Massachusetts

#45

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
45 ▼ 1	32 ▲ 1	43 –	24 –	48 –	46 ▼ 1

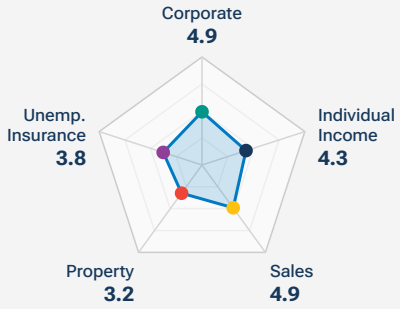
Massachusetts ranks among the bottom 10 states on the *Index* due to its overly burdensome individual income taxes, property taxes, and UI taxes. In 2022, Massachusetts voters amended the state constitution to impose an additional 4 percent surtax on income greater than $1 million (adjusted for inflation), dismantling the state's formerly competitive flat income tax and making Massachusetts less attractive for productive households and businesses. The Commonwealth is also an outlier in imposing a separate payroll tax for non-UI purposes.

Additionally, Massachusetts' so-called corporate excise tax, which has a capital stock base component, imposes high burdens on businesses with large amounts of capital in Massachusetts and includes a throwback rule that exposes Massachusetts' businesses to high tax burdens when they sell tangible property into states with which they do not have nexus. Furthermore, the state does not offer first-year expensing, discouraging in-state investment. Massachusetts also has an overly burdensome UI tax, with high rates, a solvency tax and surtax, and a lengthy experience rating qualifying period.

In addition to its hefty income tax burdens, especially for businesses, Massachusetts' property taxes are among the highest in the nation, and the base includes some business inventory, though a levy limit, conventionally called Proposition 2 ½, does help reduce the further growth of property taxes. The state taxes commercial property more heavily than residential property, adding to businesses' tax burdens. Additionally, Massachusetts levies both an estate tax and a real estate transfer tax.

Component scores

out of 10



Massachusetts and its neighbors

Overall rank, 2027 Index, with change from 2026

New Hampshire	#6	–
Rhode Island	#39	▲ 1
Vermont	#42	▼ 1
Massachusetts	**#45**	▼ 1
Connecticut	#46	▲ 1
New York	#50	–