

February 23, 2026

Representative Adrian Madaro, Chair
Joint Committee on Revenue
State House, Room 34
Boston, MA 02133

Senator James Eldridge, Chair
Joint Committee on Revenue
State House, Room 511-C
Boston, MA 02133

Dear Chair Madaro and Chair Eldridge,

On behalf of the Greater Boston Chamber of Commerce and our 1,200 members, I write to offer comments on H.4975, *An Act to manage federal tax changes in Massachusetts*. While the Chamber appreciates the difficult short-term budgetary environment facing policymakers in FY26 and FY27, the Chamber would like to reiterate the importance of several of the impacted federal tax changes postponed by H.4975 to the Commonwealth's employers. These technical tax policy changes impact industries that are critical to our regional and statewide economy through innovation and capital investment. The Chamber further understands the consideration of short-term delays to the implementation on these specific tax policies – however, we urge the committee and budget writers to avoid any permanent changes to the Commonwealth's longstanding conformity to the federal tax code for corporations, which offers a measure of simplicity and predictability to businesses navigating an already complex tax system.

OBBBA Tax Policies

Last year, Congress passed the One Big Beautiful Bill Act (OB3) that included several relatively small tax provisions that benefit specific types of the corporate tax structure. These include amending the specifics of deducting domestic research and experimental (R&E) expenditures (Section 174), business interest deductions (Section 163j), and expensing limitations of depreciable business assets (section 179). These changes improve a business's ability to invest in capital and research areas here in the Commonwealth, investments that are important to Massachusetts and its economy. By decoupling from these provisions, it will continue to cost more to invest in early research & development, capital improvements, and areas like domestic manufacturing when compared to states that conform to the federal code, placing the Commonwealth at a competitive disadvantage in the short-term.

Decoupling not only increases costs, but compliance also becomes more complex as employers newly must separate state and federal treatment of these tax policies. As we move deeper into the tax year, sudden changes like those proposed with have a complicated impact on tax preparations and planning.

To the extent that implementation delays are necessary to address short-term budget fluctuations, the Chamber understands the balancing act of ensuring balanced budgets without drastic cuts in programming. However, we take this opportunity to highlight the importance of sustaining conformity for these specific tax provisions and in general – which leads to a more efficient tax code, simplifies the tax preparation process, and allows Massachusetts to benefit from the consistency with other states. We look forward to the full implementation of these provisions within the next year or two.

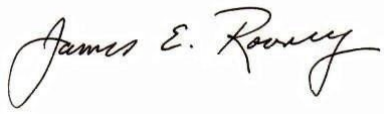
Opposing Permanent Changes

While the Chamber appreciates the temporary, short-term budget conditions this year, we oppose any permanent changes to the OB3 tax policies that benefit Massachusetts companies or undermine general conformity with the federal corporate code. This includes Section 5 of H.4975 that automatically delays federal tax changes that impact state revenues of more than \$20 million (the "Maryland model") and eliminating the 5-year retroactivity applied to the federal R&E deductibility changes.

The Maryland model is particularly concerning as it represents a permanent decoupling of the federal corporate tax code, a wholesale change in approach without any direct relevancy to the short-term budget circumstances confronting the Commonwealth. To the extent this year's budget constraints represent a need for urgent action, such as the delays within H.4975, those constraints do not extend to a long-term change in the conformity approach that businesses have relied on for many years. We ask that the committee reject these permanent changes, returning to full tax code conformity after any delays in implementation in this specific instance.

Thank you again for your consideration. Please reach out with any questions.

Sincerely,



James E. Rooney
President & CEO