

May 18, 2026

Senator Karen Spilka, Senate President
Massachusetts Senate
State House, Room 332
Boston, MA 02133

Senator Michael Rodrigues, Chair
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Dear Senate President Spilka and Chair Rodrigues:

On behalf of the Greater Boston Chamber of Commerce and our 1,200 members, I write to share the Chamber's comments on the Senate's FY27 budget proposal (S.4). Thank you and your staff for your dedicated and thoughtful work in crafting a balanced approach to the next fiscal year. Please see below the priorities for the Chamber's members.

Transportation

SUPPORT: 50/50 Surtax Split for Education and Transportation

The Chamber appreciates the significant commitment you and your colleagues in the Senate toward critical transportation investment priorities, including the MBTA and the Commonwealth's Regional Transit Authorities. These investments are essential to building a well-connected state and expanding economic opportunity for both employers and workers across the region. We continue to encourage the Legislature to maintain a balanced allocation of surtax revenues throughout the fiscal year of approximately a 50/50 split between education and transportation, two investments that are equally vital to the Commonwealth's economic competitiveness.

Business Climate

SUPPORT: Commonsense Tax Reform (Amendments 772, 774, 785, 789)

In 2023, the Senate joined with Governor Healey and the Massachusetts House to pass historic tax reforms that strengthened the Commonwealth's competitiveness and sent a clear signal that Massachusetts is committed to economic growth. Since then, however, competing states and countries have accelerated efforts to attract our businesses and talent. To remain competitive, Massachusetts must continue to identify outlier tax policies that encourage employers to move or grow jobs elsewhere. The Chamber supports Amendment #785 (Estate Tax Threshold), Amendment #774 (Reducing the Short-term Capital Gains), Amendment #789 (Repealing the Sting Tax), and Amendment #772 (Rolling Stock Sales Tax Exemption) because they target tax policies where Massachusetts remains an outlier.

Massachusetts is one of only 12 states that imposes an estate tax and maintains the lowest estate tax thresholds in the country, alongside Oregon. Competing states, including California, Virginia, North Carolina, and Florida, impose no estate tax, while neighboring states set significantly higher thresholds.¹ Adopting Amendment #785 would improve competitiveness by adjusting the estate state threshold upward, following similar efforts by many states that do have an estate tax. However, full repeal would deliver a more meaningful impact by reducing the incentive for relocation driven by estate planning decisions for businesses and families.

The Commonwealth also imposes one of the highest tax rates on short-term capital gains. Most states tax both short- and long-term gains at 5 percent or lower, and only a small number apply higher rates to short-term gains than Massachusetts's 8.5 percent. Adopting Amendment #774 would align the short-term rate with ordinary income, simplify the tax code, and bring the Commonwealth closer to the national mainstream.

Further, we impose an additional tax on S-corporations, commonly known as the “Sting Tax,” which disproportionately affects growing businesses and places them at a competitive disadvantage. This tax penalizes scale at precisely the moment businesses are expanding. Adopting Amendment #789 would remove this barrier, enabling S-corporations to reinvest, expand, and grow within the Commonwealth.

Finally, Massachusetts remains one of the few states that continues to apply the sales tax to rolling stock, putting in-state businesses at a competitive disadvantage and driving vehicle fleets upgrades and purchases out of state. New York, Rhode Island, Connecticut, New Hampshire, and Vermont all offer full or partial exemptions. Adopting Amendment #772 would bring Massachusetts in line with regional peer states and encourage in-state investment, support fleet modernization, improve road safety, and accelerate adoption of lower-emission vehicles.

OPPOSE: Harmful Tax Increases (Amendment 846)

The Chamber opposes Amendment #846 (Increasing the Corporate Tax Rate). Massachusetts already ranks 39th in corporate tax rates, even after the 2023 tax reforms. Increasing the rate to 9.5 percent under Amendment #846 would drop the Commonwealth to 47th and give it a higher rate than every neighboring state, including New York, Vermont, New Hampshire, Rhode Island, and Connecticut.² We urge the Senate to reject this amendment.

SUPPORT: C3 Stabilization Grants (Item 3000-1045 - \$475 million)

Access to affordable, high quality early education and care is critical to attracting and retaining talent in Massachusetts. Stabilization grants are essential to sustaining these programs, supporting educator recruitment and retention while ensuring employers have a reliable workforce with access to affordable childcare.

SUPPORT: Amendment 76 (Gomez) Small Business Technical Assistance (Item 7002-0040 – \$7.5 million)

The Chamber supports critical funding to provide technical assistance, education, and access to capital for small businesses.

OPPOSE: Subscription Cancellation Language (Outside Section 28); Alternatively Adopt Clarifying Amendments

Last year, the Attorney General released regulations governing the disclosure and prohibition of certain fees, rules for subscriptions services, and price transparency under her Chapter 93A authority. Effective in October 2025, employers shared candid and detailed feedback to navigate the new rules, offered new clarifying language, and continue to seek further guidance around enforcement and regulatory requirements to this day.

