

HOUSE No. 2871

The Commonwealth of Massachusetts

PRESENTED BY:

Marjorie C. Decker and Andres X. Vargas

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to increase family stabilization through the earned income tax credit.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>	<i>2/16/2021</i>
<i>Andres X. Vargas</i>	<i>3rd Essex</i>	<i>2/16/2021</i>
<i>Marcos A. Devers</i>	<i>16th Essex</i>	<i>2/16/2021</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>2/17/2021</i>
<i>Steven Ultrino</i>	<i>33rd Middlesex</i>	<i>2/22/2021</i>
<i>Patrick Joseph Kearney</i>	<i>4th Plymouth</i>	<i>2/22/2021</i>
<i>Peter Capano</i>	<i>11th Essex</i>	<i>2/22/2021</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>	<i>2/22/2021</i>
<i>Jack Patrick Lewis</i>	<i>7th Middlesex</i>	<i>2/22/2021</i>
<i>Dylan A. Fernandes</i>	<i>Barnstable, Dukes and Nantucket</i>	<i>2/24/2021</i>
<i>Michael S. Day</i>	<i>31st Middlesex</i>	<i>2/25/2021</i>
<i>James K. Hawkins</i>	<i>2nd Bristol</i>	<i>2/26/2021</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>	<i>2/26/2021</i>
<i>Carlos González</i>	<i>10th Hampden</i>	<i>2/26/2021</i>
<i>Erika Uytterhoeven</i>	<i>27th Middlesex</i>	<i>2/26/2021</i>
<i>David Henry Argosky LeBoeuf</i>	<i>17th Worcester</i>	<i>2/26/2021</i>
<i>Paul W. Mark</i>	<i>2nd Berkshire</i>	<i>2/26/2021</i>
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>	<i>3/9/2021</i>

<i>Jacob R. Oliveira</i>	<i>7th Hampden</i>	<i>3/15/2021</i>
<i>Jon Santiago</i>	<i>9th Suffolk</i>	<i>3/16/2021</i>
<i>Adrian C. Madaro</i>	<i>1st Suffolk</i>	<i>3/16/2021</i>
<i>Carol A. Doherty</i>	<i>3rd Bristol</i>	<i>3/29/2021</i>
<i>Maria Duaine Robinson</i>	<i>6th Middlesex</i>	<i>3/30/2021</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	<i>4/1/2021</i>
<i>Tami L. Gouveia</i>	<i>14th Middlesex</i>	<i>4/12/2021</i>

HOUSE No. 2871

By Representatives Decker of Cambridge and Vargas of Haverhill, a petition (accompanied by bill, House, No. 2871) of Marjorie C. Decker, Andres X. Vargas and others relative to the earned income tax credit. Revenue.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act to increase family stabilization through the earned income tax credit.

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. Section 6 of chapter 62 of the General Laws is hereby amended by striking
2 out subsection (h) and inserting in its place the following subsection:--

3 (1) For purposes of this subsection, the following definitions apply:

4 “Adjusted gross income” has the meaning given in section 62 of the Code.

5 “Basic credit” means an amount equal to \$2,400. For each taxable year commencing on
6 or after January 1, 2022, the basic credit shall be adjusted annually for inflation at a rate equal to
7 the cost-of-living adjustment determined under section 1(f)(3) of the Code.

8 “Earned income” has the meaning given in section 32(c) of the Code.

9 “Eligible caregiver” means an individual who claims as a dependent one of the following:

10 (i) a qualifying child who has not attained the age of 6 before the end of the tax year;

11 (ii) a qualifying relative who has attained the age of 70 before the end of the tax year, or

12 (iii) who is permanently and totally disabled as defined in section 22(e)(3) of the Code.

13 “Eligible claimant” means an eligible individual, eligible caregiver, or eligible student.

14 “Eligible individual” has the meaning given in section 32(c)(1) of the Code, except that

15 “age 18” is substituted for “age 25” and “but not attained age 65” is disregarded in section

16 32(c)(1)(A)(ii)(II).

