



OFFICE OF THE GOVERNOR  
**COMMONWEALTH OF MASSACHUSETTS**  
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**MAURA T. HEALEY**  
GOVERNOR

## KIMBERLEY DRISCOLL LIEUTENANT GOVERNOR

January 28, 2026

To the Honorable Senate and House of Representatives,

I am filing for your consideration a bill entitled “An Act Making Appropriations for Fiscal Year 2026 (FY26) to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects.”

This proposal recommends spending \$1.15 billion of surplus income surtax collections from Fiscal Year 2025 (FY25) to continue to strengthen our transportation and education system. These one-time funds are critical to our efforts to continue to stabilize MBTA finances and close achievement gaps by investing in proven initiatives like our high-dosage tutoring program.

Since its passage by voters and its implementation by our administration and the Legislature, the Fair Share income surtax has been an important tool for driving progress in our schools and improving our public transit systems and infrastructure. Actual collections have also continued to exceed our budgeted projections. In FY25, we collectively agreed to budget \$1.3 billion in surtax revenue, and collections ultimately totaled just over \$3 billion. After accounting for the surtax put into the Fair Share stabilization fund, the amount used to close out FY25, and the \$200 million we proposed to use as part of DRIVE to invest in public higher education research, this bill represents the balance of the FY25 surplus.

The spending proposed in the bill should be considered as a package with our \$2.7 billion Fair Share spending plan included in House 2. Combined with our FY27 budget recommendations, this supplemental budget reflects our commitment to maximizing the impact of Fair Share dollars and using this revenue stream to make transformative investments in education and transportation, as intended by the voters. The two bills taken together also

demonstrate efforts we have made to reach parity in spending on the two constitutionally-mandated uses for these funds – education and transportation.

In total, this legislation proposes to appropriate \$785 million toward our transportation system and \$358 million for education.

For transportation, this budget would allocate:

- \$644.7 million for the MBTA, including \$523 million to support operations and \$121.7 million for the safety and workforce reserve dedicated to responding to Federal Transit Administration recommendations
- \$80 million for the Massachusetts Department of Transportation, of which \$43 million will develop a pipeline for skilled workers, \$30 million will pay for a new tax credit to encourage the use of Sustainable Aviation Fuel and \$7 million will fund grants to municipalities for repair, maintenance and improvements to unpaved roads
- \$60 million for Regional Transit Authorities, including \$15 million for micro-transit and “Last Mile” transit grants to expand options for commuters to get from home to public transit systems

For education, this budget would allocate:

- \$150 million to replenish the Early Education and Care trust fund used to continue to build capacity in the early education system and support daycare providers
- \$150 million for the Special Education Circuit Breaker Reserve to support special education circuit breaker reimbursements in FY26, fully meeting our commitment to the Student Opportunity Act
- \$25 million for high-dosage tutoring to help children in Grades 1 to 3 develop foundational literacy skills that are essential for long-term success
- \$18 million to supplemental financial aid for community college students through MassReconnect
- \$10 million for Accelerating Achievement, a new multi-year K-12 school improvement initiative focused on rapidly improving student outcomes in our lowest-performing schools
- \$5 million to continue our support for adult basic ed and to tackle the high demand for ESOL services with an emphasis on vocational learning

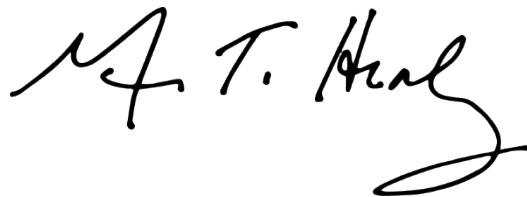
This supplemental budget also establishes two new tax credits to incentivize the use of sustainable aviation fuel by airlines through 2028 and to support our food security infrastructure

by offering farmers a credit of up to \$5,000 for the donation of food to non-profit distribution entities. This food donation credit will help support the infrastructure Massachusetts has relied on in the past, and could need again, due to the federal government's reduction in Supplemental Nutrition Assistance Program (SNAP) support. This tax credit, which would sunset in three years, would be paid for with General Fund resources, not Fair Share dollars.

