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Executive Office for Administration and Finance

PRESS RELEASE

Governor Healey Signs Budget Delivering Major Investments in Early Literacy, Tutoring, Child Care and Public Transportation

Legislation helps municipalities cover historic winter cleanup costs and establishes Governor Healey's proposed tax credit for farms that donate to food banks

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BOSTON — Governor Maura Healey today signed a budget directing surplus Fair Share revenue toward transportation and education priorities across

Massachusetts. These investments will improve service at the MBTA and Regional Transit Authorities (RTAs), expand early literacy and high-dosage tutoring programs, make child care more affordable for families, and help communities cover snow and ice removal costs following a winter of severe weather. The budget also establishes a new tax credit proposed by Governor Healey for Massachusetts farmers that donate excess food to food banks and pantries.

“People across Massachusetts want a reliable transportation system, great schools for their children, and communities that provide the high-quality services they rely on,” said **Governor Maura Healey**. “This legislation delivers on all three. We’re making historic investments in transportation, helping students recover from pandemic learning loss, making child care more affordable and supporting our municipalities. These investments will make a real difference in people’s lives, lower costs and help keep Massachusetts competitive for years to come.”

“Strong schools and reliable transportation are essential to strong communities,” said **Lieutenant Governor Kim Driscoll**. “This legislation helps cities and towns address immediate needs while making long-term investments in the systems people count on every day. From child care and special education to regional transit and the MBTA, these investments will help communities across Massachusetts continue to grow and thrive.”

“From significant investments in public transportation and public education, to support for DTA caseworkers and expenses related to the World Cup, to fiscally prudent tax conformity measures – this legislation is representative of the responsible approach that Massachusetts must continue to take during this period of significant fiscal uncertainty, while still ensuring robust state support for vital projects,” said **House Speaker Ronald J. Mariano (D-Quincy)**. “I want to thank Governor Healey for signing this legislation into law, as well as Chairman Michlewitz and my colleagues in the House, along with our partners in the Senate, for prioritizing the critical investments that this supplemental budget makes.”

"This is Fair Share dollars doing exactly what voters intended: investing in public schools, transportation in every region, and by extension our communities and our families," said **Senate President Karen E. Spilka (D-Ashland)**. "From special education funding, to early literacy, to slashing taxes on housing production, this package delivers for Massachusetts residents. I'm grateful to Governor Healey for her signature, and I applaud Chair Rodrigues and my Senate colleagues for their work on this bill, as well as our partners in the House for making it happen."

“With the stroke of the Governor's pen, we are strengthening all corners of the Commonwealth by making meaningful investments in education and transportation. This law prioritizes funding for municipal winter relief to ease the burden on our cities and towns, targets tax incentives to make it cheaper to build housing, and grows the primary care workforce of tomorrow,” said **Senator Michael J. Rodrigues, Chair of the Senate Committee on Ways and Means**. “Thank you to Governor Healey, Lieutenant Governor Driscoll, Secretary Gorzkowicz and their respective team, our partners in the House including my good friend Chair Michlewitz, along with Senate President Spilka and my Senate colleagues for working together to get this bill across the finish line and put the needs of our communities and our residents first.”

The budget appropriates \$1.35 billion in surtax revenue – including \$779.5 million for transportation and \$573.5 million for education. The transportation funding includes \$595.5 million for the MBTA to rebuild operating reserves, support low-income fare discounts and invest in infrastructure and water transportation. It also provides \$35 million for RTAs to support operations and equipment, as well as \$5 million in grants that expand micro-transit and last-mile services.

Critically, the legislation also makes \$101 million available to cities and towns to help offset the winter costs of snow and ice removal after a series of severe winter storms strained municipal budgets in many regions of the state.

