

By Mr. Moore of Uxbridge, petition of Richard T. Moore relative to providing for a balanced state budget and emergency deficit control. Ways and Means (House).

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Ninety-Two.

**AN ACT PROVIDING FOR A BALANCED STATE BUDGET AND EMERGENCY DEFICIT CONTROL.**

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 The General Laws as appearing in the 1988 Official Edition are  
2 hereby amended by inserting after chapter twenty-nine B, the  
3 following new chapter:

4 **CHAPTER 29C.**  
5 **STATE BUDGET DEFICIT CONTROL**

6 29C:1 Definitions.

7 Section 1. For the purposes of this chapter, the following  
8 words shall unless the context clearly requires otherwise, have the  
9 following meanings:

10 "Deficit", a condition of state finance in which the consolidated  
11 net balance projected for the end of a fiscal year is equal to or  
12 less than one-half of one percent of state tax revenues projected  
13 for such fiscal year.

14 "Consolidated net balance", the sum of the undesignated fund  
15 balances in the General Fund, the Local Aid Fund, and the  
16 Highway Fund projected for the close of the fiscal year after  
17 authorized transfers from any of said funds to other funds of the  
18 commonwealth.

19 “Excess state expenditures”, the amount by which state  
20 expenditures for a fiscal year exceed the projected state tax  
21 revenues for said fiscal year.

22 “Local aid”, the amounts estimated to be due cities and towns  
23 and regional school districts as contained in the notice to  
24 assessors, as revised and updated from time to time, pursuant to  
25 section twenty-five A of chapter fifty-eight.

26 “State tax revenues”, the revenues of the commonwealth from  
27 every tax, surtax, receipt, penalty and other monetary exaction,  
28 and interest in connection therewith, including but not limited to,  
29 taxes and surtaxes on personal income, excises and taxes on retail  
30 sales and use, meals, motor vehicles fuels, businesses and  
31 corporations, commercial banks, insurance companies, savings  
32 banks, public utilities, alcoholic beverages, tobacco, inheritances,  
33 estates, deeds, room occupancy and parimutuel wagering, but  
34 excluding revenues collected by the state from local option taxes,  
35 so-called, for further direct distribution to cities and towns;  
36 provided, however, for the purposes of this chapter, an amount  
37 equal to the current expenses paid by the commonwealth in a fiscal  
38 year in connection with bonds issued or other indebtedness  
39 incurred under a general or special law shall be subtracted from  
40 said revenues to determine the amount of state tax revenues in  
41 such fiscal year.

42 29C:2 Balanced budget.

43 Section 2. The governor shall recommend, the general court  
44 shall enact, and the governor shall approve a general  
45 appropriations bill which shall constitute a balanced budget for  
46 the commonwealth. No supplementary appropriation bill shall be  
47 approved by the governor which will cause the state budget for  
48 any fiscal year not to be balanced. Except as otherwise provided  
49 herein, the balanced budget in any fiscal year shall include state  
50 appropriations for such fiscal year which shall not exceed  
51 projected state tax revenues for such fiscal year.

52 29C:3 Revenue Advisory Board

53 Notwithstanding any general or special law to the contrary,  
54 there shall be a special five member advisory commission on  
55 revenue estimates to be established to prepare estimates of total  
56 state revenue collections for the fiscal years beginning July first,  
57 nineteen hundred and ninety. One member shall be appointed by  
58 the governor, one member by the state treasurer, one member by  
59 the senate president, one member by the speaker of the house,  
60 and one member appointed jointly by the house and senate  
61 minority leaders; of whom one member shall be a senior economist  
62 of a leading financial services firm; one shall be a senior manager  
63 of a econometric modeling firm with experience in the field of  
64 taxation; one shall be a professor of public finance; one shall be  
65 a senior manager of a bank with experience in the field of public  
66 finance and one shall be a senior economist of the Boston Federal  
67 Reserve bank. All members shall be acknowledged experts in the  
68 Massachusetts economy. Each member shall be appointed for a  
69 term concurrent with the term of the appointing authority of the  
70 respective member.

71 The commission shall prepare a quarterly report on fiscal year  
72 ninety-one tax revenue collection predictions and shall file said  
73 report with the house and senate clerks, no later than October  
74 fifteenth, January fifteenth and May fifteenth of each year.  
75 Members of the commission shall serve without compensation but  
76 shall be paid their necessary expenses incurred in the performance  
77 of their duties.

#### 78 29C:5 Elimination of Projected Deficit.

79 The advisory commission on revenue estimates established in  
80 accordance with the provision of section four of this chapter shall,  
81 in their quarterly report estimate the deficit, if any for the fiscal  
82 year in progress shall also estimate the base from which deductions  
83 are to be taken and the percentages by which reductions are to  
84 be made to lower the estimated deficit to the level necessary to  
85 achieve a balanced budget.

86 In computing the required reductions, the advisory commission  
87 on revenue estimates shall use a budget base that assumes:

88 — for revenues, that current law will continue for the fiscal  
89 year, and that any expiring provisions will terminate as scheduled;

90 — for entitlements, that current law will continue;  
91 — for annual appropriations, the amounts enacted for the fiscal  
92 year.

93 The auditor shall review the report of the advisory commission  
94 on revenue estimates, and with due regard for the data,  
95 assumptions, and methodologies in it, issue a report identifying  
96 the deficit and specifying the base from which reductions are to  
97 be made in each account and the percentage reduction in each  
98 account. The auditor shall explain any difference between his  
99 report and the advisory commission report.

100 If the auditor has identified a deficit, the Governor shall, within  
101 fifteen days, or within thirty days if the general court is in session,  
102 issue an executive order that eliminates the deficit in complete  
103 conformance with the deficit reduction requirements of this  
104 chapter.

105 The governor's deficit reduction order shall not modify or  
106 recalculate any of the estimates and determinations of the  
107 auditor's report and must be consistent with it in all respects.

108 Cost of living increases (COLA) and step increases scheduled  
109 to take effect in the fiscal year shall be suspended until the end  
110 of the fiscal year.

111 In the event that the general court is in session on the date of  
112 issuance of the auditor's report, the general court may enact such  
113 deficit reduction measures as it deems appropriate. In the event  
114 that such deficit reduction measures are signed into law, their  
115 impact on the deficit shall be taken into account in revised reports  
116 of the advisory commission and the auditor, and in the governor's  
117 executive order.

#### 118 29C:6 Computing the Reductions

119 Expenditures shall be reduced by an amount necessary to  
120 achieve a balanced budget not later than the end of the fiscal year,  
121 provided, however, that no reduction shall be made in local aid  
122 payments.

123 The same percentage reduction shall be applied to each budget  
124 line item provided, however, that line items which provide for  
125 public health or public safety shall not be reduced. The dollar

126 amount by which said public health and public safety accounts  
127 would have been reduced shall be added to the amount required  
128 to be reduced and from all other items.

129 29C:7 Deficit Stabilization Fund

130 If state tax revenues exceed revenue estimates established by  
131 the advisory commission on revenue estimates, the amount of such  
132 excess, as determined by the comptroller and reported pursuant  
133 to section five, shall be transferred to the Deficit Stabilization  
134 Fund. Any deficit remaining at the end of the fiscal year shall be  
135 reduced by transfer of funds from the Deficit Stabilization Fund.  
136 After elimination of said deficit, any remaining balance in the  
137 Fund shall be transferred to the Tax Reduction Fund, established  
138 by section two I of chapter twenty-nine, and used to reduce  
139 personal income taxes.