Finally, I am proposing in this bill to establish the Spinout Success Fund within the Executive Office of Economic Development, turning the Massachusetts Technology Transfer Center at MassVentures into the Massachusetts Academic Spinouts Center. With \$5 million from Fair Share, we can build stronger alignment between public universities, government and the private sector for more efficient spinout creation and positive economic development. We also propose to seed an additional \$5 million to set up a new Infrastructure and Transportation Innovation Fund so that state can develop more equitable and sustainable transportation solutions.

Taken together, this package of investments will put our surtax dollars to work in ways that will improve the lives of our residents, businesses and communities. I look forward to working with you on these proposals and continuing to make Massachusetts more affordable and competitive.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Maura T. Healey".

Maura T. Healey,  
*Governor*

Message from Her Excellency the Governor submitting requests for making appropriations for the fiscal year 2026 to provide for supplementing certain existing appropriations and for certain other activities and projects.

## The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court  
(2025-2026)**

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:*

1 SECTION 1. To provide for supplementing certain items in the general appropriation act  
2 and other appropriation acts for fiscal year 2026, the sums set forth in sections 2 are hereby  
3 appropriated from the Education and Transportation Fund established in section 2BBBBBB of  
4 chapter 29 of the General Laws and the Education and Transportation Innovation Fund  
5 established in section 2DDDDDDD of said chapter 29 for the purposes and subject to the  
6 conditions specified in this section and subject to the laws regulating the disbursement of public  
7 funds for the fiscal year ending June 30, 2026. All appropriations in this section shall not be  
8 subject to section 5D of chapter 29 of the General Laws. These sums shall be in addition to any

9 amounts previously appropriated and made available for the purposes of those items. These sums  
10 shall be made available through the fiscal year ending June 30, 2029.

11 SECTION 2.

12 EXECUTIVE OFFICE OF EDUCATION

13 *Department of Elementary and Secondary Education*

14 1596-2514 Adult Basic Education and Workforce Readiness .....\$5,000,000  
15 1596-2515 High Dosage Tutoring .....\$25,000,000

16 TRANSPORTATION

17 *Massachusetts Department of Transportation*

18 1596-2427 MBTA Workforce/Safety Reserve .....\$121,700,000

19

20 SECTION 2A. The sums set forth in this section are hereby appropriated from the  
21 Education and Transportation Fund established in section 2BBBBBB of chapter 29 of the  
22 General Laws and the Education and Transportation Innovation Fund established in section  
23 2DDDDDD of said chapter 29 for the purposes and subject to the conditions specified in this  
24 section and subject to the laws regulating the disbursement of public funds for the fiscal year  
25 ending June 30, 2026. All appropriations in this section shall not be subject to section 5D of  
26 chapter 29 of the General Laws. These sums shall be made available through the fiscal year  
27 ending June 30, 2029.

28 EXECUTIVE OFFICE OF EDUCATION

29 *Department of Elementary and Secondary Education*

30 1596-2604 For a reserve to support reimbursements to school districts and direct payments  
31 to service providers for special education instructional and transportation costs pursuant to section  
32 5A of chapter 71B of the General Laws and item 7061-0012; provided, that reimbursements shall  
33 be made in the fiscal year ending on June 30, 2027 for costs incurred in the fiscal year ending on  
34 June 30, 2026; and provided further, that funds may be transferred to said item 7061-0012 and

35 expended subject to the conditions specified in said item in the general appropriations act for the  
36 fiscal year ending on June 30, 2027.....\$150,000,000

37 1596-2605 For targeted assistance to districts and schools selected by the department of  
38 elementary and secondary education that have not demonstrated progress toward meeting student  
39 outcome targets within the state's framework for accountability and assistance under  
40 departmental regulations and guidelines; provided, that the department shall prioritize funding  
41 for school improvement efforts that are based on the school improvement domains identified by  
42 the department including, but not limited to: (i) effective leaders; (ii) effective instruction; (iii)  
43 effective teachers; (iv) effective family and community partnership and (v) supportive  
44 environment; provided further, that funds from this item shall be expended on grants or other  
45 types of assistance deemed appropriate by the commissioner of elementary and secondary  
46 education to successfully accelerate student achievement and the performance of such schools  
47 and districts; and provided further, that funds shall be expended for the development and  
48 expansion of initiatives to advance educator recruitment, preparation and retention and to  
49 accelerate workforce diversification .....\$10,000,000

