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MTF Bulletin

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MTF Position on Ballot Questions in 2026

Ballot Questions Not an Effective Response to Affordability and Fiscal Sustainability Challenges

In November, Massachusetts residents will vote on as many as 11 initiative petitions that would make major changes to state law. Three of those questions relate directly to the Commonwealth's economic and fiscal future:

- Implementation of mandatory rent control policy in all communities;
- Limitation of the state's annual cap on allowable tax collections; and
- Reduction of the state's base income tax rate from 5 percent to 4 percent.

These questions are intended to address critical issues that require action: affordability, competitiveness, and fiscal sustainability. However, the impacts of these proposals would be counterproductive; putting the fiscal and economic health of the Commonwealth and its residents in a worse position.

MTF opposes these ballot questions. Instead, we propose an alternative policy agenda to meaningfully address issues of affordability, competitiveness, and fiscal sustainability.

Ballot Questions in Summary

Rent Control

This proposed ballot question would require all communities to cap rent increases at the lesser of 5 percent or the Consumer Price Index. While the proposal is intended to improve housing affordability for renters, it would instead limit new housing production and development, increase costs, and hurt the overall economy.

MTF's [recent analysis](#) of barriers to housing production in the state found that:

- Over the last five years, Massachusetts ranked 47th in the nation in production of housing units; and
- In order for the state to meet its housing goals, new unit production has to increase by 50 percent over the 10 year average.

Statutorily limiting rent increases will make Massachusetts rental properties unattractive for investors and make new rental unit developments financially infeasible. Financing will flow to other areas that do not statutorily limit the ability to recoup development costs, worsening the housing shortage in Massachusetts and degrading the existing housing stock. Rent control should not be adopted because it will exacerbate housing shortages, drive up housing costs, and increase property taxes for homeowners.

Limitation on Tax Collections

This proposed question would make two changes to the state statute which establishes an upper limit on annual tax collections and returns excess collections to taxpayers as refunds. The proposal would base each year's collection cap on prior-year collections and would include surtax revenue in the process for determining when excess tax collections occur. MTF recently published an analysis of the proposal and its impacts.

MTF's [analysis](#) found that:

- The proposed cap would have reduced state deposits into the Stabilization Fund by \$4.6 billion had it been in place over the last decade; and
- Following the Great Recession, the proposed change would have artificially limited tax collection in FY 2011 growth to 0.4 percent, \$2 billion short of actual collections in FY 2008.

Severely limiting the state's ability to rebound from recessions would prolong negative economic shocks. The timing of the certification of tax collections means that the proposed change would not effectively constrain annual budget spending in the budget development process, while it would reduce Stabilization Fund deposits. For these reasons, this proposal should not be adopted.

Income Tax Reduction

This proposed question would reduce the state's base income tax rate from 5 percent to 4 percent over a three-year period. MTF recently published an analysis of the proposal and its impacts.

MTF's [analysis](#) found that:

- The proposal would reduce state income tax revenues by \$5.4 billion when fully implemented;
- Tax savings from the question would vary widely depending on income, from about \$400 dollars per year for a lower-wage family to \$11,000 for a family at the income tax surtax threshold of \$1.1 million;
- The change would have little effect on the state's ranking for top marginal tax rate, moving from 44th in the nation to 43rd; and
- During prior periods of revenue loss, the state response was consistent:
 - Using about two-thirds of the state's Stabilization Fund to mitigate revenue loss;
 - Implementing several years of budget cuts with a focus on large discretionary spending areas like local aid and public higher education; and
 - Increasing other taxes and fees.

Managing the impacts of a tax cut of this scale would be challenging at any time, but implementing these reductions just as major federal cuts to health care and other domestic programs are set to begin makes the fiscal impacts of this proposal doubly problematic. At the same time, the global economic climate is more turbulent than at any point since the Great Recession.

The disruptive public finance and policy impacts of this tax cut, combined with a shifting state/federal partnership, and a growing risk of recession make this proposal a bad idea for the Commonwealth's fiscal and economic future.

Putting Forward a Constructive Alternative

Massachusetts can act on meaningful policies that address affordability and competitiveness, while also improving the state's fiscal sustainability without the negative economic and public finance impacts of the three proposed ballot questions. MTF proposes a four-part policy agenda, built on our research and analysis:

1. *Unemployment Insurance*

[MTF has put forward a UI reform framework](#) that will save the system and employers billions of dollars over the next 10 years, while maintaining nation-leading benefits.

2. *Estate Tax*

Massachusetts is one of only 12 states that has an estate tax and applies that tax more broadly than in all but two other states. The tax has been [long identified by MTF](#) as a driver for outmigration. Phasing out the tax over time will bring Massachusetts in-line with peer states and reduce incentives for high-wealth individuals and small business owners to leave the state.

3. *Housing and Childcare Affordability*

The outmigration of early career professionals – ages 25 to 44 – is a threat to our current workforce and future economy. Unaffordable housing and childcare in Massachusetts are particularly problematic for this population. Creating housing [Momentum Zones in Massachusetts](#), incentivizing local zoning reform, increasing the child tax credit and upping support for the state's [childcare C3 grant program](#) are necessary elements of a retention strategy for this population.

4. *Sustainable State Spending*

State budget spending trends have been at elevated levels for the last 6 years, outpacing revenue growth and in excess of historic levels. Reducing spending growth is essential for a sustainable fiscal future. In order to create downward pressure on spending, the state should incorporate a spending growth limit into the Consensus Revenue process and provide the state's largest program, MassHealth, with tools to manage spending so that it does not exceed initial budget appropriation.

These specific policies will reduce costs for businesses and residents, improve tax competitiveness, address affordability pressures for young families, and create a more sustainable state budget. They speak to the issues that motivate ballot questions with a focus on the state's long-term economic and fiscal health.

Bottom Line

MTF has consistently opposed initiative petitions, including the income surtax and the elimination of the statewide graduation requirement, because the solutions offered to real policy problems are often oversimplified and introduce unintended consequences that harm the state's economic and fiscal future. Each of these ballot initiatives illustrates the downside of using an initiative petition process that eliminates any ability for deliberation and adjustment to tackle important policy problems.

MTF opposes the three ballot questions summarized in the brief and instead proposes a four-part policy agenda for the Commonwealth designed to provide real cost relief to residents and businesses, improve the state's competitive standing, and bring the state budget in long-term balance.