

January 7, 2022

The Honorable Adam Hinds  
Joint Committee on Revenue  
State House, Room 109-E  
Boston, MA 02133

The Honorable Mark Cusack  
Joint Committee on Revenue  
State House, Room 34  
Boston, MA 02133

Dear Honorable Chairs and Committee Members,

The Massachusetts Society of CPAs (MassCPAs) is a membership association of more than 11,000 professionals in Massachusetts. Our membership reflects the broad spectrum of accounting professionals, including the large, global accounting firms, sole practitioners and Certified Public Accountants (CPAs) employed in business and industry. Today I'm writing on their behalf in support of **House bill 2881, An Act relative to the Massachusetts estate tax code.**

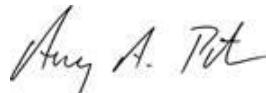
There are twelve states, plus Washington, D.C., with estate tax codes of which Massachusetts currently employs the lowest exemption level at \$1 million and taxes the entire estate rather than assets over the first \$1 million. **House bill 2881** changes, among others, the tax threshold to an exclusion system and sets the basic exclusion amount, indexed with inflation each year, to \$2.75million per person, where only the value of the estate above a basic exclusion amount is taxed, not the entire estate. Due to the increasingly strong housing market, more taxpayers throughout Massachusetts will meet the \$1 million threshold based simply on the amount of equity in their home and will be adversely impacted by this outdated exemption threshold.

**House bill 2881** streamlines and modernizes taxation by reducing the number of tax rates from ten to four, ranging from 10%-13% determined by the value of the estate. This bill also mirrors the federal forgiveness clause, which, in the event one dies without proper planning, allows the living spouse the ability to apply for the unused exclusion amount. The current code punishes those who may not understand the importance of proper planning or the tax consequences that follow them even after their death.

The low estate tax threshold exacerbated by the possibility of a new 4% surtax on taxable income of over \$1 million, a state in which is expensive to live and work, along with the newly proven reality of the capabilities of a productive and cost-effective remote workforce only reinforces the importance to act on this legislation with haste. Our members are trusted tax and financial advisors to each of their clients who are obligated to advise their clients to do what is best for their financial wellbeing; advice that includes suggesting moving out of Massachusetts to abutting competitive states like New Hampshire or others, which do not have estate, income, or sales taxes, and do not pose such financial risk. Furthermore, individuals with wealth, particularly those retired or at retirement age, are also more likely to move out of Massachusetts, bringing with them their estate tax as well as decades-worth of income, capital gains, excise, property, and sales taxes.

On behalf of our membership and the accounting profession in Massachusetts, thank you for allowing me the opportunity to voice my support for **House bill 2881, An Act relative to the Massachusetts estate tax code.** If you or your staffs have any questions or need more information, please do not hesitate to contact our Senior Director of Advocacy, Zach Donah at [zdonah@mscpaonline.org](mailto:zdonah@mscpaonline.org).

Sincerely,



Amy A. Pitter  
President & CEO