50 *Department of Higher Education*

51 1596-2603 For a reserve to provide financial assistance to Massachusetts students  
52 enrolled in and pursuing a program of higher education at a public institution of higher education  
53 in the commonwealth; provided, that, at the direction of the secretary of education, funds may be  
54 transferred from this item to items 7070-0065, 1596-2414 and 1596-2700 .....\$18,300,000

55 TRANSPORTATION

56 *Massachusetts Department of Transportation*

57 1596-2505 For an operating transfer to the Massachusetts Transportation Trust Fund  
58 established in section 4 of chapter 6C of the General Laws for a program to support grants for  
59 workforce and training initiatives at regional transit authorities and support transit improvements  
60 across the commonwealth; provided, that not less than \$10,000,000 shall be expended on grants  
61 to regional transit authorities for the creation or altering of routes that advance connectivity  
62 between existing public transportation routes including, but not limited to: (i) regional transit

63 authority bus routes and (ii) Massachusetts Bay Transportation Authority routes; provided  
64 further, that the Massachusetts Department of Transportation shall oversee the distribution of  
65 grants under this item; and provided further, that not later than March 5, 2027, the department  
66 shall submit a report to the joint committee on transportation and the house and senate  
67 committees on ways and means that shall include, but not be limited to: (a) the grant criteria used  
68 to determine awards; (b) a list of grant recipients, including the amounts received by each  
69 recipient and (c) a description of the specific uses by each recipient.....\$45,000,000

70 1596-2506 For an operating transfer to the Massachusetts Transportation Trust Fund  
71 established in section 4 of chapter 6C of the General Laws for a pilot program to provide grants  
72 to municipalities for repair, maintenance and improvements to unpaved roads; provided, that the  
73 Massachusetts Department of Transportation shall oversee the distribution of grants under this  
74 item; provided further, that said grant funds shall only be available to municipalities for repair,  
75 maintenance and improvements to dirt or gravel roads that are open to the public and maintained  
76 by the municipality; provided further, that grant funds shall be used by municipalities for: (i)  
77 reconstruction, surface grading, crown and shoulder restoration and removal of wash boarding  
78 and potholes; (ii) guardrail and signage repair or replacement; (iii) drainage work, including  
79 swales and (iv) the purchase or lease of maintenance equipment, including, but not limited to,  
80 graders, rollers and loaders; and provided further, that municipalities shall not use grant funds  
81 for: (a) construction of new roadways; (b) conversion of unpaved roads to paved roads; (c)  
82 landscaping or removing vegetation not related to an eligible use project; (d) culverts; (e)  
83 retaining walls or (f) police details .....\$7,000,000

84 1596-2526 For an operating transfer to the Massachusetts Transportation Trust Fund  
85 established in section 4 of chapter 6C of the General Laws for a program to support grants for  
86 capital microtransit initiatives and last mile transportation solutions including, but not limited to,  
87 providers that: (i) expand mobility options for rural communities; (ii) extend service to veterans,  
88 working families, older adults, people with disabilities and low-income individuals; (iii) provide  
89 mobility choices to people with mobility needs and (iv) extend equitable and affordable  
90 transportation mobility improvements in the commonwealth; and provided further, that  
91 preference for grants shall be awarded to cities and towns that are taking meaningful steps to  
92 produce new housing and have adopted best practices to promote sustainable housing

93 development including, but not limited to, the multifamily zoning requirement established in  
94 section 3A of chapter 40A of the General Laws .....\$15,000,000

95 1596-2612 For an operating transfer to the Massachusetts Bay Transportation Authority  
96 to replenish the Massachusetts Bay Transportation Authority deficiency fund; provided, that the  
97 Massachusetts Bay Transportation Authority shall notify the Massachusetts Department of  
98 Transportation, the executive office for administration and finance, the house and senate  
99 committees on ways and means and the joint committee on transportation not less than 30 days  
100 in advance when funding will be withdrawn from the Massachusetts Bay Transportation  
101 Authority deficiency fund; provided further, that not later than June 30, 2026, the Massachusetts  
102 Bay Transportation Authority shall submit a written deficiency fund policy to the Massachusetts  
103 Department of Transportation, the executive office for administration and finance, the joint  
104 committee on transportation and the house and senate committees on ways and means; provided  
105 further, funds shall be expended for commuter rail service; and provided further, that funds may  
106 be expended for rider affordability initiatives and pilots that encourage ridership, improving  
107 value for riders and passholders and support and encourage participation in the income-eligible  
108 reduced fare program .....\$523,000,000

