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The Twilight Zone? Mass. House Budget Proposal Eliminates New Taxes Proposed by Gov. Baker

BY ANTHONY J. DRAGGA • MAY 7, 2019

It's that time of year again — budget season in Massachusetts!

Following Governor Charlie Baker's [budget proposal](#) for FY 2020 in January, the Massachusetts House of Representatives reported its own version of a \$42.7 billion [budget](#) in April, and the Senate expects to release its version of the spending plan this month. In a somewhat surprising turn of events, the House eliminated many of the taxes proposed under Governor Baker's proposed budget.

So where do we stand now?

In his proposed budget, Governor Baker included \$35 million in estimated revenue from legalized sports gambling. In January, the Governor filed legislation to allow the state's three casino operators to offer both on-site and online betting. The legislation would also permit other online entities, such as daily fantasy sports operators, to take bets on professional sports.

However, Democratic leaders responded to Baker's legislation with an order prohibiting introduction of any amendments related to sports betting or online lottery sales during the upcoming budget debate. Accordingly, we can expect more deliberation before the introduction of fully legalized sports betting in Massachusetts.

The Governor also proposed targeted taxes in his spending plan, including an excise tax on e-cigarettes and vaping products and a 15 percent excise tax on manufacturers of opioid medications. Both new taxes were left out of the House budget proposal.

Both proposals adopt taking in \$42 million in estimated revenue by extending the sales tax to online retailers who do more than \$100,000 in sales in the Commonwealth. This comes on the heels of a 2018 U.S. Supreme Court ruling that allows states to collect sales tax from online retailers, even if the retailer does not have a physical presence in the state.

We will now wait to see how the spending plan is received by the Senate this month before negotiations between the branches of government begin. Stay tuned!