

Tax Expenditure Review Commission Public Meeting Minutes  
Friday, May 1, 2020  
Saltonstall Building  
100 Cambridge Street, Second Floor  
Boston, MA 02114  
9:00AM

Commission Members in Attendance:

Chairman Kevin Brown, MA Department of Revenue  
Auditor Suzanne Bump, MA Auditor  
Senator Adam Hinds, Joint Revenue Committee, Senate Co-Chair  
Representative Randy Hunt, Designee, House Minority Leader  
Sue Perez, Designee, MA Treasurer  
David Sullivan, Designee, Senate Ways and Means Committee  
Greg Sullivan, Designee, Senate Minority Leader  
Professor Michelle Hanlon, Governor's Appointee  
Ryan Sterling, Designee, Joint Revenue Committee, House Co-Chair  
Tim Sheridan, Designee, House Ways and Means Committee

Commission Members Absent:

Professor Matthew Weinzierl, Governor's Appointee

List of Documents:

Meeting Agenda  
Draft Minutes – February 7, 2020 Meeting  
Tax Expenditure Database (Master Database, Year 1 List, Commerce/Energy Tax Expenditures)

For the purposes of the first Commission meeting being held via video and teleconference due to the COVID-19 State of Emergency, members were asked to announce themselves. A quorum was recognized by Chairman Brown and the meeting was called to order at 9:02AM.

Chairman Brown advised that the meeting is public but due to the COVID-19 State of Emergency, public participation would be limited to listening without posing questions during the meeting. Chairman Brown put the public on notice that the meeting was being recorded for purposes of minutes. Once the minutes are approved, the recording will be deleted.

Chairman Brown requested that Commission members provide any changes to the February 7, 2020 draft meeting minutes. Hearing none, Commission members voted unanimously to approve the February 7, 2020 meeting minutes.

During the last meeting members agreed to prioritize a list of tax expenditures for the first round of review within the categories of Commerce, Energy, and Research & Development. DOR subsequently circulated a proposed list.

David Sullivan thanked the DOR team and called the list topical and helpful. In recently speaking with legislators three additional tax expenditures came up as topics of interest: Net Carryover (2.203); Vehicle Trade-In (3.606); and Container Exemption (3.410). Mr. Sullivan clarified that interest from legislators does not indicate policy positions nor that review need be within the first round. Greg Sullivan offered support for review of the Net Carryover tax expenditure during the first round given the federal government's recent interest in a "carry back" provision.

Kazim Ozyurt, DOR Chief Economist, and Chairman Brown expressed flexibility with moving some tax expenditures into the first-year review, but the scope of the Commission's review process is limited to existing tax expenditures. Analysis of what Massachusetts may adopt will not be included.

Members voted to approve the first-year review list of tax expenditures for review, with the addition of Net Carryover (2.203). The vote was unanimous.

Professor Michelle Hanlon presented a draft Evaluation Framework prepared with Commission member Professor Matt Weinzierl. The presentation included suggestions on a methodological approach for reviewing tax expenditures and how to convey findings in a reader-friendly, informative manner. Fields for review would include Broad Purpose, Jobs and Growth, Support for Poor, Health and Environment, Enforceability, Fiscal Costs, and Claimants.

Auditor Suzanne Bump thanked the professors for an easily comprehensible presentation and stated her interest in learning the populations that are utilizing each tax expenditure (ie: large vs. small employers). Professor Hanlon responded that this information would also be helpful to legislators.

Members discussed the benefits of using a dynamic approach, such as the Regional Economic Model (REMI). Dr. Ozyurt stated that DOR uses this approach but also works within statutory guidelines (ie: annual film tax credit report) so there needs to be flexibility in the review process.

Members came to a consensus to follow the approach suggested by Professors Hanlon and Weinzierl for the first-year review of tax expenditures. Dr. Ozyurt agreed to gradually share results with members throughout the ongoing review process is ongoing. Chairman Brown concluded the meeting at 10:12AM.