109 1596-2613 For an operating transfer to the Massachusetts Transportation Trust Fund  
110 established in said section 4 of said chapter 6C to create a workforce pipeline, including, but not  
111 limited to, civil engineers and to support capital project delivery initiatives within the highway  
112 division and rail and transit division to support for capital improvements, resilient infrastructure,  
113 technical and related assistance to municipalities and to enhance transportation capital project  
114 delivery across the commonwealth .....\$43,000,000

115 1596-2614 For a reserve to support sustainable aviation fuel to accelerate the deployment  
116 and use of lower-carbon aviation fuels and strengthen the commonwealth's clean energy  
117 economy; provided, that priority shall be given to projects that reduce greenhouse gas emissions,  
118 advance in-state economic development and align with the commonwealth's climate and clean  
119 transportation goals; and provided further, that the department of revenue shall notify the  
120 executive office for administration and finance, house and senate committees on ways and means

121 and the joint committee on transportation not less than 30 days after funding is withdrawn to  
122 reimburse municipalities under section 17 .....\$30,000,000

123 EXECUTIVE OFFICE OF ECONOMIC DEVELOPMENT

124 *Office of the Secretary*

125 1596-2620 For an operating transfer to the Spinout Success Fund established in section 8;  
126 provided, that funds shall be expended by the Massachusetts Technology Development  
127 Corporation to increase the number of academic spinouts emerging from Massachusetts public  
128 institutions of higher education including, but not limited to, initiatives that will: (i) facilitate the  
129 licensing process for more efficient spinout creation; (ii) elevate the spinout ecosystem at the  
130 University of Massachusetts system; (iii) accelerate the progression from translational research  
131 to seed funding; (iv) attract private venture capital funding to support academic spinouts and (v)  
132 otherwise increase the likelihood of commercial success for academic spinouts; and provided  
133 further, that the executive office of economic development shall notify the executive office for  
134 administration and finance and the house and senate committees on ways and means not less  
135 than 30 days after funding is withdrawn under section 8 .....\$5,000,000

136 1596-2621 For an operating transfer to the Infrastructure and Transportation Innovation  
137 Fund established in section 8; provided, that funds shall be used to advance the objectives of the  
138 Massachusetts Technology Development Corporation to make investments in start-ups and other  
139 early stage ventures pursuing the commercialization of transportation-related technologies and  
140 innovations that improve transportation infrastructure, expand transportation access to  
141 underserved communities, reduce environmental impact and increase multi-modal options,  
142 including but not limited to electrification and battery technology, autonomous and connected  
143 systems, micromobility, smart logistics, sustainable aviation, rail and transit tech and high-speed  
144 sustainable water-based transit systems; and provided further, that the executive office of  
145 economic development shall notify the executive office for administration and finance and the  
146 house and senate committees on ways and means not less than 30 days after funding is  
147 withdrawn under section 8 .....\$5,000,000

148            SECTION 3. Subsection (c) of section 35FF of chapter 10 of the General Laws, as  
149 appearing in the 2024 Official Edition, is hereby amended by striking out, in line 72, the words  
150 “Technology Transfer” and inserting in place thereof the following words:- Academic Spinouts.

151            SECTION 4. Subsection (e) of section 56 of chapter 23A of the General Laws, as  
152 appearing in the 2024 Official Edition, is hereby amended by striking out, in line 36, the words  
153 “Technology Transfer” and inserting in place thereof the following words:- Academic Spinouts.

154            SECTION 5. Clause (5) of subsection (c) of section 27 of chapter 23G of the General  
155 Laws, as appearing in the 2024 Official Edition, is hereby amended by striking out, in line 72,  
156 the words “Technology Transfer” and inserting in place thereof the following words:- Academic  
157 Spinouts.

