Massachusetts Taxpayers Foundation

333 Washington Street | Suite 853 | Boston, MA 02108 | 617.720.1000
www.masstaxpayers.com

MTF Bulletin *July 29th, 2026*

MTF Summary of the Senate Mass Wins Act

On July 24th, the Senate passed S.3178, *An Act Relative to Economic Development in the Commonwealth*, a $575 million economic development bill with 365 outside policy sections. The bill authorizes $270 million (88.5 percent) more than the Governor and $14 million (2.5 percent) more than the House. The Senate also includes 245 more outside policy proposals than the Governor and 105 more than the House. The Senate retains many of the capital authorization and a number of policy proposals introduced by the Governor and House. Like the House, the Senate bill also includes a wide array of policy proposals not in prior versions of the bill, including changes to the state's 62F tax threshold law, a proposal to create a framework to assess AI risks, and several sections designed to reduce barriers to housing production.

This cover memo builds on our previous summary of the Governor's Mass Wins Act and the House's economic development bill to provide a brief overview of the major elements of the Senate bill, how it differs from the Governor and House, and a comprehensive section-by-section analysis.

Overview of New Capital Authorization Proposals

The Senate proposes $575 million in capital authorization across 14 programs, with the largest program dedicating $222 million for local economic development projects. Most of the authorizations are shared across the Governor, House, and Senate plans, as the Senate only includes five new programs for research and development and small business capital loans.

Comparing Economic Development Bill Capital Authorizations

Proposal	Capital Authorization Spend
Governor	$305
House	$561
Senate	$575
Unique Spending	**$615**
Shared Spending	**$305**

$ in millions

- **Local Economic Development Grants ($222 million)** – Similar to the House, the largest difference between the Senate and Governor's economic development bills is the over 160 earmarks for local economic development projects for cities and towns, compared to the approximately 300 earmarks included by the House.

- **DRIVE Act ($100 million)** – The Senate includes two provisions related to the Governor's DRIVE act, initially filed last summer. The Senate proposes directing $100 million in surtax resources from the Education and Transportation Fund to support public higher education institutions that have experienced federal funding cuts or delays for research and development.[1] The Senate's funding is the lowest level of any DRIVE proposal to date – compared to $400 million in the original legislation and $200 million in the House Mass Wins bill. The Senate is the only proposal to limit all funds to public higher education institutions. Both the Senate and House bills also include language allowing the administration broad flexibility to resources in the Federal Matching, Fiscal Resilience and Debt Reduction Fund to address negative impacts of federal funding and policy changes.
- **Small Business Capital Loans ($20 million)** – The Senate authorizes $20 million in grant funding for community development corporations to leverage federal or private investments to provide small business loans. Half of this funding is earmarked for the Massachusetts Capital Access program administered by the Massachusetts Business Development Corporation to support loans for start-up costs, equipment purchases, real estate acquisitions, and other business expenses.

In addition to the differences in the three authorizations highlighted above, the Senate also does not include four of the House's capital authorizations related to housing conversion and development and workforce supports for Temporary Protected Status (TPS) workers impacted by federal changes.

Overview of New Policy Proposals

The Senate includes 237 unique policy proposals and shares 98 outside policy sections that were either introduced by the Governor or House. The Senate leaves out 11 of the Governor's policy proposals, including Pension Reserves Investment Management (PRIM) board investment requirements and small business energy tax exemptions, and 142 House proposals, including temporary adjustments for certified social worker licensure requirements and several tax credits related to housing, film, and video game production.

Tracking Notable Economic Development Policy Proposals

Policy	Governor	House	Senate
Governor			
PRIM Seed Funding	✓	✗	✗
Reduced LLC Fees	✓	✓	✓
Economic Development Utility Rates	✓	✓	✓[2]

[1] The Senate previously proposed this funding in the Innovation and Capital Fund supplemental budget proposal using surplus surtax resources.

[2] The Governor and House require that each energy distribution company offer reduced economic development rates and special contracts for large new businesses locating or expanding in Massachusetts. The Senate requires DPU to investigate electric distribution tariffs, rates, and interconnection requirements that support economic development, including potential economic development rates for qualifying new businesses, but does not require such rates to be established.

Small Business Energy Tax Exemptions	✓	✓	✓
Commercial Zoning Conversion & Site Plan Reviews	✓	✓	✓
Climatetech Investment Trust Fund	✓	✓	✓
House			
Micromobility	✗	✓	✓
Federal Matching, Fiscal Resilience and Debt Reduction Fund	✗	✓	✓
Social Worker Licensure	✗	✓	✓[3]
HDIP, Film, and Video Game Tax Credits	✗	✓	✗
Senate			
Chapter 62F Threshold	✗	✗	✓
Duplex Development as of Right	✗	✗	✓
AI Transparency	✗	✗	✓
Municipal Liquor Licenses	✗	✗	✓
Senior Property Tax Exemptions	✗	✗	✓

Among the Senate's unique policy sections are notable proposals related to housing costs, tax policy, liquor licenses, and criminal justice reforms. These proposals are in addition to policies introduced by the Governor and House, like reduced LLC fees and a regulatory framework for micromobility devices, which the Senate also includes in its bill. Several of the Senate's notable unique policy sections are summarized below.

