

**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 adoption of the accompanying bill:

An Act relative to the tax expenditure budget.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Jay R. Kaufman</i>	<i>15th Middlesex</i>	<i>1/21/2011</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>	<i>1/28/2011</i>
<i>James B. Eldridge</i>		<i>2/3/2011</i>
<i>Alice K. Wolf</i>	<i>25th Middlesex</i>	<i>2/3/2011</i>
<i>Stephen Kulik</i>	<i>1st Franklin</i>	<i>2/3/2011</i>
<i>Elizabeth A. Malia</i>	<i>11th Suffolk</i>	<i>2/3/2011</i>
<i>Denise Andrews</i>	<i>2nd Franklin</i>	<i>2/4/2011</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**

**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  
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.