158            SECTION 6. Section 45 of said chapter 23G, as so appearing, is hereby amended by  
159 striking out, in line 59, the words “Technology Transfer” and inserting in place thereof the  
160 following words:- Academic Spinouts.

161            SECTION 7. Section 1 of chapter 40G of the General Laws, as appearing in the 2024  
162 Official Edition, is hereby amended by striking out the definition for “ “Center” or “MTTC” ”  
163 and inserting in place thereof the following definition:-

164            “Center” or “MASC”, the Massachusetts Academic Spinouts Center established in  
165 section 12.

166            SECTION 8. Chapter 40G of the General Laws is hereby amended by striking out section  
167 12 and inserting in place thereof the following 3 sections:-

168            Section 12. (a) There shall be within the corporation, and subject to the board's oversight  
169 and control, a Massachusetts Academic Spinouts Center, formerly known as the Massachusetts  
170 Technology Transfer Center, to accelerate the transfer of technology from the commonwealth's  
171 research institutions with a focus on spinout companies formed for the purpose of  
172 commercializing inventions based on academic research. The center shall provide advice and  
173 assistance to public and private research institutions on strategies for technology transfer and the  
174 formation and success of academic spinouts including, but not limited to, advice and assistance  
175 in the following areas: (i) assessing the viability and value of academic research and its spinout

176 potential; (ii) the efficient formation and licensing of spinouts; (iii) strategies for obtaining  
177 funding from both non-dilutive and equity-based sources and (iv) accelerating the success of  
178 academic spinouts. The president of the corporation may hire such staff as may be necessary to  
179 accomplish purposes of the center.

180 (b) The corporation shall report annually to the Massachusetts office of business  
181 development a summary of academic spinout activity at the commonwealth's research  
182 institutions including, but not limited to, the number of invention disclosures submitted and  
183 protected by patent or copyright, the patent holdings of the research institutions, the number of  
184 spinout companies formed, the funding raised and jobs created.

185 Section 13. (a) There shall be established and placed within the corporation a fund to be  
186 known as the Spinout Success Fund, hereinafter in this section referred to as the fund, to be held  
187 by the corporation separate and apart from other funds of the corporation. The fund shall be  
188 credited any appropriations or other monies authorized by the general court and specifically  
189 designated to be credited thereto, such additional funds as are subject to the direction and control  
190 of the corporation, any pension funds, federal grants or loans, royalties or private investment  
191 capital which may be properly applied in furtherance of the objectives of the fund, any proceeds  
192 from the sale of qualified investments secured or held by the fund, any fees and charges imposed  
193 relative to the making of qualified investments as defined by the corporation, secured or held by  
194 the fund and any other monies which may be available to the center for the purposes of the fund  
195 from any other source or sources. Any revenues, deposits, receipts or funds received through the  
196 receipt of royalties, interest, dividends or the sale of equity instruments shall be deposited in the  
197 fund and shall be available to the corporation for the purposes described in this section, without  
198 further appropriation.

199 (b) The fund shall be administered by the corporation to advance the objectives of the  
200 Massachusetts Academic Spinouts Center, established in section 12. Monies in the fund shall be  
201 expended by the corporation to increase the number of academic spinouts emerging from  
202 Massachusetts institutions of higher education, including, but not limited to, initiatives that: (i)  
203 facilitate the licensing process for more efficient spinout creation; (ii) elevate the spinout  
204 ecosystem at the University of Massachusetts system; (iii) accelerate the progression from  
205 translational research to seed funding; (iv) attract private venture capital funding to support

206 academic spinouts and (v) otherwise increase the likelihood of commercial success for academic  
207 spinouts.

208       Section 14. (a) There shall be established and placed within the corporation a fund to be  
209 known as the Infrastructure and Transportation Innovation Fund, hereinafter in this section  
210 referred to as the fund, to be held by the corporation separate and apart from other funds of the  
211 corporation. The fund shall be credited any appropriations or other monies authorized by the  
212 general court and specifically designated to be credited thereto, such additional funds as are  
213 subject to the direction and control of the corporation, any pension funds, federal grants or loans,  
214 royalties or private investment capital which may be properly applied in furtherance of the  
215 objectives of the fund, any proceeds from the sale of qualified investments secured or held by the  
216 fund, any fees and charges imposed relative to the making of qualified investments as defined by  
217 the corporation, secured or held by the fund and any other monies which may be available to the  
218 center for the purposes of the fund from any other source or sources. Any revenues, deposits,  
219 receipts or funds received through the receipt of royalties, interest, dividends or the sale of equity  
220 instruments shall be deposited in the fund and shall be available to the corporation for the  
221 purposes described in this section, without further appropriation.

