

**HOUSE . . . . . No.**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Solomon Goldstein-Rose*

*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 lowering the sales tax while protecting state revenue.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Solomon Goldstein-Rose</i>	<i>3rd Hampshire</i>	<i>3/27/2018</i>

**HOUSE . . . . . No.**

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By Mr. Goldstein-Rose of Amherst, a petition (subject to Joint Rule 12) of Solomon Goldstein-Rose that the commissioner of Energy Resources and the commissioner of Revenue be authorized to ensure that carbon pollution prices are charged on all sales of petroleum. Revenue.

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The Commonwealth of Massachusetts

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**In the One Hundred and Ninetieth General Court  
(2017-2018)**  
\_\_\_\_\_

An Act relative to lowering the sales tax while protecting state revenue.

*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 11 of the General Laws, as so appearing, is hereby amended by  
2 inserting after section 12 the following section:-

3 11:12A Audits of heating oil retailers to administer carbon pollution price

4 Section 12A. Every retailer of building heating oil that serves customers in  
5 Massachusetts shall be required to keep auditable records of every retail sale made in  
6 Massachusetts. Such records shall be regularly audited, and funds from the Carbon Pollution  
7 Price Fund shall be available to cover the expenses of such audits, within the 2 per cent  
8 administrative cost allowed under section 2WWW of chapter 29. Such records shall be  
9 available to the commissioner of energy resources and the commissioner of revenue to ensure  
10 that the carbon pollution price is charged on all petroleum fuel that is to be sold to consumers in  
11 Massachusetts, including sales made by companies based outside of Massachusetts, and not on

12 fuel that is sold at wholesale in Massachusetts but will be sold at retail outside Massachusetts and  
13 will not be consumed in Massachusetts.

14 SECTION 2. Chapter 14 of the General Laws, as so appearing, is hereby amended by  
15 inserting after section 3A the following sections:-

16 14:3B Definitions

17 Section 3B. The following phrases shall have the following meanings for the purposes of  
18 section 3C of this chapter –

19 “Carbon dioxide equivalent” (“CO<sub>2</sub>e”), a unit of measure denoting the equivalent mass  
20 of carbon dioxide that produces the same amount of global warming impact as a certain mass of  
21 any greenhouse gas over 10 years, as found by the Energy Information Administration of the  
22 United States Department of Energy.

23 “Employer”, any person, state agency, legal business, whether for profit or not for profit,  
24 or local governmental body that is located in Massachusetts and employs Massachusetts  
25 residents.

26 “Fossil fuel” coal, natural gas, or any petroleum product intended to be burned for  
27 electricity generation, heating, or transportation.

28 “Resident”, as defined in section 1 of chapter 62.

29 14:3C Carbon pollution pricing

30 Section 3C. (a) To correct the negative externality of carbon pollution, the commissioner  
31 shall collect a price at the first point of sale within the commonwealth on all fossil fuels that are

32 to be used for heating or transportation, except sales at wholesale to public transit agencies, at the  
33 rate specified in accordance with this section.

34 (b) The commissioner shall add an amount to the carbon pollution price for natural gas  
35 based on the estimate provided by the commissioner of energy resources in accordance with  
36 subsection (d) of section 13A of chapter 25A.

37 (c) No fuel that substitutes for fossil fuels priced under this section, but is artificially  
38 created by sequestering carbon dioxide from the atmosphere, shall be subject to the price under  
39 this section.

40 (d) The price assessed on a given amount of fossil fuel shall be the number of metric tons  
41 of CO<sub>2</sub>e that would be released if that amount of fossil fuel were burned, excluding any carbon  
42 dioxide that is to be permanently sequestered, times the carbon price rate. The carbon price rate  
43 shall be \$25 per metric ton from January 1, 2019 through June 30, 2019 and during the entirety  
44 of fiscal year 2020. Every fiscal year thereafter, the rate shall be an amount equal to the previous  
45 fiscal year's rate adjusted for inflation plus an amount that, adjusted for inflation, would be equal  
46 to \$15 in 2016. In any year in which the U.S. Federal government charges a similar price on  
47 fossil fuels, unless the Federal price varies by state to account for state prices, the Massachusetts  
48 rate shall be reduced by an amount equal to the Federal rate, provided however that the  
49 Massachusetts rate may not be less than zero.