Housing

- **Duplex Development as of Right** (Section 43) – In an effort to reduce barriers to housing production, the Senate allows for duplexes by right on residential lots with existing single-family homes. Duplexes do not have to be owner-occupied and must be made in accordance with reasonable regulations related to septic systems, site plan review, and dimensional requirements.
- **Tenant Collective Purchase Pilot Program** (Section 153B) - While the House creates a local option for municipalities to adopt a local ordinance or by-law that allows tenant associations to purchase the building they reside in if the owner sells the property, the Senate creates a five-year program for no more than five municipalities, overseen by the Executive Office of Housing and Livable Communities, to allow tenants to collectively purchase the building if it is listed for sale.
- **Smart Growth Zoning Incentive Payments** (Section 59A) - To incentivize the production of starter homes, the Senate increases smart growth zoning incentive payments by rewriting the schedule of incentives from the number of new units to the percentage of new units of new construction and establishes a one-time production bonus payment for municipalities that approved starter home zoning districts.

[3] The House temporarily removes exam requirements for certified social workers in its economic development bill, while the Senate proposal enters Massachusetts into the Social Work Licensure Compact.

- **Rental and First-Time Homebuyer Savings Account Program** (Section 62A) - The Senate creates two savings account programs for renters and first-time homebuyers to make contributions towards rental housing expenses and contributions toward purchasing a first home.
    - **Renters**: Annual tax deduction of up to $15,000 for individuals and $30,000 for joint filers who contribute toward a renter's savings account, for a maximum deduction of $50,000 over 15 years.
    - **First-time homebuyers**: Annual tax deduction of up to $25,000 for individuals and $50,000 for joint filers who contribute toward a first-time homebuyer savings account, with a maximum deduction of $250,000 over 15 years.

Tax Policy

- **Chapter 62F** (Section 71A) - The Senate adds a new limitation to Chapter 62F - the mechanism that triggers taxpayer refunds if state tax collections surpass the revenue threshold – by disallowing refunds if the Department of Revenue determines that net state tax revenues in the fiscal year are less than 7.5 percent of total statewide personal income for the calendar year ending in the fiscal year.
- **Senior Property Tax Exemptions** (Section 60A) – The Senate allows municipalities to modify property tax exemptions for residents who are at least 70 years or older to address the state's cost of living and to keep older residents from leaving to low-cost states.
    - Increasing property tax exemptions to $1,500;
    - Increasing the income limit to 50 percent of the area median income; and
    - Increasing the property value limit to $80,000 for single residents and $110,000 for married couples.

Liquor Laws

- **Municipal Liquor Licenses** (Sections 118-126) – The Senate shifts the authority to approve local liquor licenses from the legislature to municipalities and establishes a quota of at least one retail liquor license per 5,000 people, at least two licenses per municipality, and at least 250 licenses for the city of Boston. Currently, municipalities must seek legislative approval to award additional liquor licenses if the quota has been reached.
- **Happy Hour, Designated Public Drinking Areas, and Airport Alcohol Sales** (Sections 119A and 126A) - The Senate establishes a municipal opt-in for cities and towns to allow licensed establishments to sell discounted alcohol during specific times, authorize municipalities to designate at least one area where alcoholic beverages can be sold by licensed establishments and consumed in a public space, and, subject to the approval of the Massachusetts Port Authority, allow alcohol to be sold at airports at any time that the airport is open for operations.

Criminal Justice

The Senate includes over 70 outside sections that raise the age of criminal majority from 18 to 19 years old. In addition to increasing the age for defendants to be considered adults, the Senate also makes additional changes for individuals aged 19 and younger, including:

- Authorizing a juvenile court to impose probation for individuals until they reach 21 years of age if the offense occurred when the offender was 18 years old and is not disposed until after their 20th birthday.
- Requiring certain offenders to be placed in a Department of Youth Services (DYS) facility for 180 days or until they turn 19 or, if the case is disposed on or after the offender turned 19 years old, 20.
- Requiring the name of an offender to be public record if the offense was committed between the ages of 14 and 19, or if the offender was adjudicated delinquent or is charged with delinquency for an act that would be punishable by imprisonment as an adult.
- Prohibiting offenders younger than 19 years old from being held at a Department of Corrections (DOC) or Massachusetts Correctional Institution (MCI) facility.
- Exempting police log entries of offenders under the age of 19 from becoming public record.

Other Notable Policies

- **AI Transparency** (Sections 106, 153, 159, 160) **–** The Senate requires large AI companies, specified as those with annual gross revenues over $500 million, to create and implement a safety plan to mitigate any risks that their models can cause. The framework includes standards for third-party auditing, empowers the Attorney General's Office to enforce the safety plan, and creates MassCompute, a public cloud computing cluster to advance AI development.
- **Teacher Retirement Buyback** (Section 38E) - Similar to the House proposal in the FY 2027 budget, the Senate allows retired Boston teachers with at least 20 years of creditable service to purchase up to five years of creditable service if they moved from full-time to part-time employment to parent children and subsequently returned to full-time employment.
- **Remote Public Meetings** (Sections 38B, 38C, 38D, 38H) - The Senate amends existing public meeting laws to allow a member of a public body and the public to attend meetings virtually and rewrites requirements for submitting a complaint for a violation of an open meeting law – a proposal that has been brought up by policymakers in the aftermath of the pandemic.
- **Determination of Need** (Section 106G) - The Senate exempts acute care hospitals from the determination of need requirements to establish or add acute psychiatric and inpatient substance use disorder treatment service beds to attract more investment for mental health and substance use disorder services.

Next Steps in the Legislative Process

On July 23rd, the Senate passed the economic development bond bill, moving the legislation to a conference committee ahead of the July 31st deadline. The House and Senate must each appoint three members to the conference committee to reconcile the spending and policy differences. With the new legislative rules, policymakers have until the end of the legislative session on January 5th, 2027, to send the economic development bill to the Governor's desk, giving policymakers five more months to act on a bill without requiring a unanimous vote in informal sessions.