bill, House, No. 2762) of Marjorie C. Decker, Andres X. Vargas and others relative to the earned income tax credit. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 2871 OF 2021-2022.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act to increase family stabilization through the earned income tax credit.

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

1 SECTION 1. Section 6 of chapter 62 of the General Laws is hereby amended by striking
2 out subsection (h) and inserting in its place the following subsection:--

3 (1) For purposes of this subsection, the following definitions apply:

4 “Adjusted gross income” has the meaning given in section 62 of the Code.

5 “Earned income” has the meaning given in section 32(c) of the Code.

6 “Eligible claimant” means an eligible individual, or eligible student.

7 “Eligible individual” has the meaning given in section 32(c)(1) of the Code, except that
8 “age 18” is substituted for “age 25” and “but not attained age 65” is disregarded in section
9 32(c)(1)(A)(ii)(II).

10 “Eligible student” means an individual who:

11 (i) is enrolled at an institution of higher education;

12 (ii) is enrolled for at least one-half the normal full-time work load for the course of study
13 that the student is pursuing, as indicated on the student’s Internal Revenue Service form 1098-T;

14 (iii) is enrolled in a course of study necessary for enrollment in a program leading to a
15 degree or certificate; and

16 (iv) is not claimed as a dependent as defined in section 152(a) of the Code for the taxable
17 year.

18 “Federal credit percentage” means the earned income credit percentage determined in
19 section 32(b)(1) of the Code; provided, however, that for each additional qualifying child above
20 3 children, the guaranteed minimum income credit percentage shall increase by 5 basis points per
21 qualifying child.

22 “Federal match” by the Commonwealth equals 50 percent.

23 “Federal phaseout amount” means the phaseout amount determined in section 32(b)(2) of
24 the Code and adjusted for inflation pursuant to section 32(j) of the Code.

25 “Initial rate” means the federal credit percentage for eligible claimants with one
26 qualifying child in section 32(b) of the Code multiplied by the federal match.

27 “Maximum earned income” means an amount equal at the time of enactment to \$75,000.
28 For each taxable year commencing on and after January 1, 2024, the maximum earned income
29 shall be adjusted annually for inflation at a rate equal to the cost-of-living adjustment determined
30 under section 1(f)(3) of the Code.

31 “Phaseout rate” equals 4.8 percent.

32 “Qualifying child” has the meaning given in section 32(c) of the Code.

33 “Qualifying relative” has the meaning given in section 152(d) of the Code.

34 “State phaseout amount” means an amount equal to the maximum earned income minus
35 the quotient of the basic credit divided by the phaseout rate.

36 “Taxable income” has the meaning given in section 63 of the Code.

37 (2) (i) An individual may, based upon this subsection, receive an earned income credit
38 against the tax imposed under this chapter. To receive an earned income credit, an individual
39 must be an eligible individual, except that an individual may also receive an earned income
40 credit if the individual:

41 (A) is an eligible student; or

42 (B) has an earned income or a federal adjusted gross income that is greater than the
43 maximum earned income amount allowed for the earned income credit under section 32 of the
44 Code but does not exceed the maximum earned income as defined in this subsection.

45 (ii) For an individual who has no qualifying child:

46 (B) for an earned income less than the maximum earned income, the earned income
47 credit equals the basic credit; except that the guaranteed minimum income credit is reduced by
48 the earned income, or if greater, federal adjusted gross income, in excess of the state phaseout
49 amount multiplied by the phaseout rate.

50 (iii) for an individual who has one or more qualifying children:

51 (B) for an earned income less than the maximum earned income and greater than the
52 federal phaseout amount, the amount of the earned income credit is equal to the federal match
53 multiplied by the corresponding credit under section 32 of the Code; except that the earned
54 income credit is reduced by the product of the earned income, or if greater, federal adjusted gross
55 income, in excess of the state phaseout amount multiplied by the phaseout rate.

56 (3) If other credits allowed under this section are utilized by the taxpayer for the taxable
57 year, the earned income credit afforded by this subsection shall be applied last. If the amount of
58 the guaranteed minimum income credit allowed under this subsection exceeds the taxpayer's
59 liability, the commissioner shall treat the excess as an overpayment and shall pay the taxpayer
60 the amount of the excess without interest.

61 (4) With respect to a person who is a nonresident for part of the taxable year, the
62 allowable earned income credit shall be the earned income credit as calculated in clause (2)
63 multiplied by a fraction, the numerator of which shall be the number of days in the taxable year
64 the person resided in the commonwealth and the denominator of which shall be the number of
65 days in the taxable year. A person who is a nonresident for the entire taxable year shall not be
66 allowed the earned income credit.

67 (5) For the purposes of this subsection, a married taxpayer shall satisfy the joint filing
68 requirement under section 32 of the Code if the taxpayer files an income tax return using a filing
69 status of married filing separately and the taxpayer: (i) is living apart from the taxpayer's spouse
70 at the time the taxpayer files the tax return; (ii) is unable to file a joint return because the
71 taxpayer is a victim of domestic abuse; and (iii) indicates on the taxpayer's income tax return
72 that the taxpayer meets the criteria of clauses (i) and (ii).

73 (6) For the purposes of this subsection, a taxpayer may claim an earned income credit
74 under this section, using either a Social Security number or an individual taxpayer identification
75 number, if but for section 32(m) of the Code, the taxpayer would be eligible to claim a
76 guaranteed minimum income credit.

77 (8) In order to ensure the widest possible dissemination of the state and federal earned
78 income credit, the department shall: (i) include multilingual information by video and text in its
79 website about the guaranteed minimum income credit, free tax preparation services, and low-
80 income taxpayer clinics; (ii) provide all employers with a multilingual poster and a notice that
81 sets forth the rights to the guaranteed minimum income credit under this chapter; (iii) require
82 that all employers doing business in the commonwealth post information about the guaranteed
83 minimum income credit in a conspicuous location at the place of employment; (iv) coordinate a
84 notification system by the commonwealth about the guaranteed minimum income credit to
85 applicants for and recipients of unemployment insurance under chapter 151A, applicants for and
86 recipients of transitional assistance benefits, including food stamps, under chapter 18, and to
87 recipients of subsidized health insurance under chapter 118E; and (v) collaborate with labor
88 organizations, chambers of commerce, municipalities, community-based organizations, and
89 taxpayer advocates to disseminate information about the guaranteed minimum income credit.

90 The multilingual poster and notice requirement in clause (i) shall comply with the requirements
91 for employer's unemployment notices under clauses (i) and (iii) of subsection (d) of section 62A
92 of chapter 151A.

93 SECTION 2. Section 1 of this act shall apply to tax years beginning on or after January 1,
94 2022.