

Tax Expenditure Review Commission Public Meeting Minutes
Thursday, November 5, 2020
Via Teleconference
1:00PM

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
Professor Michelle Hanlon, Governor's Appointee
Professor Matthew Weinzierl, Governor's Appointee
Jacob Blanton, Designee, Senate Ways and Means Committee
Greg Sullivan, Designee, Senate Minority Leader
KC Fussell, Designee, House Ways and Means Committee

Commission Members Absent:

Representative Mark Cusack, Joint Revenue Committee, House Co-Chair

List of Documents:

1. Meeting Agenda
2. Draft Minutes – October 1, 2020 Meeting
3. Evaluation Outline
4. Draft Tax Expenditure Review Reports:
 - 2.701 - Exemption of Credit Union Income
 - 2.607 - Harbor Maintenance Tax Credit
 - 2.604 - Research Credit
 - 1.611, 2.614, 3.004 - Film Production Incentives
 - 1.610, 2.610 - Massachusetts Historic Rehabilitation Tax Credit

For the purposes of the third 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 1:04PM.

Chairman Brown advised that the meeting is public but due to the COVID-19 State of Emergency, public participation is limited to listening without posing questions during the meeting. Chairman Brown put the public on notice that the meeting is 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 October 1 draft meeting minutes. Hearing none, Commission members voted unanimously to approve the October 1, 2020 meeting minutes.

During the October 1 meeting members agreed to provide DOR with suggested criteria for purposes of creating a “scoring template” reflective of the Commission’s evaluation of each tax expenditure. Chairman Brown thanked members for forwarding their suggestions, which had considerable overlap. Chairman Brown compiled the criteria into an evaluation outline, which separates personal income from business expenditures. Chairman Brown suggested that members discuss the outline and reach consensus on criteria to be used to measure the effectiveness of each tax expenditure and whether the goal(s) of each are being met.

Auditor Bump commented that the outline reflects that members seem to be going in the same direction in terms of evaluation criteria but asked for further clarification on the effectiveness measures. Dr. Kazim Ozyurt, DOR’s Chief Economist, stated that he had recently had conversations with both Professor Hanlon and Professor Weinzierl regarding effectiveness measures. Professor Weinzierl stated that applying rigorous estimates across different tax expenditures would be challenging and labor-intensive. Members discussed a range of measures, including foregone revenue from the presence of the tax expenditure, jobs retained or lost due to the tax expenditure, and an overall numerical ranking (ie: from 1 to 4) of each.

Commission members reviewed the outline in detail and discussed ways to capture unique components of each tax expenditure within a uniform review template that is helpful but does not replace the policy-making process. Representative Hunt stated that it would be helpful to legislators if the Commission points out clear “pros and cons” of tax expenditures and quantifies them to the extent possible. Chairman Brown agreed that this would be consistent with the mission of the Commission, which was created by policymakers. Additionally, a summary of the Commission’s work can be provided in the March 2021 report.

As an example of the review process going forward, members discussed the draft review of the Film Tax Credit that DOR had produced. The Commission evaluated the Film Tax Credit’s goals, such as investment and job creation, and effectiveness measures, such as ease of administration and impact on intended beneficiaries.

Members agreed that the assignments of tax expenditures for evaluation among pairs of members should begin. Chairman Brown stated that DOR staff would provide a “scoring” template that is

reflective of member feedback, as well as tax expenditure assignments and the next batch of draft reviews.

Members agreed to schedule the next meeting within four to five weeks.

Chairman Brown concluded the meeting at 10:51AM.