50 (e) All money collected pursuant to this section shall be deposited in the Carbon Pollution  
51 Price Fund established in section 2WWW of chapter 29.

52 (f) The commissioner shall estimate each fiscal year quarter how much additional  
53 revenue the commonwealth would lose if the sales tax rate were reduced by an additional 1

54 percentage point, except while the sales tax rate is 6.25 per cent the commissioner shall estimate  
55 instead how much revenue would be lost if the rate were reduced by 1.25 percentage points. If  
56 Section 2 of chapter 64H is no longer in effect, this estimate shall not be required.

57 SECTION 3. Chapter 23J of the General Laws is hereby amended by inserting after  
58 section 12, as appearing in the 2014 Official Edition, the following section:-

59 23J:13 Clean energy investments to mitigate regressivity

60 Section 13. (a) The center shall use excess revenue from the carbon pollution price  
61 charged in accordance with section 3C of chapter 14, after disbursements into the General Fund  
62 required by section 2WWW of chapter 29, to make investments that mitigate regressive effects  
63 of higher energy prices.

64 (b) The center may give dividends to some or all commonwealth residents and  
65 employers; may carry out clean energy projects, including heating efficiency or public transit  
66 projects, targeted to benefit low-income families and communities; may carry out or support  
67 coordinated clean energy technology development or demonstration projects in a way that will  
68 benefit low-income communities; or may implement any combination of such; provided that  
69 such expenditures shall in aggregate mitigate regressive effects of higher energy prices due to the  
70 carbon pollution price charged pursuant to section 3C of chapter 14.

71 (c) Any dividend checks sent pursuant to this section shall not be considered income for  
72 purposes of chapter 62 or chapter 63.

73 (d) The center may create one or more programs to provide re-employment and/or  
74 retraining to any workers who are presumed to have lost their jobs directly as a result of the  
75 carbon pollution price.

76 (e) The center may identify companies in the commonwealth which pay a significant  
77 portion of their expenses on additional energy costs due to the carbon pollution price, and for  
78 which at least 80 per cent of their sales revenue is from sales to companies or individuals outside  
79 Massachusetts, and which the center finds would not remain competitive because their product is  
80 not subject to the Massachusetts sales tax which is to be proportionally reduced as the carbon  
81 pollution price is implemented. The center may provide competitiveness dividends to such  
82 companies in an amount determined appropriate by the center.

83 (f) The center may create a program to accept applications for and pay carbon credits to  
84 any entity which captures and permanently sequesters atmospheric carbon dioxide, including  
85 through sustainable agriculture or direct atmospheric carbon capture systems.

86 (g) The center shall adopt any rules and regulations necessary or expedient to carry out  
87 the purposes of this section.

88 SECTION 4. Section 3 of chapter 25A of the Massachusetts General Laws, as appearing  
89 in the 2012 Official Edition, is hereby amended by inserting the following definitions: —

90 “Carbon dioxide equivalent” (“CO<sub>2</sub>e”), a unit of measure denoting the equivalent mass  
91 of carbon dioxide that produces the same amount of global warming impact as a certain mass of  
92 any greenhouse gas over 10 years, as found by the Energy Information Administration of the  
93 United States Department of Energy.

94 “Employer”, any person, state agency, legal business, whether for profit or not for profit,  
95 or local governmental body that is located in Massachusetts and employs Massachusetts  
96 residents.

97 “Fossil fuel” coal, natural gas, or any petroleum product intended to be burned for  
98 electricity generation, heating, or transportation.

