

## COMMITTEE ON REVENUE ~ BILL SUMMARY

**Bill Number:** H.3206  
**Name:** AN ACT RELATIVE TO FOSSIL FUEL FREE 529S  
**Sponsor(s):** Rep. Steven Owens (Watertown)  
**Hearing Date:** July 15, 2025  
**Reporting Date:** September 13, 2025  
**Prior History:** N/A

### **CURRENT LAW:**

*M.G.L. c. 62 § 3 – Taxable income; adjusted gross income less deductions and exemptions:*

- **Massachusetts taxable income** equals adjusted gross income from § 2(c) less deductions and exemptions listed in § 3. A tax deduction reduces a taxpayer's overall taxable income before the applicable rate is applied. An exemption precludes certain types or amounts of income from taxation.

### **PROPOSED CHANGE(S):**

This legislation introduces new definitions and requirements for fossil fuel-free investment options within Massachusetts' prepaid tuition and college savings programs. Specifically, the bill defines a "fossil fuel free portfolio" as an investment portfolio that limits fossil fuel investments to less than 0.25% of its total portfolio, maintains an expense ratio no more than 1.5 times the median expense ratio of all MEFA (Massachusetts Educational Financing Authority) portfolios and explicitly states the exclusion of fossil fuel companies in its prospectus.

The bill also defines "fossil fuel investments" to include companies involved in various stages of fossil fuel production and services, such as exploration, extraction, processing, refining, transmission, and providing equipment for oil fields or drilling platforms. The legislation aims to expand investment options by allowing "fossil fuel free" investment choices within existing prepaid tuition and college savings programs, giving investors an opportunity to align their educational savings with environmentally conscious investment strategies.