

DRAFT—For Discussion Purposes

FY2026 Supplemental Budget Summary

H.5470 An Act making appropriations for the fiscal year 2026 to provide for supplementing certain existing appropriations and for certain other activities and projects

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On June 3 and 4th the House and Senate accepted a conference committee report finalizing H.5470, an FY26 Supplemental budget that includes \$1.4 billion in funding and numerous policy provisions. The Conference Committee released their report, including [outside section](#) and [line items](#) summaries, on June 3rd.

The bill includes provisions from H.5264 and H.5050, two FY26 Supplemental budgets filed by Governor Healey. H.5470 includes funding programs using surplus Fair Share surtax revenue from FY25 to right size the programming between education and transportation for FY27. This includes a total of \$1.1 billion in fair share funding and is split with 65% going to transportation and 35% going to education. There is also proposed funding for state programs such as DTA caseworkers to respond to the current budget challenges due to federal changes. Additionally, this bill includes policy provisions responding to federal tax and policy changes implemented through H.R. 1, the Big Beautiful Bill passed last July and ends the TNC fee sunset, ensuring that TNC fees are collected through FY27 and beyond.

What comes next: The bill is now on the Governor’s desk for her review. Priorities included in this supplemental budget accompany the proposed funding and programs in the FY27 budget, and in the PROTECT Act, both now in Conference Committee.

Priority Line Items:

General Fund:

4003-0124 Immigration Legal Assistance Fund.....	\$1 million
4400-1100 DTA Caseworkers	\$41 million
1599-6083 Federal Home Energy Assistance Program for winter heating	\$20 million
1595-2026 Affirming Health Care Trust Fund.....	\$3.5 million

Fair Share Funding:

Education:

1596-2604 Special education instruction & transportation.....	\$152 million
1596-2424 Green Schoolworks.....	\$25 million
1596-2626 Grant program for regionalization and shared services for school districts.....	\$16.5 million
1596-2624 Grant Program for shared services and regionalization of school districts.....	\$16.5 million
1596-2703 For grants to support civics education programs.....	\$2 million
1596-2603 Reserve for financial assistance to Massachusetts students.....	\$18 million
1596-2622 UMass financial assistance for medical students.....	\$10 million
1596-2704 Regional School Transportation	\$3 million
1596-2702 Income eligible Early Education and Care Programs.....	\$38 million

Transportation:

1596-2404 MBTA physical infrastructure	\$60 million
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1596-2405 Low-income reduced fare program under the MBTA.....	\$20 million
1596-2427 MBTA Workforce and Safety Reserve	\$50 million
1596-2505 Workforce and training initiatives at RTAs.....	\$25 million
1596-2506 Unpaved Road Program.....	\$3.5 million
1596-2520 RTA Capital Improvement Grants.....	\$20 million
1596-2521 Water transportation infrastructure.....	\$15 million
1596-2526 Capital microtransit initiatives and last mile transportation solutions.....	\$5 million
1596-2612 MBTA deficiency fund.....	\$450 million
1596-2626 Transfer for Snow and Winter Recovery Costs for municipalities.....	\$101 million

Outside Sections of Note:

Food Donation (Sections 10, 11, 18, 50): Allows non-profit and local food producers to donate products for a refundable tax credit. The credit would be available until 2029.

Sustainable Aviation Fuel (Sections 10, 12, 18, 20, 51): Establishes a tax credit for the purchase and use of sustainable aviation fuel that would be available until 2030. The base credit would be \$1.50/gallon with increases available based on GHG reductions.

Federal Tax Code Conformity (Sections 13, 14, 15-17, 37, 38, 45-47): This bill includes provisions that decouple Massachusetts tax code from new federal corporate tax provisions if they result in more than a \$20 million annual loss for the Commonwealth over a 3 year average. Additionally, the bill would disallow some of these corporate tax deductions if the income tax ballot measure passed in November 2026.

Building Materials Sales Tax Exemption (Section 22, 42, 49): Creates a new sales tax exemption for materials, tools, and fuel for developers building affordable, multifamily units approved by EOHLC that would expire in 2032.

Essex County Fire Chiefs Association Language Amendment (Section 31): Allows the Essex County Fire Chiefs Association to use existing funding for the permitting, engineering and construction of a fire training and emergency response coordination facility.

TNC Fee Sunset End (Sections 27, 28): Removes the sunset in 2027 that was set to expire the TNC fee so that municipalities will continue to receive revenue for rides that begin in their city or town.

Snow and Ice (Section 36): Allows municipalities to amortize debt for snow and ice removal in 2026 over fiscal years 2027 to 2029, inclusive, in equal installments or more rapidly.

Education and Transportation Fund Transfer (Section 40): Transfers \$150 million from the Education and Transportation Innovation Fund to the High-Quality Early Education and Care Affordability Fund for FY26.

DOR Review of Corporate Tax Breaks (Section 41): Directs the Department of Revenue, to make recommendations on decoupling from specific corporate federal tax deductions and credits in the commonwealth and evaluate impacts of on the loss of revenue to the commonwealth if the income tax ballot measure passes.