99 “Resident”, as defined in section 1 of chapter 62.

100 SECTION 5. Chapter 25A of the General Laws, as so appearing, is hereby amended by  
101 inserting after section 13 the following section:-

102 25A:13A Carbon pollution pricing

103 Section 13A. (a) The commissioner shall provide the commissioner of revenue with  
104 sufficient information to collect the carbon pollution price in accordance with section 3C of  
105 chapter 14.

106 (b) Any entity which is the first seller within the commonwealth of petroleum products  
107 to be consumed within the commonwealth shall pay the carbon pollution price on a quarterly  
108 basis to account for the sale of those petroleum products that are being sold for the first time  
109 within the commonwealth. The commissioner shall identify all such entities which make the first  
110 sale, whether at wholesale or retail, of petroleum products within the commonwealth and provide  
111 such information to the commissioner of energy resources. Where possible, the price shall be  
112 charged at petroleum terminals or sales off a petroleum pipeline, but the commissioner shall  
113 track all heating and transportation fuels entering the commonwealth for consumption in the

114 commonwealth and shall also identify gasoline, heating oil, or other fuel retailers to pay the price  
115 on behalf of their retail sales for any fuel that has not yet had the price charged.

116 (c) Any local distribution company for natural gas shall pay the price quarterly on behalf  
117 of all of its distribution customers. The commissioner shall identify all other entities which sell  
118 natural gas for consumption within Massachusetts, excluding natural gas used for electricity  
119 generation, and provide a list to the commissioner of revenue. Each local distribution company  
120 for natural gas shall recover the costs of the carbon pollution price through its rate base as part of  
121 the supply line on each customer's bill.

122 (d) The commissioner shall estimate the amount of CO<sub>2</sub>e released in the form of escaped  
123 methane due to the extraction, transport, or distribution of natural gas before the point of  
124 consumption in Massachusetts, whether or not such methane escapes within Massachusetts, and  
125 the commissioner of revenue shall add an additional charge commensurate with that estimate to  
126 the base price for all natural gas, based on the CO<sub>2</sub>e carbon pollution price rate.

127 (e) The department of energy resources shall adopt any rules and regulations necessary or  
128 expedient to carry out the functions of this section.

129 SECTION 6. Chapter 29 of the General Laws is hereby amended by inserting after  
130 section 2VVVV, inserted by section 41 of chapter 133 of the acts of 2016, the following section:-

131 Section 2WWWW.

132 (a) There shall be a Carbon Pollution Price Fund to be administered by the Department of  
133 Revenue and the Massachusetts Clean Energy Technology Center to consist of: (i) money  
134 collected pursuant to section 3C of chapter 14; (ii) revenue from appropriations or other monies



135 authorized by the general court and specifically designated to be credited to the fund; (iii)  
136 interest earned on such revenues (iv) funds from public or private sources, including, but not  
137 limited to, gifts, grants, and donations. Any monies remaining in the fund at the end of a fiscal  
138 year shall not revert to the General Fund. Money in the fund shall be available without  
139 appropriation for the purposes provided for in this section.

140 (b) Each fiscal year quarter the commissioner of energy resources in consultation with the  
141 commissioner of revenue shall estimate how much revenue is expected to be collected from the  
142 carbon pollution price during the coming 12 months.

143 (c) Each year the commissioner of revenue shall estimate the amount of revenue the  
144 commonwealth would have collected that year if all other factors were the same and if the sales  
145 tax rate were 6.25 per cent, and shall publish that number along with actual commonwealth  
146 revenue collected or expected to be collected from the sales tax, if any. The difference in the two  
147 numbers shall be known as the “sales tax loss amount.” An amount of money equal to the sales  
148 tax loss amount shall be deposited each year, in periodic installments, from the Carbon Pollution  
149 Price Fund into the General Fund and as required into any other funds that under the general  
150 laws are guaranteed a certain amount of revenue from the sales tax.