222       (b) The fund shall be administered by the corporation to advance the objectives of the  
223 corporation to make investments in start-ups and other early stage ventures pursuing the  
224 commercialization of transportation-related technologies and innovations that improve  
225 transportation infrastructure, expand transportation access to underserved communities, reduce  
226 environmental impact and increase multi-modal options, including but not limited to: (i)  
227 electrification and battery technology; (ii) autonomous and connected systems; (iii)  
228 micromobility; (iv) smart logistics; (v) sustainable aviation; (vi) rail and transit technology and  
229 (v) high-speed sustainable water-based transit systems.

230       SECTION 9. Section 6 of chapter 62 of the General Laws, as appearing in the 2024  
231 Official Edition, is hereby amended by adding the following subsection:-

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

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

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

241        (2) A farm business that donates food, meals, or crops grown, manufactured, packaged or  
242 prepared by the farm business in the commonwealth to a nonprofit food distribution organization  
243 shall be allowed a refundable credit against the tax imposed by this chapter for the taxable year  
244 of the donation. There shall be established a food donation tax credit under which a farm  
245 business shall be allowed a refundable income tax credit based on the amount of food donated to  
246 a nonprofit food distribution organization. The credit shall be equal to the fair market value of  
247 the food, meals or crops donated by the farm business during the taxable year but not to exceed  
248 an aggregate credit of \$5,000 annually; provided, however, that the farm business has not  
249 claimed a federal or state tax deduction for the same food, meals or crops donated by said  
250 business during the same taxable year.

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

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

261        (5) In order to claim any credit under this section, the farm business shall attach to the  
262 business's income tax return, for each donation, a written certification that identifies the

263 nonprofit food distribution organization, the date of the donation, the amount of food donated  
264 and the fair market value of the food, meals or crops donated.

265 (6) The commissioner of revenue shall promulgate regulations necessary for the  
266 implementation, administration and enforcement of this subsection and section 38VV of chapter  
267 63. Further, the commissioner of agricultural resources may promulgate regulations, as needed,  
268 for the implementation, administration and enforcement of these sections. The commissioner of  
269 revenue, in consultation with the commissioner of agricultural resources, shall develop and  
270 publish a standard form that eligible claimants under this section shall use to report the  
271 information required for donations under paragraph (5).

272 SECTION 10. Subsection (jj) of said section 6 of said chapter 62 is hereby repealed.

273 SECTION 11. Chapter 63 of the General Laws, as appearing in the 2024 Official Edition,  
274 is hereby amended by inserting after section 38UU the following section:-

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

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

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

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

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

305 (f) The commissioner of revenue shall promulgate regulations necessary for the  
306 implementation, administration and enforcement of this section and subsection (jj) of section 6 of  
307 chapter 62. Further, the commissioner of agricultural resources may promulgate regulations, as  
308 needed, for the implementation, administration and enforcement of these sections. The  
309 commissioner of revenue, in consultation with the commissioner of agricultural resources, shall  
310 develop and publish a standard form that eligible claimants under this section shall use to report  
311 the information required for donations under subsection (e).

312 SECTION 12. Section 38VV of said chapter 63 is hereby repealed.

313 SECTION 13. Chapter 64J of the General Laws is hereby amended by inserting after  
314 section 4 the following section:-

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

## 317 “CORSIA”, the carbon off-setting and reduction scheme for international aviation.

318        “Department”, the department of revenue.

319        “Division”, the aeronautics division within the department of transportation established  
320 under section 59 of chapter 6C.

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

323        “GHG emissions”, gases emitted into the atmosphere, either naturally or as a result of  
324 human activities, which trap heat in the Earth's atmosphere, including but not limited to CO<sub>2</sub>  
325 emissions arising from the production, distribution and combustion of aviation fuel.

326        “ICAO”, the International Civil Aviation Organization.