To support students and schools, the budget bill provides \$152 million for special education costs, \$20 million for early literacy programming through Governor Healey's Literacy Launch Initiative and \$20 million for high-dosage tutoring, a proven and effective tool to help students read and close achievement gaps. Other key investments include \$31.2 million to help families on waitlists access help paying for early education and care, \$7.5 million for early childhood educator loan forgiveness, \$18.3 million in supplemental financial aid at public higher education institutions and \$16.5 million for a new grant program to help school districts, particularly those in rural areas, find creative and more efficient ways to share services and explore regionalization opportunities. It also includes \$5 million for access to workforce training programs and to reduce the waitlist for English for Speakers of Other Languages (ESOL) services and \$1 million for a grant program to support cell phone-free public schools.

The budget also provides \$207.7 million to address immediate needs in Fiscal Year 2026 (FY26), including funding for caseworkers at the Department of Transitional Assistance (DTA) to help people navigate President Trump's stringent new Supplemental Nutrition

Assistance Program (SNAP) requirements and stay enrolled in this essential program, health care services at the Department of Corrections (DOC) and court costs at the Committee for Public Counsel Services (CPCS). It also dedicates \$20 million to supplement federal funding for the Low-Income Home Energy Assistance Program (LIHEAP) and \$10 million to support successful World Cup matches in Foxborough.

The bill also establishes a sales tax exemption, capped at \$35 million annually, for building materials used in multifamily housing projects. This provision aims to lower the cost of building housing and help projects get completed more quickly.

The bill also creates a new tax credit of up to \$10 million per year for the next three years to encourage the use of sustainable aviation fuels by airlines operating in Massachusetts and to promote the growth of the Massachusetts clean-fuels industry. By helping Massachusetts compete for emerging aviation and clean energy investments, this tax credit can attract new businesses, support innovation and create good-paying jobs across the state.

"By implementing fiscally responsible tax policies, supporting cities and towns in funding essential services, and utilizing surtax revenues to make meaningful transportation and education investments, this legislation strengthens Massachusetts' long-term stability and success," **said Administration and Finance Secretary Matthew J. Gorzkowicz.**

"As we continue navigating an uncertain economic outlook, I am grateful to our legislative partners for their shared commitment to practicing fiscal discipline and strategically investing in our communities," **said Interim Secretary of Transportation and MBTA General Manager Phillip Eng.** "Governor Healey and Lieutenant Governor Driscoll continue to lead the way, making investments in transportation that are truly investments in the communities we serve across the Commonwealth. With a shared goal and strong support from the Legislature, we are ensuring that Fair Share dollars are returned to the public through meaningful investments in transportation, infrastructure, and transit. This supplemental budget delivers invaluable benefits across the state by providing critical funding for Regional Transit Authorities, supporting the MBTA's modernization efforts, and helping cities and towns manage the financial impacts of severe winter weather events. These investments strengthen communities, improve reliability and mobility by providing much-needed funding, giving residents, businesses, and visitors access to a multimodal transportation network that is reliable, accessible, and safe."

“This legislation makes critical investments in the areas students, educators and families have told us are the most important – access to affordable child care and special education and ESOL services, support for kids to learn to read and read well, loan forgiveness and state financial aid and more,” said **Secretary of Education Steve Zrike**. “I want to thank the Legislature for their continued partnership in this work. Together, we are making Massachusetts the best place to raise a family, go to school and work.”

In addition to these transportation and education investments, the legislation adopts a phased approach to implementing several tax reforms included in the federal One Big Beautiful Bill Act (OBBBA) that would otherwise automatically affect Massachusetts tax collections because of state conformity with portions of the federal tax code. This approach allows Massachusetts businesses to access additional tax relief while ensuring the state can responsibly plan for the fiscal impact of those reforms.

The OBBBA was signed into law the same day as the state’s FY26 budget, meaning the cost of these federal tax changes was not known or accounted for in the current budget. Under this bill, Massachusetts’ implementation of five OBBBA provisions will be phased in over one to two years, beginning January 1, 2026 with OBBBA Section 70302, which enables businesses to fully deduct domestic research and experimental (R&E) expenditures within the year that those expenses are incurred. This tax relief that is particularly important to Massachusetts’ innovation economy.

