

By Mr. Chadwick of Winchester, petition of Harrison Chadwick for legislation to increase to four per cent the sales and use tax with the increased percentage to be applied to the annual net cost of service of operation of the Massachusetts Bay Transportation Authority. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy.

AN ACT TO INCREASE THE SALES TAX THE INCREASE TO BE APPLIED TOWARD THE ANNUAL NET COST OF SERVICE OF OPERATION OF THE MASSACHUSETTS BAY TRANSPORTATION AUTHORITY, AND RELATED MATTERS.

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 64H of the General Laws is hereby
2 amended by striking out section 2, as added by section 1 of
3 chapter 757 of the acts of 1967, and inserting in place thereof
4 the following section:—

5 *Section 2.* An excise is hereby imposed upon sales at retail
6 of tangible personal property in the commonwealth by any
7 vendor at the rate of four per cent of the gross receipts of the
8 vendor from all such sales of such property, except as
9 otherwise provided in this chapter.

1 SECTION 2. Said chapter 64 is hereby further amended by
2 striking out section 4, as added by section 1 of chapter 757 of
3 the acts of 1967, and inserting in place thereof the following
4 section:—

5 *Section 4.* For the purpose of adding and collecting the tax
6 imposed by this chapter, or an amount equal as nearly as
7 possible or practicable to the average equivalent thereof, to
8 be reimbursed to the vendor by the purchaser, the following
9 formula shall be in force and effect as follows:—

10 In addition to a tax of four cents on each full dollar, a tax
11 shall be collected on each part of a dollar in excess of a full

12 dollar in accordance with the above formula.

| <i>Amount of Sale</i> | <i>Amount of Tax.</i> |
|----------------------------|-----------------------|
| \$0.01 to \$0.10 inclusive | No tax |
| .11 to .30 inclusive | 1 cent |
| .31 to .50 inclusive | 2 cents |
| .51 to .70 inclusive | 3 cents |
| .71 to 1.10 inclusive | 4 cents |

1 SECTION 3. Said chapter 64H is hereby further amended by
2 inserting after section 4 the following section:—

3 *Section 4A.* Fifteen per cent of the tax imposed by this
4 chapter shall be used to pay the net cost of service incurred
5 by the Massachusetts Bay Transportation Authority under
6 the provisions of chapter one hundred and sixty-one A and
7 ten per cent of such tax shall be paid over to the local aid
8 fund to be distributed to the cities and towns in accordance
9 with paragraph (1) of subsection (a) of section eighteen A of
10 chapter fifty-eight.

1 SECTION 4. Chapter 161A of the General Laws is hereby
2 amended by striking out section 7, as most recently amended
3 by section 2 of chapter 81 of the acts of 1967, and inserting
4 in place thereof the following section:—

5 *Section 7.* There shall be a financial advisory board, in this
6 and the following section called the advisory board, con-
7 sisting of five members to be appointed by the governor. The
8 initial appointment shall be for terms of one year, two years,
9 three years, four years and five years and each appointment
10 shall be for five years after the initial appointment. Unex-
11 pired terms shall be filled by the governor for the remainder
12 of the term. In making appointments, the governor shall
13 select persons with fiscal analysis background and shall be
14 representative geographically of the whole Massachusetts
15 Bay Transportation Authority area.

16 It shall be the duty of said advisory board to investigate
17 and scrutinize all the operating and capital expenditures of
18 the authority. It shall institute cost accounting procedures
19 for any activities of the authority it deems advisable. Said
20 advisory board is authorized to subpoena all records, papers
21 and witnesses necessary to the discharge of its functions. The
22 commission shall make semi-annual reports to the governor

23 and general court on economies and more efficient use of
24 authority funds. It may make interim reports in addition to
25 its regular reports if it so desires. The salary of the board
26 members shall be fifteen thousand dollars per annum each,
27 also paid by the authority.

1 SECTION 5. Said chapter 161A is hereby further amended by
2 striking out section 9, as added by section 18 of chapter 563
3 of the acts of 1964, and inserting in place thereof the
4 following section:—

5 *Section 9.* The authority shall limit its operating deficit to
6 the amount of money received under the provisions of
7 section four A of chapter sixty-four H.

8 The authority shall limit its operating deficit to the
9 amount of sales tax funds allotted to it. It shall use the
10 proceeds of funds received under chapter sixty-four C solely
11 for capital expenditures and debt service. If prudent fiscal
12 management warrants, the advisory board may authorize
13 deviation from the above practices in specific instances.

14 The authority may receive funds from federal, state, local
15 and private sources on a gift, matching or contractual basis.
16 It may contract with any city or town in its district to furnish
17 service not being otherwise furnished and may contract for an
18 extension of its service outside its district provided the fees
19 charged for such services cover the cost of operation.

20 The authority shall make an equitable distribution of both
21 its operating and capital funds for rapid transit, feeder bus
22 service, intercity bus service, commuter rail service and any
23 technological developments that may subsequently supple-
24 ment or supplant any of the foregoing.

1 SECTION 6. Sections ten and eleven of chapter one hundred
2 and sixty-one A of the General Laws are hereby repealed.

1 SECTION 7. Nothing in this act shall be construed as
2 abrogating the responsibility of the fourteen cities and towns
3 in the prior Metropolitan Transit Authority district for the
4 assumption of its debt and obligations upon the formation of
5 the Massachusetts Bay Transportation Authority.