Introducing a new statutory requirement for subscriptions after that process raises new confusion among employers. To the extent that the Senate wishes to proceed in this area, we encourage it to adopt amendments #194 and #506 to provide consistency with current regulations and avoid unintended consequences.

SUPPORT: Amendment 316 (Tarr) Relief for Ratepayers

The Chamber supports Amendment #316 which return funds from Alternative Compliance Payments (ACPs) to ratepayers to mitigate rising energy costs. Energy affordability remains a top concern for employers, as businesses continue to face significant cost increases driven by infrastructure needs, supply constraints, seasonal volatility, and policy decisions.

OPPOSE: Amendment 778 (Eldridge) Worker's Comp and Private Right of Action

Amendment #778 makes changes to the Commonwealth's workers' compensation statute, impacting all employers across Massachusetts. Similar to S.1310, these changes impact wage calculations, anti-retaliation provisions, and legal remedies in chapter 152. The worker's compensation statute is currently a model for other states and already contains strong protections for employees. Most concerning is the inclusion of a Private Right of Action in the amendment, which would subject employers to frivolous litigation that current processes seek to avoid. We urge the Senate to reject amendment #778.

OPPOSE: Amendment 808 (Lewis) Grand Bargain Changes

As a principal stakeholder in the negotiations that established the Paid Family and Medical Leave (PFML) program through the "Grand Bargain," the Chamber opposes Amendment #808 and any effort to expand eligibility without meaningful employer input. The PFML framework reflects a carefully negotiated balance, and changes of this magnitude risk undermining that stability at a time when contribution rates are already rising.

Amendment #808 would replace the current reliance on IRS 1099 forms with the Commonwealth's three-part independent contractor test, introducing unnecessary complexity into a system that currently operates with clear, administrable standards. Existing pathways already allow independent contractors and self-employed individuals to participate in PFML. For these reasons, the Chamber urges the Senate to reject Amendment #808.

Workforce Development

SUPPORT: Expanding Workforce Development Grants to include Apprenticeships (Outside Sections 9 – 14)

We support the changes in Outside Sections 9 - 14, which would expand Workforce Investment Trust Fund grant eligibility to include internships, apprenticeships and other work-based or vocational learning programs. The Chamber strongly supports the Governor's goal of creating 100,000 new apprentices over the next decade and views the apprenticeship model as one of the most effective pathways to connecting workers with high-quality jobs, particularly in tech, advanced manufacturing, healthcare, financial services, and other high-demand sectors.

SUPPORT: Amendment 610 (Rush) Increase School-to-Career Connecting Activities (Item 7027-0019) to \$8M

The Chamber supports funding for School-to-Career Connecting Activities to expand paid work-based learning opportunities and strengthen the region's talent pipeline. We urge the adoption of Amendment #610 to increase funding to \$8 million and better align education and workforce demand.

Housing

SUPPORT: Zoning Reforms to Increase Housing Supply (Outside Sections 20 – 23)

The Chamber supports the changes in Outside Sections 20–23 because they address a core barrier to housing production: uncertainty in the permitting process. As we highlight in our forthcoming report, "Supercharging Housing Production: Practices & Policies that Promote Housing Development, Attract Businesses, & Retain Talent," Massachusetts must prioritize clear, predictable, and growth-oriented policy frameworks that spur housing production and avoid further constraining an already supply-limited market. Freezing zoning at the time of application and extending realistic timelines to commence construction provide the predictability needed to move projects forward in a high-cost, complex development environment.

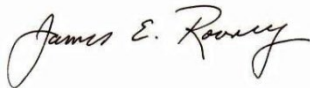
Allowing as-of-right improvements to nonconforming properties and modernizing the variance standard to incorporate the public interest in housing production are equally important. These changes remove unnecessary barriers, better align local decision-making with the Commonwealth's housing needs, and improve project feasibility. Together, these are targeted, high-impact reforms that reflect the types of solutions outlined in the Chamber's report to accelerate housing production and strengthen Massachusetts' competitiveness.

SUPPORT: Amendment 581 (Collins) AEDs at Sporting Events

The Chamber supports requiring automated external defibrillators (AEDs) at sporting facilities in the Commonwealth. Already required at health clubs, AEDs are life-saving tools for athletes and utilized to safely and effectively treat those that experience sudden cardiac arrest. Ensuring that AEDs are readily available at sporting locations can provide critical, lifesaving treatment for sudden cardiac arrest during the crucial moments while emergency medical professionals respond to an emergency. We urge the Senate to adopt Amendment #581.

Thank you for your attention to these matters. Please do not hesitate to reach out with any questions or concerns.

Sincerely,



James E. Rooney
President & CEO

¹<https://taxfoundation.org/data/all/state/estate-inheritance-taxes/>

²<https://taxfoundation.org/data/all/state/state-corporate-income-tax-rates-brackets/>