CAPE ANN INDIVISIBLE
State-Federal Legislative Team

QUESTION 5

TAX REFUNDS—AND WHAT MASSACHUSETTS WOULD GIVE UP TO PAY FOR THEM

Nov. 2026 Ballot Question 5 can sound pretty appealing. Who wouldn't like getting a tax refund?

But every dollar the state refunds is also a dollar it no longer has for schools, roads and bridges, health care, housing, public transportation, local aid and other services Massachusetts residents rely on.

That's why it's important to understand what Question 5 would actually change.

WHAT DOES QUESTION 5 ASK?

Massachusetts already has a taxpayer refund law. In 1986, voters approved Chapter 62F, which limits how much state tax revenue Massachusetts may collect, adjusted over time based on growth in wages and salaries. When revenues exceed the limit, the excess must be returned to taxpayers. In roughly 40 years, Chapter 62F has triggered refunds twice.

Question 5 would not create this taxpayer protection. It would change the formula used to determine when refunds are triggered.

Under current law, each year's revenue limit generally builds on the previous year's limit. Question 5 would instead generally start with what the state actually collected the previous year and adjust that amount for growth in wages and salaries.

That change could have significant consequences. If revenues fall during a weak year, the next year's limit would begin from that lower amount—making it easier for recovering revenues to reach the limit and trigger refunds.

Question 5 would also bring revenue from the state's 4% surtax on high incomes—the Fair Share Amendment—into the Chapter 62F calculation. That surtax provides additional funding for education and transportation.

Tufts University's Center for State Policy Analysis estimates that Question 5 would trigger refunds **2–4 times as often** and return **2–7 times as much money**, reducing available state revenue by an amount comparable to roughly a **0.15–0.2 percentage-point income-tax cut.**

So the question is not simply whether taxpayers might receive more money. It is whether Massachusetts should change the formula in a way that could produce substantially more frequent and larger automatic refunds.

A YES VOTE / A NO VOTE

YES changes the Chapter 62F formula, potentially triggering more frequent and larger refunds and leaving less state revenue available for other purposes.

NO keeps the current Chapter 62F formula. Taxpayer protections remain in place, and excess revenue continues to be returned when the existing formula requires it.

Imagine Massachusetts has a bad financial year. The economy slows and tax collections fall. The following year, the economy begins to recover and revenues rise again.

Under Question 5, the lower collections from the bad year would generally become the starting point for calculating the next year's revenue limit. As revenues rebound, the state could reach that lower limit more quickly and trigger a refund.

But recovering from a bad year isn't necessarily the same thing as having money to spare.

Think of a family whose income drops one year and recovers the next. The rebound doesn't necessarily mean the family suddenly has "extra" money. It may need to catch up on bills, rebuild savings or prepare for the next emergency.

State finances are more complicated than a household budget, but the basic point is similar: rapid growth after a downturn can reflect recovery—not unusually strong finances**.** That distinction helps explain the central disagreement over Question 5.

WHO PROPOSED QUESTION 5?

The initiative petition was filed by Christopher Anderson, president of the Massachusetts High Technology Council.

Supporters argue that Chapter 62F has triggered too rarely and that Question 5 would strengthen the taxpayer protections voters intended in 1986.

Opponents argue that the proposed formula could trigger refunds during periods of financial recovery, reducing the revenue Massachusetts has available to address public needs.

WHAT WOULD TAXPAYERS GET?

When Chapter 62F triggers, excess revenue is returned to eligible taxpayers. Under current law, the amount is generally divided equally among eligible taxpayers, with a married couple filing jointly counted as two taxpayers.

Question 5 could make those refunds substantially more frequent and larger.

That is the potential benefit to taxpayers.

WHAT HAPPENS TO THE MONEY THAT IS REFUNDED?

Once revenue is returned, it is no longer available for other state purposes.

State revenue supports schools and public colleges; roads, bridges and public transportation; health and human services; housing; aid to cities and towns; public safety; and reserves for future downturns and emergencies.

Question 5 does not require any particular program to be cut. But substantially larger or more frequent refunds would leave future governors and legislators with less revenue available to meet these and other priorities.

That brings the choice into sharper focus: **the same dollars cannot be both refunded and used to meet public needs.**

Massachusetts is facing significant fiscal pressures, including reductions in federal support for programs such as health care and food assistance. That could require the Commonwealth to use more of its own resources simply to maintain existing services.

Question 5 therefore asks voters to make a consequential choice about how Massachusetts handles revenue—not only when state finances are strong, but potentially when the Commonwealth is recovering from weaker economic conditions.

WHY CAPE ANN INDIVISIBLE RECOMMENDS A NO VOTE

After reviewing the proposal and available independent research, Cape Ann Indivisible recommends a **NO vote on Question 5.**

Our concern is not with Chapter 62F's existing taxpayer protection. That protection already exists—and a NO vote would leave it in place.

Our concern is with changing the formula in a way that could trigger substantially more frequent and larger refunds, reducing revenue available to Massachusetts even when the Commonwealth is confronting serious budget demands or recovering from an economic downturn.

BEFORE VOTING, WEIGH THE FULL CHOICE

Question 5 could put more money back in taxpayers' pockets.

It could also leave Massachusetts with less revenue for schools, health care, roads and bridges, public transportation, housing, higher education, local aid, services for seniors, children and families—and reserves for the next downturn.

The choice is not between tax refunds and no taxpayer protection. Chapter 62F already provides that protection.

The choice is whether to change the formula governing that protection in a way that could make refunds substantially more frequent and larger—and whether the benefits of doing so outweigh what Massachusetts could give up.

SOURCES

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Massachusetts General Laws, Chapter 62F

Massachusetts Budget and Policy Center (MassBudget)
Analysis of Chapter 62F and the Massachusetts budget