

Tax Expenditure Review Commission Public Meeting Minutes
Thursday, October 31, 2019
Saltonstall Building
100 Cambridge Street, Second Floor
Boston, MA 02114
9:00AM

Commission Members in Attendance:

Chairman Christopher Harding, MA Department of Revenue
Auditor Suzanne Bump, MA Auditor
Senator Adam Hinds, Senate Revenue Committee Chair
Representative Mark Cusack, House Revenue Committee Chair
Representative Randy Hunt, Designee, House Minority Leader
Sally Peacock, Designee, MA Treasurer
David Sullivan, Designee, Senate Ways and Means Committee
Hirak Shah, Designee, Senate Minority Leader
Professor Michelle Hanlon, Governor's Appointee
Professor Matt Weinzierl, Governor's Appointee

Commission Members Absent:

Representative Aaron Michlewitz, House Ways and Means Committee

List of Documents:

Meeting Agenda
Department of Revenue Presentation – Tax Expenditures Overview
Proposed Tax Expenditure Review Schedule
Proposed Tax Expenditure Review Evaluation Schedule
H4820 – Enabling Legislation
Report of the Tax Expenditure Review Commission – 2012

Chairman Harding recognized a quorum and called the meeting to order at 9:05AM. Chairman Harding requested a vote to allow remote participation in Commission meetings. A favorable vote was unanimous. At 9:08AM Senator Hinds joined the meeting remotely.

Chairman Harding indicated that the purpose of the meeting was to lay the foundation for the Commission, clarifying that while the Department of Revenue has suggestions to offer, it is the role of the full Commission to determine how it will proceed and fulfill its mission.

Chairman Harding asked for members of the press to identify themselves. Hearing none, Chairman Harding put the public on notice that the meeting was being recorded for purposes of minutes. Once the minutes are completed, the recording will be deleted.

Kevin Brown, General Counsel, MA Department of Revenue, provided the Commission with an overview of the MA Public Meeting Law. G.L. c. 30A, §§18-25. Counselor Brown stated that all Commission members should have received a copy of the Open Meeting Law, as well as an Acknowledgement of Receipt, which must be signed and submitted to the Chairman. Counselor Brown further stated that meeting materials will be posted on the Tax Expenditure Review Commission website. www.mass.gov/info-details/tax-expenditure-review-commission. Additionally, meeting notices will be posted at least two days prior to the Commission meeting.

Counselor Brown clarified that meetings are open to the public and all materials submitted to the Commission are public. Commission members may discuss the Commission one on one, but not in a group setting, as all Commission deliberations must be held during public meetings.

Chairman Harding requested that each member introduce themselves and share their goals for the Commission.

Hirak Shah is Legal Counsel to Senate Minority Leader Bruce Tarr. Mr. Shah stated that his presence is due to Designee Greg Sullivan traveling out of state. Mr. Shah added that Minority Leader Tarr hopes for due diligence by the Commission.

Sally Peacock is the Controller for the Massachusetts Water Protection Fund. Ms. Peacock stated that she and Treasurer Goldberg are hoping to further promote government transparency.

Auditor Bump stated that as a member of the 2012 Tax Expenditure Review Commission, she hopes for a greater impact with actual implementation of Commission recommendations. Kerri—Ann Hanley, Policy and Communications Analyst, will serve as Auditor Bump's Designee when needed.

David Sullivan explained that he was part of the 2012 Commission staff. At the time, Mr. Sullivan served as General Counsel to the Executive Office of Administration and Finance, more recently serving as General Counsel to the Senate President. Mr. Sullivan stated that the issue of tax expenditures in general needs closer examination.

Professor Weinzierl is a tax theorist and economist at Harvard Business School. After reviewing the 2012 Commission materials, he was impressed with the level of discussion among the members. Professor Weinzierl expressed hope for the current Commission to produce actionable items helpful to the Governor and legislators.

Representative Hunt is the state representative for the 5th Barnstable District, as well as a Certified Public Accountant. Representative Hunt offered that the 2012 Commission produced excellent recommendations that were not implemented. He expressed hope for the current Commission to produce solid recommendations that will be followed.

Professor Hanlon is a Certified Public Accountant and a Professor at MIT Sloan School of Management and a former economist for former US House Speaker Paul Ryan. Professor Hanlon shared that she found the 2012 Commission materials impressive, but is curious about what happened after the fact.

Senator Hinds is the state senator for the counties of Berkshire, Hampshire, Franklin and Hampden. Senator Hinds offered that the clear goal of the Commission is to determine why each expenditure exists, which is an often a gray area.

Chairman Harding read the statutory provisions pertaining to the mission and purpose of the Commission. Auditor Bump asked if DOR has a budget for the Commission. Chairman Harding responded that while DOR does not have a Commission budget, the Department's role is to provide analysis to support the goals and objectives of the Commission. Chairman Harding also shared that DOR's Office of Tax Policy Analysis is processing numerous legislative and other external requests.

David Sullivan discussed the history of the 2012 Tax Expenditure Review Commission, which was created in response to the Great Recession. The 2012 Commission recommendations included reviewing each tax expenditure when proposed, in order to ensure effectiveness before signing into law; periodically reviewing each existing tax expenditure; and creating a tax expenditure office within Administration and Finance. The recommendations were not fully or permanently implemented.

Kazim Ozyurt, Chief Economist and Director of the DOR Office of Tax Policy Analysis, provided an overview of the Massachusetts Tax Expenditure Budget. Dr. Ozyurt's presentation included a history of the budget, summary information on the FY2020 budget, goals of tax expenditures, and means of evaluating them.

As points of consideration, Commission members were provided DOR's Proposed Tax Expenditure Review Schedule and Proposed Tax Expenditure Review Evaluation Schedule. Members discussed the proposals and other approaches as well, such as first reviewing expenditures topical among legislators (ie: film tax credit 2023 sunset). Members also discussed the implications of federal code conformity on state tax expenditures.

Chairman Harding asked that Commission members consider ways to categorize and measure the review of tax expenditures for final determination at the next meeting. Members agreed to meet next in December.

Chairman Harding referred to the statutory provision that requires a biennial March Commission report to the Legislature, suggesting a status report for March 2020 and a comprehensive report in March 2021. Commission members voted unanimously to provide a comprehensive report to the Legislature in March 2021.

Members also discussed a meeting schedule for 2020, voting unanimously to focus on January, July, September and December meetings. Commissioner Harding opened the meeting up for questions from Commission members and members of the public. Hearing none, Commissioner Harding concluded the meeting of the Tax Expenditure Review Commission at 10:46AM.