

HOUSE No. 5033



OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE · BOSTON, MA 02133
(617) 725-4000

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

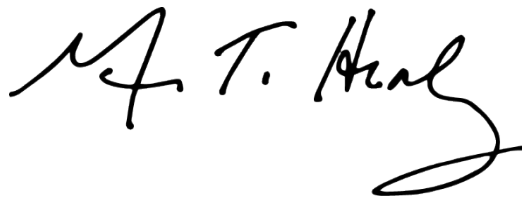
This supplemental budget also establishes two new tax credits to incentivize the use of sustainable aviation fuel by airlines through 2028 and to support our food security infrastructure

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, reading "M. T. Healey". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Maura T. Healey,
Governor

HOUSE No. 5033

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 2DDDDDD 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

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, 2029.

SECTION 2.

EXECUTIVE OFFICE OF EDUCATION

Department of Elementary and Secondary Education

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

TRANSPORTATION

Massachusetts Department of Transportation

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

SECTION 2A. 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 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 chapter 29 of the General Laws. These sums shall be made available through the fiscal year ending June 30, 2029.

EXECUTIVE OFFICE OF EDUCATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 9. Section 6 of chapter 62 of the General Laws, as appearing in the 2024 Official Edition, 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:

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

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 shall promulgate regulations necessary for the implementation, administration and enforcement of this subsection and section 38VV of chapter 63. Further, the commissioner of agricultural resources may promulgate regulations, as needed, for the implementation, administration and enforcement of these sections. 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 paragraph (5).

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

SECTION 11. Chapter 63 of the General Laws, as appearing in the 2024 Official Edition, is hereby 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 under 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 Internal Revenue Code, as amended or renumbered, and organized with a purpose of providing food to the needy 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 in the commonwealth to a nonprofit food distribution organization shall be allowed a refundable credit against the excise 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 business during the taxable year but not to exceed an aggregate credit of \$5,000 annually; provided, however, that the farm business has not claimed a federal or state tax deduction for the same food, meals or crops donated by said 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 used by the nonprofit food distribution organization as consideration for services performed or personal property purchased or 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) In order to claim any credit under this section, the farm business shall attach to the 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 shall promulgate regulations necessary for the implementation, administration and enforcement of this section and subsection (jj) of section 6 of chapter 62. Further, the commissioner of agricultural resources may promulgate regulations, as needed, for the implementation, administration and enforcement of these sections. 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 12. Section 38VV of said chapter 63 is hereby repealed.

SECTION 13. 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 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 CO₂
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

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 (B) 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) To defray the excise paid under this chapter, a taxpayer may be allowed to take 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 the following paragraph, as documented on a POS provided by the taxpayer, that is purchased for use as fuel in an aircraft departing from an airport in this commonwealth.

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. However, the maximum amount of the credit per gallon of sustainable aviation fuel allowed under this section shall not exceed \$2.00 per gallon.

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)(i) 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 this

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

(ii) 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. No credits shall be allowed under this section except to the extent authorized in this subsection.

(d) The state treasurer shall, upon certification of the commissioner, reimburse a city or town that has adopted the provisions of 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 of revenue, shall promulgate regulations and forms necessary to implement this section.

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

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

SECTION 16. 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 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 17. Notwithstanding any general or special law to the contrary, the state 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.