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

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

334        “Qualified mixture”, shall have the meaning set forth in subsection (c) of section 40B of  
335 the Internal Revenue Code.

336        “Sustainable aviation fuel”, liquid fuel that (i) consists of synthesized hydrocarbons and  
337 meets the requirements of: (A) the American Society for Testing and Materials International  
338 Standard D7566; and (B) when blended with fossil fuel meets the provisions of American  
339 Society for Testing and Materials International Standard D1655; (ii) is derived from biomass  
340 resources, waste streams, renewable energy sources or gaseous carbon oxides; (iii) is not derived  
341 from any palm derivatives and (iv) the fuel production pathway for the sustainable aviation fuel  
342 achieves at least a 50 per cent lifecycle greenhouse gas emissions reduction in comparison with  
343 petroleum-based jet fuel, as determined by a test that shows: (A) that the fuel production  
344 pathway achieves at least a 50 per cent reduction in GHG emissions intensity relative to fossil jet

345 fuel considering the attributional core lifecycle emissions and the induced land use change values  
346 as determined through the lifecycle methodology for sustainable aviation fuels adopted by the  
347 ICAO with the agreement of the United States; or (B) that the fuel production pathway achieves  
348 at least a 50 per cent reduction in GHG emissions intensity relative to fossil jet fuel considering  
349 the attributional core lifecycle emissions and the induced land use change values as determined  
350 through the most recent version of Argonne National Laboratory's GREET model, inclusive of  
351 agricultural practices and carbon capture and sequestration.

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

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

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

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

368 (c)(i) The division shall authorize the tax credits under this section, which shall be non-  
369 refundable. A taxpayer entitled to a credit under this section for a tax period may carry over and  
370 apply to its excise for any of the next succeeding 6 tax periods that portion, as reduced from  
371 period to period, of its credit which exceeds its excise for the tax period. A taxpayer shall be  
372 eligible for the credit established by this section if the taxpayer demonstrates to the division that  
373 it has purchased sustainable aviation fuel for an aircraft departing from an airport in this

374 commonwealth. The division may recapture tax credits authorized to a taxpayer if after an  
375 investigation by the division, in consultation with the department of revenue, the division  
376 determines that the taxpayer is in material noncompliance with this section. The division shall  
377 notify the department of any such determination.

378 (ii) The total cumulative value of the tax credits authorized pursuant to this section shall  
379 not exceed \$10,000,000 over a fiscal year. Any portion of the cap established in the preceding  
380 sentence that is not authorized by the division during a fiscal year shall be added to the amount  
381 the division may authorize in subsequent years. No credits shall be allowed under this section  
382 except to the extent authorized in this subsection.

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

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

389 SECTION 14. Section 4A of chapter 64J of the General Laws is hereby repealed.

390 SECTION 15. Subsection (a) of section 45B of chapter 75 of the General Laws, as  
391 appearing in the 2024 Official Edition, is hereby amended by striking out, in lines 6 and 7, the  
392 words “Technology Transfer” and inserting in place thereof the following words:- Academic  
393 Spinouts.

394 SECTION 16. Notwithstanding any general or special law to the contrary, in fiscal year  
395 2026, the comptroller shall transfer \$150,000,000 from the Education and Transportation  
396 Innovation Fund established in section 2DDDDDD of chapter 29 of the General Laws to the  
397 High-Quality Early Education & Care Affordability Fund established in section 2YYYYYY of  
398 said chapter 29.

399 SECTION 17. Notwithstanding any general or special law to the contrary, the state  
400 treasurer shall make reimbursements consistent with the provisions of subsection (d) of section

401 4A of chapter 64J of the General Laws and said reimbursements shall be drawn from reserve  
402 account #1596-2614, as established pursuant to section 2 and shall be made at the same schedule  
403 as the distributions, credits, and payments required by section 12 of said chapter 64J.

404 SECTION 18. Sections 9 and 11 shall be effective for tax years ending on or after  
405 December 31, 2026.

406 SECTION 19. Sections 10 and 12 shall take effect on January 1, 2029.

407 SECTION 20. Section 13 shall take effect for tax periods beginning on July 1, 2026.

408 SECTION 21. Section 14 shall take effect on June 30, 2029.