Businesses will be able to utilize the R&E change on their state tax returns for tax year 2026. Additional federal tax provisions will be implemented beginning in tax year 2027, including:

- Modification of limitation on business interest
- Increased dollar limitations for expensing of certain depreciable business assets
- Special depreciation allowance for qualified production property
- Permanent renewal and enhancement of opportunity zones

This approach allows Massachusetts to spread the tax revenue impact of the OBBBA provisions over multiple years while unlocking hundreds of millions in new

state tax relief for businesses when fully phased in, on top of the additional federal tax benefits businesses will already experience right away.

“This bill shows the amazing success of the Fair Share Amendment in action,” said **Senator Jason Lewis, Senate Chair of the Joint Committee on Education** and lead Senate sponsor of the Fair Share Amendment. “The legislature is providing cities and towns with increased funding to support their local budgets during a difficult time, equipping the MBTA with critical funds to keep trains and buses moving, and addressing the literacy crisis with additional resources to support our students.”

“This Fair Share funding helps support many of the initiatives that the Joint Committee on Education has advanced this session,” said **Representative Ken Gordon, House Chair of the Joint Committee on Education**. “I am grateful for these investments in literacy, which will help ensure our youngest students develop strong reading skills and achieve reading proficiency.”

“Fair Share funding continues to enable critical investments in our transportation and education systems that support the needs of our residents throughout the Commonwealth,” said **State Senator Brendan Crighton, Senate Chair, Joint Committee on Transportation**. “Whether it is infrastructure improvements that make it easier for people to get to where they need to go or resources to improve literacy and access to mental health, this funding helps to meet the needs of the moment.”

“The revenues provided from the Fair Share Amendment are helping us modernize our transportation network, improve safety, and address long-standing needs in communities throughout Massachusetts,” said **State Representative James Arciero, House Chair, Joint Committee on Transportation**. “I want to thank Governor Healey and House Leadership for their commitment to making these investments possible. As we continue to navigate the Commonwealth’s fiscal responsibilities, amid increasing uncertainty and the absence of a reliable federal partner, these investments are more important than ever.”

“The Fair Share Amendment is doing exactly what voters intended — delivering timely, critical, and sustained funding to schools, transportation systems, and communities across the Commonwealth,” said **Senator Jo Comerford (D-Northampton)**, Vice Chair of the Senate Committee on Ways and Means. “At a time of national turbulence and amid a crushing affordability crisis, this supplemental budget meets the moment with targeted support for rural schools, road repair, microtransit, energy assistance, and much more.”

“The MMA and local officials across Massachusetts deeply appreciate the Governor’s action today to sign critical funding for our communities into law,” said **Adam Chapdelaine, Executive Director & CEO of the Massachusetts Municipal Association (MMA)**. “In particular, this supplemental budget provides \$100 million in municipal winter relief, which will be essential for repairing roads and helping communities recover from a demanding winter season that strained local snow maintenance budgets. We are also grateful for targeted investments to help address special education costs, support regionalization efforts, strengthen rural schools, and other pressing local needs. Thank you to Governor Healey and our legislative partners for advancing these important resources, which will provide meaningful support to cities and towns as they continue to navigate a challenging fiscal environment.”

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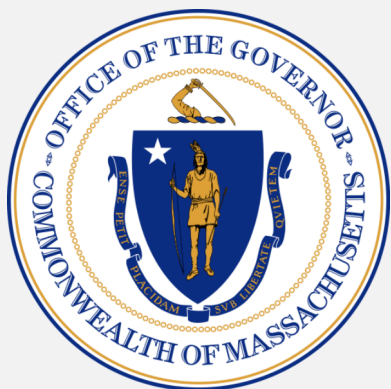
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Governor Maura Healey and Lt. Governor Kim Driscoll

Since taking office, Governor Healey and Lieutenant Governor Driscoll's top priority has been lowering costs, making life easier and protecting what makes Massachusetts the best place to live, work and learn.



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