

HOUSE No. 02540

The Commonwealth of Massachusetts

PRESENTED BY:

Jay 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 bill:

An Act relative to the tax expenditure budget.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Jay Kaufman</i>	<i>15th Middlesex</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<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. 02540

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

In the Year Two Thousand Eleven

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 inserting
2 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 his or
8 her designee, the Speaker of the House or his or her designee, the Senate President or his or her
9 designee, the Chair of the House Ways and Means Committee or his or her designee, the Chair
10 of the Senate Ways and Means Committee or his or her designee, the House and Senate chairs of

11 the Joint Committee on Revenue or his or her designee, the House minority leader or his or her
12 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 by
14 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 section
18 after Section 64 with the following:

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

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

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

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

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

30 (b) Any future expenditure must be matched by the repeal of one or more existing expenditures
31 under Chapter 62 that constitutes a cost to the Commonwealth as determined by the annual tax

32 expenditure estimates required by Section 5B of Chapter 29 of the General Laws that is equal to
33 or exceeds the newly created tax expenditure. For any unmatched elimination or reduction of
34 expenditure under Chapter 62, the legislature shall consider a corresponding reduction in the
35 rate, as defined by subsection (b) of Section 4 of Chapter 62.

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

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

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

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

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

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

49 (b) Any future expenditure must be matched by the repeal of one or more existing
50 expenditures under Chapter 63 that constitutes a cost to the Commonwealth as determined by the
51 annual tax expenditure estimates required by Section 5B of Chapter 29 of the General Laws that
52 is equal to or exceeds the newly created tax expenditure. For any unmatched elimination or

53 reduction of an expenditure under Chapter 63, the legislature shall consider a corresponding
54 reduction in the rate, as defined by subsection (b) of Section 2 of Chapter 63.

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

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

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

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

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

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

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

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

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