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PRESS RELEASE

# Baker-Polito Administration Announces Legislation to Make August and September 2021 Sales Tax Holiday Months

FOR IMMEDIATE RELEASE:

6/23/2021

Office of Governor Charlie Baker and Lt. Governor Karyn Polito

Governor's Press Office

Executive Office for Administration and Finance

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**BOSTON** — The Baker-Polito Administration today is filing legislation to establish a Sales Tax Holiday for the months of August and September. This plan aims to support Main Street businesses and local economies and promote economic growth and opportunity as the Commonwealth continues to recover from the impacts of the COVID-19 pandemic.

State tax revenues for Fiscal Year 2021 (FY21) continue to significantly exceed projections, with revenues to date 14.9% above benchmark. Strong revenues across the board have allowed the Commonwealth to grow the size of the Stabilization Fund and be poised to end the fiscal year with a significant surplus for the FY21 budget. As a result, the Administration is proposing to support the Commonwealth's taxpayers and downtown economies by designating the entire months of August and September as sales tax-free.

"A two-month sales tax holiday will provide a boost to Massachusetts' taxpayers and Main Street economies as we continue to recover from COVID-19," **said Governor Charlie Baker**. "Massachusetts' economic recovery is off to a good start, but it's crucial that the Commonwealth takes action now to spur more economic activity in communities and support taxpayers. Thanks to stronger than expected tax revenues, the Commonwealth has managed to grow the Rainy Day Fund to a balance higher than it was at the beginning of the pandemic, and we can also afford to return these tax dollars to our residents and small businesses."

"We recognize that many residents, families, and small businesses continue to face challenges related to the COVID-19 pandemic," **said Lt. Governor Karyn Polito**. "As a result of the Commonwealth's strong revenue performance, we are proposing to extend the annual sales tax-free weekend to two months to help support small and local businesses throughout Massachusetts and power our economy forward."

Through May 2021, FY21 tax revenues collections are \$3.938 billion or 14.9% more than the year-to-date benchmark. Additionally, Massachusetts has been awarded significant federal resources since the start of the COVID-19 pandemic, including Coronavirus Relief Fund dollars through the CARES Act which have helped reduce pressure on the operating budget.

"We are proud to offer this proposal to keep money in the hands of taxpayers and promote economic development amidst Massachusetts' recovery from the COVID-19 public health emergency," **said Secretary of Administration and Finance Michael J. Heffernan**. "These two sales tax-free months would be a great opportunity for consumers throughout local neighborhoods to help support small and Main Street businesses and grow our economy."

Tax revenues have continued to come in at higher-than-expected levels. Yesterday, the Department of Revenue certified to the Comptroller that a total of \$2.3 billion in capital gains tax revenue has so far been collected in FY21. This figure is \$947 million higher than the FY21 capital gains tax collections threshold, meaning that under state law, \$852 million is transferred to the Commonwealth's Stabilization Fund. Therefore, the Stabilization Fund balance will now stand at approximately \$4.4 billion, which is higher than it was at the beginning of the pandemic and nearly quadruple the balance when the Administration took office in 2015.

"A two month sales tax holiday is a smart, exciting, and progressive economic incentive that will benefit our small businesses and our consumers just when they need it," **said Retailers of Massachusetts Association President Jon Hurst**. "Consumers represent 70% of our economy, and it is important that we encourage them to invest in our Main Streets, small businesses and communities. And for our lower income families, this tax cut is all about temporarily suspending the most regressive tax on the books, just as their children are heading back to school. Retailers and small businesses across the Commonwealth thank the Baker-Polito Administration in proposing this important economic growth incentive, and urge the Legislature to pass it into law."

If enacted, this proposal would be an expansion of the annual sales tax-free weekend, which the Administration is today also officially designating as August 14-15. In 2018, Governor Baker [signed legislation \(/news/governor-baker-signs-grand-bargain-legislation\)](#) that makes the annual sales tax holiday permanent. The Department of Revenue today is designating August 14-15 as the sales tax holiday under [M.G.L. Chapter 64H, Section 6A \(https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIX/Chapter64H/Section6A\)](#).

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## Media Contact

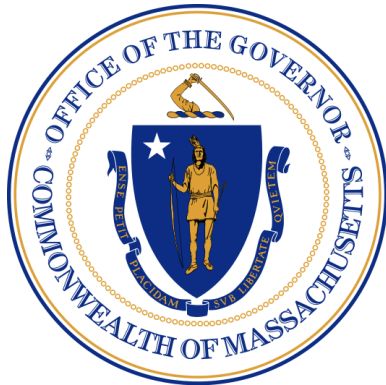
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### Office of Governor Charlie Baker and Lt. Governor Karyn Polito

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