



OFFICE OF THE GOVERNOR  
**COMMONWEALTH OF MASSACHUSETTS**  
STATE HOUSE • BOSTON, MA 02133  
(617) 725-4000

**CHARLES D. BAKER**  
GOVERNOR

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

Wednesday, March 4, 2015

To the Honorable Senate and House of Representatives,

I am filing for your consideration, "An Act to Support Working Families."

This legislation expands the Massachusetts counterpart to the federal earned income tax credit (the "EITC"). Under current law, working families in Massachusetts are eligible for up to \$937 in tax relief, equal to 15% of the federal EITC. I propose to double that percentage to 30% over four years, ultimately delivering up to \$1,874 in annual tax relief for eligible working families. The EITC is one of the most effective tax credits at putting money into the hands of low and moderate income workers, and these families deserve our support.

To compensate for this reduction in the income tax burden on working families, this legislation also proposes a wind down of the Massachusetts' film tax credit, and eliminates that tax credit on July 1, 2017. In contrast to the EITC, the film tax credit primarily benefits individuals living outside of Massachusetts. The most recent Department of Revenue study of the film tax credit showed that two-thirds of the spending generated by the credit went to out-of-state workers or businesses. That study also estimated that in 2012 the film tax credit created 730 jobs, but cost \$118,000 for each Massachusetts job created.

This legislation also proposes a tax amnesty program for non-filers available during fiscal year 2016. The last non-filer tax amnesty program operated in 2002 and generated \$176 million in payments. In addition to generating revenue in the near-term, a tax amnesty program targeted at non-filers continues to generate tax payments by bringing taxpayers into compliance, and encouraging them to stay on the tax rolls.

This legislation, through the tax amnesty program, is estimated to generate \$100 million in revenue in fiscal year 2016. The changes in the film tax credit and earned income tax credit have no net fiscal impact in fiscal year 2016. At full implementation, in fiscal year 2019, this legislation would reduce the tax burden on Massachusetts taxpayers by \$65 million, or approximately 0.2% of anticipated tax revenues, before accounting for additional revenues from taxpayers who join the tax rolls as a result of the fiscal year tax amnesty program.

I urge your prompt consideration and passage of this important legislation.

Sincerely,

A handwritten signature in cursive script, reading "Charles Baker". The signature is written in black ink and is positioned above the printed name and title.

Charles D. Baker  
Governor