

SENATE No. 1265

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act Establishing Biannual Tax Incidence Reports..

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. Chapter 14 of the General Laws is hereby amended by adding the following
2 section:-

3 Section 12. The commissioners of revenue shall report to the general court by March 1
4 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes,
5 and property tax. The report shall present information on the distribution of the tax burden (1)
6 for the overall income distribution, using a system wide incidence measure such as the Suits
7 index or other appropriate measures of equality and inequality, (2) by income classes, including
8 at a minimum deciles of the income distribution , and (3 by other appropriate taxpayer
9 characteristics.

10 At the request of the chairs of the joint committee on taxation, the commissioner shall
11 prepare an incidence impact analysis of a bill or a proposal to change the tax system which
12 increases, decreases, or redistributes taxes by more than \$20,000,000. To the extent data is
13 available on the changes in the distribution of the tax burden that are affected by the bill or
14 proposal, the analysis shall report on the incidence effects that would result if the bill were

15 enacted. The report may present information using system wide measures, such as Suits or other
16 similar indexes, by income classes, taxpayer characteristics, or other relevant categories. The
17 report may include analyses of the effect of the bill or proposal on representative taxpayers. The
18 analysis must include a statement of the incidence assumptions that were used in computing the
19 burdens.

20 The incident analysis shall use the broadest measure of economic income for which
21 reliable data is available.