

Categories:	Brief Description	Example #1	Example #2
Tax Type	Three tax types: Personal Income Tax; Corporate Income Tax; and Massachusetts Sales Tax		
Tax Expenditure Type: <u>Personal</u> Income Tax (7 types, 000 thru 600)	000: Exclusions from income; 100: Deferrals of gross income; 200: Deductions From Gross Income; 300: Accelerated Deductions From Gross Income; 400: Deductions From Adjusted Gross Income; 500: Preferential Tax Rate; 600: Credits Against Tax		
Tax Expenditure Type: <u>Corporate</u> Income Tax (8 types, 000 thru 700)	000: Exclusions from income; 100: Deferrals of gross income; 200: Deductions From Gross Income; 300: Accelerated Deductions From Gross Income; 400: Adjustments To Apportionment Formula; 500: Exclusions From Property Component; 600: Credits Against Tax; 700: Exempt Entities		
Tax Expenditure Type: <u>Sales</u> Tax (6 types, 000 thru 400, plus 600)	000: Exempt Entities; 100: Exempt Products / Services; 200: Taxed Under Another Excise; 300: Component of A Product Or Consumed In Production; 400: Exemptions For Specified Uses Of Product / Services; 600: Miscellaneous Exemptions		
Budget Function / Federal TEB Categories	Area targeted by the tax expenditure at state level	See attached	
Claimant / Beneficiary		Targeted credits provide a tax break to a relatively small number of filers, for example typically around 100 in the case of the film credit.	Broad-based exemptions/deductions provide benefits to over one-million filers. Over 3 million filers tax advantage of the deduction for Social Security and Railroad Retirement Payments
Goal	Goals can be income support, avoiding double taxation, encouraging a specific socially desirable outcome or activity.	Support veterans	Promote housing construction
Industry	2-digit level NAICS code designation of the industry impacted by the tax expenditure.	61 Educational Services	62 Health Care and Social Assistance
Estimated Value (\$M)	These estimates are based on shared-down data from outside sources, such as the JCT's federal TEB, or state tax data compiled by DOR.	Estimate for the exemption of Premiums on Group-Term Life Insurance is based on a share-down from the JCT's estimate for the country as a whole.	The tax loss from the Septic System Repair Credit is based on the history of claims in DOR's tax database.

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Sunsets	A sunset date sets a period in the future after which the credit will expire, unless extended by the Legislature. This allows for review of the cost and effectiveness of credits. Often, credits are renewed.	Brownfields Credit	Film Credit
Clawback/Recapture	A "clawback" or recapture requires a filer to pay back credits received if they fail to follow through on a credit's requirements.	Low Income Housing Credit	Economic Development Incentive Program Credit
Caps	By placing a cap on the maximum amount of a credit allowed per year, the Legislature can limit the tax loss.	Dairy Farmer Credit	Historic Building Credit
Refundable/Transferable/Both	In some cases, the activity a tax credit is intended to support would most likely be undertaken by someone without tax liability in Massachusetts. By making a credit transferable or refundable, the filer benefits from undertaking the desired activity, even though they do not owe any taxes.	Brownfields Credit	Film Credit