17 “Eligible student” means an individual who:

18 (i) is enrolled at an institution of higher education;

19 (ii) is enrolled for at least one-half the normal full-time work load for the course of study

20 that the student is pursuing, as indicated on the student’s Internal Revenue Service form 1098-T;

21 (iii) is enrolled in a course of study necessary for enrollment in a program leading to a

22 degree or certificate; and

23 (iv) is not claimed as a dependent as defined in section 152(a) of the Code for the taxable

24 year.

25 “Federal credit percentage” means the earned income credit percentage determined in

26 section 32(b)(1) of the Code; provided, however, that for each additional qualifying child above

27 3 children, the guaranteed minimum income credit percentage shall increase by 5 basis points per

28 qualifying child.

29 “Federal match” by the Commonwealth equals 50 percent.

30 “Federal phaseout amount” means the phaseout amount determined in section 32(b)(2) of
31 the Code and adjusted for inflation pursuant to section 32(j) of the Code.

32 “Initial rate” means the federal credit percentage for eligible claimants with one
33 qualifying child in section 32(b) of the Code multiplied by the federal match.

34 “Maximum earned income” means an amount equal at the time of enactment to \$75,000.
35 For each taxable year commencing on and after January 1, 2023, the maximum earned income
36 shall be adjusted annually for inflation at a rate equal to the cost-of-living adjustment determined
37 under section 1(f)(3) of the Code.

38 “Phaseout rate” equals 4.8 percent.

39 “Qualifying child” has the meaning given in section 32(c) of the Code.

40 “Qualifying relative” has the meaning given in section 152(d) of the Code.

41 “State phaseout amount” means an amount equal to the maximum earned income minus
42 the quotient of the basic credit divided by the phaseout rate.

43 “Taxable income” has the meaning given in section 63 of the Code.

44 “Guaranteed minimum income credit” has the same meaning as the earned income credit.

45 (2) (i) An individual may, based upon this subsection, receive a guaranteed minimum
46 income credit against the tax imposed under this chapter. To receive a guaranteed minimum
47 income credit, an individual must be an eligible individual, except that an individual may also
48 receive a guaranteed minimum income credit if the individual:

49 (A) is an eligible caregiver, or an eligible student, with or without any earned income; or

50 (B) has an earned income or a federal adjusted gross income that is greater than the
51 maximum earned income amount allowed for the earned income credit under section 32 of the
52 Code but does not exceed the maximum earned income as defined in this subsection.

53 (ii) For an individual who has no qualifying child:

54 (A) for an earned income less than the basic credit divided by the initial rate, the
55 guaranteed minimum income credit equals earned income times the initial rate, except that if the
56 individual is an eligible caregiver or an eligible student and if earned income multiplied by the
57 initial rate is less than the basic credit, then the guaranteed minimum income credit equals the
58 basic credit;

59 (B) for an earned income less than the maximum earned income and greater than the
60 basic credit divided by the initial rate, the guaranteed minimum income credit equals the basic
61 credit; except that the guaranteed minimum income credit is reduced by the earned income, or if
62 greater, federal adjusted gross income, in excess of the state phaseout amount multiplied by the
63 phaseout rate.

64 (iii) for an individual who has one or more qualifying children:

65 (A) for an earned income less than the federal phaseout amount, the amount of the
66 guaranteed minimum income credit equals the federal match multiplied by the earned income
67 credit allowed under section 32 of the Code, except that if the individual is an eligible caregiver
68 or an eligible student and if the federal match multiplied by said earned income credit amount is
69 less than the basic credit, then the guaranteed minimum income credit equals the basic credit.

70 (B) for an earned income less than the maximum earned income and greater than the
71 federal phaseout amount, the amount of the guaranteed minimum income credit is the greater of
72 the federal match multiplied by the corresponding credit under section 32 of the Code or the
73 basic credit; except that the guaranteed minimum income credit is reduced by the product of the
74 earned income, or if greater, federal adjusted gross income, in excess of the state phaseout
75 amount multiplied by the phaseout rate.

