

SENATE No. 1793

The Commonwealth of Massachusetts

PRESENTED BY:

Sal N. DiDomenico

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:	
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>	
<i>Joanne M. Comerford</i>	<i>Hampshire, Franklin and Worcester</i>	<i>1/25/2023</i>
<i>Michael D. Brady</i>	<i>Second Plymouth and Norfolk</i>	<i>1/27/2023</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>2/1/2023</i>
<i>John F. Keenan</i>	<i>Norfolk and Plymouth</i>	<i>2/10/2023</i>
<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>	<i>3/2/2023</i>

SENATE No. 1793

By Mr. DiDomenico, a petition (accompanied by bill, Senate, No. 1793) of Sal N. DiDomenico, Joanne M. Comerford, Michael D. Brady, Jason M. Lewis and other members of the Senate for legislation to increase family stabilization through the earned income tax credit. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 1841 OF 2021-2022.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

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, as appearing in the 2020
2 Official Edition, is hereby amended by striking out subsection (h) and inserting in its place the
3 following subsection:--

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

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

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

7 “Eligible claimant” means an eligible individual or eligible student.

8 “Eligible individual” has the meaning given in section 32(c)(1) of the Code, except that
9 “age 18” is substituted for “age 25” and “but not attained age 65” is disregarded in section
10 32(c)(1)(A)(ii)(II).

11 “Eligible student” means an individual who:

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

13 (ii) is enrolled for at least one-half the normal full-time workload for the course of study
14 that the student is pursuing, as indicated on the student’s Internal Revenue Service form 1098-T;

15 (iii) is enrolled in a course of study necessary for enrollment in a program leading to a
16 degree or certificate; and

17 (iv) is not claimed as a dependent as defined in section 152(a) of the Code for the taxable
18 year.

19 “Federal credit percentage” means the earned income credit percentage determined in
20 section 32(b)(1) of the Code; provided, however, that for each additional qualifying child above
21 3 children, the guaranteed minimum income credit percentage shall increase by 5 basis points per
22 qualifying child.

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

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

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

28 “Maximum earned income” means an amount equal at the time of enactment to \$75,000.
29 For each taxable year commencing on and after January 1, 2024, the maximum earned income
30 shall be adjusted annually for inflation at a rate equal to the cost-of-living adjustment determined
31 under section 1(f)(3) of the Code.

32 “Phaseout rate” equals 4.8 percent.

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

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

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

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

38 (2) (i) An individual may, based upon this subsection, receive an earned income credit
39 against the tax imposed under this chapter. To receive an earned income credit, an individual
40 must be an eligible individual, except that an individual may also receive an earned income
41 credit if the individual:

42 (A) is an eligible student; or

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

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

47 (A) for an earned income less than the maximum earned income, the earned income
48 credit equals the basic credit; except that the guaranteed minimum income credit is reduced by
49 the earned income, or if greater, federal adjusted gross income, in excess of the state phaseout
50 amount multiplied by the phaseout rate.

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

52 (A) for an earned income less than the maximum earned income and greater than the
53 federal phaseout amount, the amount of the earned income credit is equal to the federal match
54 multiplied by the corresponding credit under section 32 of the Code; except that the earned
55 income credit is reduced by the product of the earned income, or if greater, federal adjusted gross
56 income, in excess of the state phaseout amount multiplied by the phaseout rate.

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

62 (4) With respect to a person who is a nonresident for part of the taxable year, the
63 allowable earned income credit shall be the earned income credit as calculated in clause (2)
64 multiplied by a fraction, the numerator of which shall be the number of days in the taxable year
65 the person resided in the commonwealth and the denominator of which shall be the number of
66 days in the taxable year. A person who is a nonresident for the entire taxable year shall not be
67 allowed the earned income credit.

68 (5) For the purposes of this subsection, a married taxpayer shall satisfy the joint filing
69 requirement under section 32 of the Code if the taxpayer files an income tax return using a filing
70 status of married filing separately and the taxpayer: (i) is living apart from the taxpayer's spouse
71 at the time the taxpayer files the tax return; (ii) is unable to file a joint return because the
72 taxpayer is a victim of domestic abuse; and (iii) indicates on the taxpayer's income tax return
73 that the taxpayer meets the criteria of clauses (i) and (ii).

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

78 (7) In order to ensure the widest possible dissemination of the state and federal earned
79 income credit, the department shall: (i) include multilingual information by video and text in its
80 website about the guaranteed minimum income credit, free tax preparation services, and low-
81 income taxpayer clinics; (ii) provide all employers with a multilingual poster and a notice that
82 sets forth the rights to the guaranteed minimum income credit under this chapter; (iii) require that
83 all employers doing business in the commonwealth post information about the guaranteed
84 minimum income credit in a conspicuous location at the place of employment; (iv) coordinate a
85 notification system by the commonwealth about the guaranteed minimum income credit to
86 applicants for and recipients of unemployment insurance under chapter 151A, applicants for and
87 recipients of transitional assistance benefits, including food stamps, under chapter 18, and to
88 recipients of subsidized health insurance under chapter 118E; and (v) collaborate with labor
89 organizations, chambers of commerce, municipalities, community-based organizations, and

90 taxpayer advocates to disseminate information about the guaranteed minimum income credit.
91 The multilingual poster and notice requirement in clause (i) shall comply with the requirements
92 for employer's unemployment notices under clauses (i) and (iii) of subsection (d) of section 62A
93 of chapter 151A.

94 SECTION 2. Section 1 of this act shall apply to tax years beginning on or after January 1,
95 2024.