Initiative Petition for a Law Relative to

Limiting State Tax Collection Growth and Returning Surpluses to Taxpayers

Section 1: For the purposes of this chapter the following definitions apply:

''Allowable State Tax Revenues'' means for any fiscal year beginning after June 30, 2027 an amount equal to the computed maximum state tax revenues, as defined herein, for said fiscal year. Provided, however, that if the computed maximum state tax revenues for a fiscal year are less than the amount of allowable state tax revenues for the immediately preceding fiscal year, then allowable state tax revenues for said fiscal year shall be equal to the allowable state tax revenues for the immediately preceding fiscal year. Provided further, that only for the fiscal year ending on June 30, 2027, allowable state tax revenues for said fiscal year shall be equal to the net state tax revenues for said fiscal year.

''Allowable State Tax Growth Factor'' for a fiscal year means a number which equals one-third of the sum derived by adding together for each of the three calendar years ending immediately prior to said fiscal year the quotients which result for each of said calendar years from dividing total Massachusetts wages and salaries for each of said calendar years by total Massachusetts wages and salaries for the calendar year immediately preceding each of said calendar years. Provided, however, that in calculating the allowable state tax growth factor for any fiscal year, the same total for Massachusetts wages and salaries for a calendar year utilized in prior calculations involving said calendar year shall be utilized in subsequent calculations involving said calendar year, notwithstanding periodic adjustments by the Bureau of Economic Analysis of the United States Department of Commerce made in total Massachusetts wages and salaries for said calendar year.

''Commissioner'' means the Commissioner of Revenue as defined in section four (a) of chapter seven of the general laws.

“Computed Maximum State Tax Revenues” means for any fiscal year beginning after June 30, 2027 an amount determined by multiplying the Net State Tax Revenues, as defined herein, for the immediately preceding fiscal year by the allowable state tax growth factor, as defined herein, for the then current fiscal year.

''Excess State Tax Revenues'' means the amount by which net state tax revenues, as defined herein, for a fiscal year exceed the allowable state tax revenues, as defined herein, for said fiscal year.

''Local Governmental Unit'' means any city, town, county, district or other political subdivision of the Commonwealth.

''Massachusetts Wages and Salaries'' means the most current data on annual wages and salaries of citizens of the Commonwealth for the most recently completed calendar year as compiled by the Bureau of Economic Analysis of the United States Department of Commerce, or its successor agency.

''Net State Tax Revenues'' means state tax revenues, as defined herein, as decreased by the amount of state tax revenues abated or refunded.

“State Tax Revenues” means the revenues of the Commonwealth from every tax, surtax, receipt, penalty and other monetary exaction, and interest in connection therewith, including but not limited to, taxes and surtaxes on personal income (including, for purposes of any calculation under this chapter beginning after June 30, 2027, income surtax revenues collected and deposited into the Education and Transportation Fund pursuant to Section 2BBBBBB of chapter 29 of the General Laws), excises and taxes on retail sales and use, meals, motor vehicle fuels, businesses and corporations, public utilities, alcoholic beverages, tobacco, inheritances, estates, deeds, room occupancy and pari-mutuel wagering; but excluding federal reimbursements, proceeds from bond issues, earnings on investments, tuitions, fees, service charges and other departmental revenues, and revenues directly attributable to the additional taxes levied pursuant to section eighty-eight of chapter six hundred and eighty-four of the Acts of nineteen hundred and seventy- five.

''Taxable Year'' means the taxable year as defined in the Internal Revenue Code of the United States as from time to time amended.

Section 2: Limitation on growth of allowable state tax revenues

Except as otherwise specifically provided herein, the governor and the general court in exercising their respective constitutional and statutory duties shall endeavor in each fiscal year to establish and approve a budget for the Commonwealth and set rates of taxation for the citizens of the Commonwealth such that net state tax revenues for said fiscal year shall not exceed allowable state tax revenues for said fiscal year.

Section 3: Adjustments to allowable state tax revenues

Allowable state tax revenues for a fiscal year shall be reduced, if, after the effective date of this chapter, by an enactment of the general court, authority is granted to local governmental units by local option or otherwise to impose or levy a new, or to increase an existing, tax or excise. The amount by which allowable state tax revenues for such fiscal year shall be reduced shall be as nearly as possible equal to the additional amount of revenues to be derived by local governmental units by the tax or excise as determined by the Commissioner. Provided, however, that any reduction in allowable state tax revenues for a fiscal year required by this subsection shall first occur in the allowable state tax revenues for the fiscal year beginning immediately after the effective date of the enactment of the general court which gives rise to the reduction herein required.