76 (3) If other credits allowed under this section are utilized by the taxpayer for the taxable
77 year, the guaranteed minimum income credit afforded by this subsection shall be applied last. If
78 the amount of the guaranteed minimum income credit allowed under this subsection exceeds the
79 taxpayer's liability, the commissioner shall treat the excess as an overpayment and shall pay the
80 taxpayer the amount of the excess without interest.

81 (4) With respect to a person who is a nonresident for part of the taxable year, the
82 allowable guaranteed minimum income credit shall be the guaranteed minimum income credit as
83 calculated in clause (2) multiplied by a fraction, the numerator of which shall be the number of
84 days in the taxable year the person resided in the commonwealth and the denominator of which
85 shall be the number of days in the taxable year. A person who is a nonresident for the entire
86 taxable year shall not be allowed the guaranteed minimum income credit.

87 (5) For the purposes of this subsection, a married taxpayer shall satisfy the joint filing
88 requirement under section 32 of the Code if the taxpayer files an income tax return using a filing
89 status of married filing separately and the taxpayer: (i) is living apart from the taxpayer's spouse
90 at the time the taxpayer files the tax return; (ii) is unable to file a joint return because the

91 taxpayer is a victim of domestic abuse; and (iii) indicates on the taxpayer's income tax return
92 that the taxpayer meets the criteria of clauses (i) and (ii).

93 (6) For the purposes of this subsection, a taxpayer may claim a guaranteed minimum
94 income credit under this section, using either a Social Security number or an individual taxpayer
95 identification number, if but for section 32(m) of the Code, the taxpayer would be eligible to
96 claim a guaranteed minimum income credit.

97 (7) (i) An eligible individual shall be treated as having made a payment against the tax
98 imposed under this chapter for such taxable year in an amount equal to a minimum of \$2,400.

99 (ii) The department shall disburse an estimated 50 per cent of the refund payable under
100 this subsection electronically or otherwise to an eligible individual on a biweekly basis in
101 advance over the course of the tax year and the remainder of the refund payable after the
102 department receives the eligible individual's tax return; provided, however, an eligible individual
103 may elect in writing to receive the full refund payable under this subsection electronically or
104 otherwise after the department receives the eligible individual's tax return.

105 (iii) Eligible individuals who claim a tax credit in advance and are not otherwise required
106 to file a Massachusetts tax return may satisfy the requirements of this subsection by filing a
107 simple reconciliation form with the department.

108 (8) In order to ensure the widest possible dissemination of the state and federal earned
109 income credit, the department shall: (i) include multilingual information by video and text in its
110 website about the guaranteed minimum income credit, free tax preparation services, and low-
111 income taxpayer clinics; (ii) provide all employers with a multilingual poster and a notice that
112 sets forth the rights to the guaranteed minimum income credit under this chapter; (iii) require

113 that all employers doing business in the commonwealth post information about the guaranteed
114 minimum income credit in a conspicuous location at the place of employment; (iv) coordinate a
115 notification system by the commonwealth about the guaranteed minimum income credit to
116 applicants for and recipients of unemployment insurance under chapter 151A, applicants for and
117 recipients of transitional assistance benefits, including food stamps, under chapter 18, and to
118 recipients of subsidized health insurance under chapter 118E; and (v) collaborate with labor
119 organizations, chambers of commerce, municipalities, community-based organizations, and
120 taxpayer advocates to disseminate information about the guaranteed minimum income credit.
121 The multilingual poster and notice requirement in clause (i) shall comply with the requirements
122 for employer's unemployment notices under clauses (i) and (iii) of subsection (d) of section 62A
123 of chapter 151A.

124 SECTION 2. Section 1 of this act shall apply to tax years beginning on or after January 1,
125 2022.