151 (d) Up to 2 per cent of money deposited into the Carbon Pollution Price Fund each year  
152 shall be available to the Department of Revenue, the Department of Energy Resources, the  
153 Department of the State Auditor, and the Massachusetts Clean Energy Technology Center to  
154 cover administrative costs associated with implementing section 3C of chapter 14, section 13A  
155 of chapter 25A, section 12A of chapter 11, and the requirements of this section.

156 (e) All remaining balance after the disbursement into the General Fund required by this  
157 section and after administrative costs are covered, shall be expended by the Massachusetts Clean  
158 Energy Technology Center pursuant to section 13 of chapter 23J.

159 SECTION 7. The Commissioner of Revenue shall begin to collect the additional charge  
160 required pursuant to subsection (b) of section 3C of chapter 14 of the General Laws on or before  
161 December 10, 2019.

162 SECTION 8. Section 2 of chapter 64H is hereby amended by replacing '6.25' with '5'.

163 SECTION 9. Section 2 of chapter 64H is hereby amended by replacing '5' with '4'.

164 SECTION 10. Section 2 of chapter 64H is hereby amended by replacing '4' with '3'.

165 SECTION 11. Section 2 of chapter 64H is hereby amended by replacing '3' with '2'.

166 SECTION 12. Section 2 of chapter 64H is hereby amended by replacing '2' with '1'.

167 SECTION 13. Section 2 of chapter 64H is hereby repealed.

168 SECTION 14. Section 8 of this act shall go into effect on January 1, 2019.

169 SECTION 15. Section 9 of this act shall go into effect in the first fiscal year quarter in  
170 which projected revenue for the coming 12 months into the Carbon Pollution Price Fund,  
171 according to the estimate required by subsection (b) of section 2WWW of chapter 29, exceeds  
172 by 30 per cent the amount of revenue that would be lost over the coming 12 months by such a  
173 reduction in the sales tax, according to the estimate required by subsection (f) of section 3C of  
174 chapter 14.

175 SECTION 16. Section 10 of this act shall go into effect in the first fiscal year quarter in  
176 which projected revenue for the coming 12 months into the Carbon Pollution Price Fund,  
177 according to the estimate required by subsection (b) of section 2WWWW of chapter 29, exceeds  
178 by 30 per cent the amount of revenue that would be lost over the coming 12 months by such a  
179 reduction in the sales tax, according to the estimate required by subsection (f) of section 3C of  
180 chapter 14.

181 SECTION 17. Section 11 of this act shall go into effect in the first fiscal year quarter in  
182 which projected revenue for the coming 12 months into the Carbon Pollution Price Fund,  
183 according to the estimate required by subsection (b) of section 2WWWW of chapter 29, exceeds  
184 by 30 per cent the amount of revenue that would be lost over the coming 12 months by such a  
185 reduction in the sales tax, according to the estimate required by subsection (f) of section 3C of  
186 chapter 14.

187 SECTION 18. Section 12 of this act shall go into effect in the first fiscal year quarter in  
188 which projected revenue for the coming 12 months into the Carbon Pollution Price Fund,  
189 according to the estimate required by subsection (b) of section 2WWWW of chapter 29, exceeds  
190 by 30 per cent the amount of revenue that would be lost over the coming 12 months by such a  
191 reduction in the sales tax, according to the estimate required by subsection (f) of section 3C of  
192 chapter 14.

193 SECTION 19. Section 13 of this act shall go into effect in the first fiscal year quarter in  
194 which projected revenue for the coming 12 months into the Carbon Pollution Price Fund,  
195 according to the estimate required by subsection (b) of section 2WWWW of chapter 29, exceeds  
196 by 30 per cent the amount of revenue that would be lost over the coming 12 months by such a

197 reduction in the sales tax, according to the estimate required by subsection (f) of section 3C of  
198 chapter 14.