

HOUSE No. 2540

The Commonwealth of Massachusetts

PRESENTED BY:
Jay R. Kaufman

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act relative to the tax expenditure budget.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Jay R. Kaufman</i>	<i>15th Middlesex</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>
<i>James B. Eldridge</i>	<input type="checkbox"/> <i>[District]</i>
	<input type="checkbox"/>
<i>Alice K. Wolf</i>	<i>25th Middlesex</i>
<i>Stephen Kulik</i>	<i>1st Franklin</i>
<i>Elizabeth A. Malia</i>	<i>11th Suffolk</i>
<i>Denise Andrews</i>	<i>2nd Franklin</i>

HOUSE No. 2540

By Mr. Kaufman of Lexington, a petition (accompanied by bill, House, No. 2540) of Jay R. Kaufman and others for the establishment of a standing commission (including members of the General Court) to review and evaluate all tax expenditures. Revenue.

The Commonwealth of Massachusetts

An Act relative to the tax expenditure budget.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1: Section 5B of Chapter 29 of the General Laws is hereby amended by
2 inserting after the fifth paragraph the following:

3 Notwithstanding any general law to the contrary there shall be established a standing
4 commission that shall review and evaluate all tax expenditures, as defined in Section 1 of
5 Chapter 29 of the General Laws, and make recommendations to the General Court on the
6 effectiveness, timeliness, and cost benefit analysis of said tax expenditures.

7 The commission shall be comprised of the Secretary of Administration and Finance or
8 his or her designee, the Speaker of the House or his or her designee, the Senate President or his
9 or her designee, the Chair of the House Ways and Means Committee or his or her designee, the
10 Chair of the Senate Ways and Means Committee or his or her designee, the House and Senate
11 chairs of the Joint Committee on Revenue or his or her designee, the House minority leader or
12 his or her designee, and the Senate minority leader or his or her designee.

13 The commission shall conduct its evaluation and report findings to the General Court
14 by December 31 of each year as part of an ongoing 3 year cycle beginning with a review of tax
15 expenditures under Chapter 64H in year 1, Chapter 62 in year 2 and Chapter 63 in year 3,
16 beginning on or before January 1, 2012.

17 SECTION 2: Chapter 62 of the General Laws is hereby amended by inserting a new
18 section after Section 64 with the following:

19 (a) Tax expenditures, as defined by Section 1 of Chapter 29 of the General Laws,
20 created by this chapter on or after January 1, 2011, shall include the following criteria upon
21 passage:

22 (1) Stated public policy objective for said tax expenditure including, but not limited
23 to, the intended impact of the expenditure with estimates of both the cost and benefit to the
24 Commonwealth

25 (2) Metrics the tax expenditure shall meet by the date referenced in paragraph (3) of
26 this section

27 (3) Date by which the legislature shall review the tax expenditure to determine its
28 effectiveness and its cost and benefit to the Commonwealth

29 (4) An evaluation that considers whether or not a sunset or clawback provision should
30 be applied

31 (b) Any future expenditure must be matched by the repeal of one or more existing
32 expenditures under Chapter 62 that constitutes a cost to the Commonwealth as determined by the
33 annual tax expenditure estimates required by Section 5B of Chapter 29 of the General Laws that
34 is equal to or exceeds the newly created tax expenditure. For any unmatched elimination or
35 reduction of expenditure under Chapter 62, the legislature shall consider a corresponding
36 reduction in the rate, as defined by subsection (b) of Section 4 of Chapter 62.

37 SECTION 3: Chapter 63 of the General Laws is hereby amended by inserting a new
38 section after Section 81 with the following:

39 (a) Tax expenditures, as defined by Section 1 of Chapter 29 of the General Laws, created
40 by this chapter on or after January 1, 2011, shall include the following criteria upon passage:

41 (1) Stated public policy objective for said tax expenditure including, but not limited
42 to, the intended impact of the expenditure with estimates of both the cost and benefit to the
43 Commonwealth

44 (2) Metrics the tax expenditure shall meet by the date referenced in paragraph (3) of
45 this section

46 (3) Date by which the legislature shall review the tax expenditure to determine its
47 effectiveness and its cost and benefit to the Commonwealth

48 (4) An evaluation that considers whether or not a sunset or clawback provision should
49 be applied

50 (b) Any future expenditure must be matched by the repeal of one or more existing
51 expenditures under Chapter 63 that constitutes a cost to the Commonwealth as determined by the
52 annual tax expenditure estimates required by Section 5B of Chapter 29 of the General Laws that
53 is equal to or exceeds the newly created tax expenditure. For any unmatched elimination or
54 reduction of an expenditure under Chapter 63, the legislature shall consider a corresponding
55 reduction in the rate, as defined by subsection (b) of Section 2 of Chapter 63.

56 SECTION 4: Chapter 64H of the General Laws is hereby amended by inserting a new
57 section after Section 33 with the following:

58 (a) Tax expenditures, as defined by Section 1 of Chapter 29 of the General Laws,
59 created by this chapter on or after January 1, 2011, shall include the following criteria upon
60 passage:

61 (1) Stated public policy objective for said tax expenditure including, but not limited
62 to, the intended impact of the expenditure with estimates of both the cost and benefit to the
63 Commonwealth

64 (2) Metrics the tax expenditure shall meet by the date referenced in paragraph (3) of
65 this section

66 (3) Date by which the legislature shall review the tax expenditure to determine its
67 effectiveness and its cost and benefit to the Commonwealth

68 (4) An evaluation that considers whether or not a sunset or clawback provision should
69 be applied

70 (b) Any future expenditure must be matched by the repeal of one or more existing
71 expenditures under Chapter 64H that constitutes a cost to the Commonwealth as determined by
72 the annual tax expenditure estimates required by Section 5B of Chapter 29 of the General Laws
73 that is equal to or exceeds the newly created tax expenditure. For any unmatched elimination or
74 reduction of an expenditure under Chapter 64H, the legislature shall consider a corresponding
75 reduction in the rate, as defined by Section 2 of Chapter 64H.

76 SECTION 5: Subsection (b)(4) of Section 14C of Chapter 7 of the General Laws is
77 hereby amended by adding the following “(v) information required by Section 5B of Chapter 29
78 of the General Laws;”

79 SECTION 6: The sections of this bill shall take effect on January 1, 2012.