**MOSES Board of Directors, February Meeting: Legislative Update**

Tuesday, February 8, 2022

*Provided by Steven Smalley, Legislative Director*

**Tax Revenue Update**

Massachusetts collected $4.026 billion for the month of January, which is $679 million more than actual collections in January of 2021 and $856 million more than benchmark. The increase in collections is due in part to the recently enacted elective pass-through entity (PTE) excise, which allows members of a PTE to avoid the federal limit on the deduction for state and local taxes by electing to pay tax on the PTE’s income at the entity-level, and then claim a credit equal to 90% of the PTE excise paid. In the coming months, PTE members who also paid estimated taxes themselves on PTE income will receive refunds due to the credits offsetting 90% of the PTE excise payments. As a result, most of the increase in collections associated with the PTE excise is temporary. After adjusting for PTE excise payments, DOR had January 2022 collections at $315 million or 9.4% above actual collections in January 2021, and $791 million or 27.5% more than the benchmark.

FY2022 year to date collections are approximately $21.872 billion, which is $4.219 billion or 23.9 % more than the same period in FY2021 and $1.450 billion more than benchmark.

January collections included increases in all major tax types including regular sales and meals tax primarily due to strength in retail sales and easing of some covid restrictions. January is typically a significant month for collections bringing in about 10.2 percent of the state’s annual revenue. FY2022’s tax revenue projection was updated in December to $35.90 billion.

**FY 2023 Budget**

On January 26th, Governor Baker released his FY 2023 budget totaling $48.5 billion that does not include any tax increases and increases state spending by 0.5 percent. The FY2023 budget is based on tax collections totaling $36.91 billion which would be an increase of 2.7 percent over the current budget. Please see some of the important line items on page 3. Some items of note:

* Included in the outside sections is the proposed cap on sick time of 1,000 hours.
* Also in the outside sections is the authorization for DCR to enter into leases for solar canopies.

**Collective Bargaining Supplemental Budget**

With the Legislature back in session, MOSES is continuing to press Governor Baker to file a supplemental budget to include the Commonwealth (and MassDOT) agreements. There is no firm timetable for a supplemental budget to come out, but it is anticipated to be sometime this month.

**Retirement Legislation**

Unfortunately, **H2808/ S1669** providing 3 years of retirement credit for those required to work outside of their home during the COVID state of emergency was sent to study by the Joint Committee on Public Service.

**MOSES Legislation**

Joint Rule 10 Day occurred on February 2nd which is a decision day for legislation in their initial committees on if they are to move forward or not. A number of MOSES priority bills were given favorable releases:

* **H2792/S1681 An Act related to timely retirement payment**- Provides that if a retirement board is unable to calculate the full retirement payment by the first payment date, it shall pay 90% of its estimated full monthly payment until it is corrected. Requires the retirement board to notify the House and Senate of all circumstances on an annual basis.
* **H3127/S2087 An Act to promote safety, efficiency and accountability in transportation projects through public inspections**- Requires that public employees carry out the construction inspection functions for all surface transportation projects receiving state or federal funding.
* **S1248 An Act relative to collective bargaining dues-** Amends GL 150E:10 (Prohibited Practices by Public Employers) to add refusing to provide a payroll deduction for membership dues authorized by employees represented by their exclusive representative to the list of such practices.
* In addition, the Crime Lab (**H2797**) and DCR Aerial Foresters (**H2701**) regarding movement into group 2 of the retirement system were given extensions until 3/31 for a decision to be made.