Section 4: State auditor; oversight; monthly reports

(a) The commissioner shall annually, on or before September first prepare a report of the net state tax revenues and the allowable state tax revenues of the commonwealth for the preceding fiscal year, and shall submit the report to the state auditor. Said state auditor shall review the report for completeness and accuracy, and may make or request the commissioner to make any necessary adjustments or modifications to assure its completeness and accuracy.

(b) Said state auditor shall annually on or before the third Tuesday of September, independently determine whether net state tax revenues for the immediately preceding fiscal year exceeded the allowable state tax revenues for said fiscal year. If said state auditor determines that the allowable state tax revenues for the immediately preceding fiscal year were exceeded, except as otherwise specifically authorized herein, he shall report that determination and the amount by which allowable state tax revenues were exceeded to the governor, the president of the senate, the speaker of the house of representatives, the house and senate committees on ways and means, and the commissioner. Said commissioner shall take all necessary action to effectuate the provisions of section six.

(c) Except as otherwise provided therein, the determination of said state auditor both as to the existence and the amount of an excess of net state tax revenues over the allowable state tax revenues in a fiscal year shall be conclusive for purposes of section six.

(d) The commissioner shall calculate the permissible tax revenue, as defined in this chapter, on a quarterly basis, in accordance with the manner and fiscal year schedule with which the commissioner calculates tax revenues.

The commissioner shall calculate the year-to-date difference, if any, between cumulative net state tax revenues and cumulative permissible tax revenues. The commissioner shall report said amounts on a quarterly basis to the state comptroller, who shall, pursuant to the provisions of section 6A, adjust the balance in the temporary holding fund by the comptroller.

(e) Monthly, the commissioner shall submit a report to the clerks of the senate and the house of representatives, the joint committee on revenue and the senate and house committees on ways and means on net state tax revenue for the current fiscal year, projections for net state tax revenue for the remainder of said fiscal year and an estimate of if, and when, net state tax revenue may exceed allowable state tax revenue for said fiscal year.

Section 5: Effect of net state tax revenues in excess of allowable state tax revenues; tax credit

If net state tax revenues in any fiscal year exceed allowable state tax revenues for said fiscal year the amount of such excess, as determined by the State Auditor and reported to the Commissioner pursuant to section five of this chapter, shall result in a credit equal to the total amount of such excess. The credit shall be applied against the then current personal income tax liability of each taxpayer who files an income tax return in both the then current and the previous taxable year in an amount determined by dividing the total amount of excess revenues by the total number of taxpayers filing an income tax return in the previous taxable year. For the purposes of this section, a married couple filing a joint return shall be counted as 2 taxpayers. If the amount of the credit allowed under this section exceeds the taxpayer's liability, the commissioner shall treat the excess as an overpayment and shall pay the taxpayer the amount of the excess without interest.

The Commissioner shall take such action and shall have the authority to issue such rules and regulations as are necessary to effectuate the requirements of this section.

Section 6: Taxpayer suits

The Supreme Judicial Court or Superior Court may, upon the petition of not less than twenty-four taxable inhabitants of the Commonwealth, not more than six of whom shall be from any one county, enforce the provisions of this chapter. If successful, said taxable inhabitants shall be entitled to recover reasonable attorneys' fees and other costs from the Commonwealth incurred in maintaining such suit.

Section 7:

Section 2BBBBBB of chapter 29 of the General Laws as appearing in the 2024 Official Edition is hereby amended by striking out subparagraph (d).

Section 8: Severability

The provisions of this law are severable, and if any clause, sentence, paragraph, or section of this chapter or an application thereof shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof but shall be confined in its operation to the clause, sentence, paragraph, or section adjudged invalid.

The following registered voters subscribe to the above initiative petition:

Signature ___________________________________ Address_____________________________________

Signature ___________________________________ Address_____________________________________

Signature ___________________________________ Address_____________________________________

Signature ___________________________________ Address_____________________________________

Signature ___________________________________ Address_____________________________________