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# Massachusetts Legislature Ends Active July with Budget Overrides

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After a busy final few weeks of activity, the Massachusetts Legislature departed for its summer recess with a new budget and progress on several priority policy issues. In addition to overriding $97 million in Governor Baker's vetoes, Boston lawmakers considered tax, public records, energy, healthcare, and labor issues. The Massachusetts Sales Tax Holiday was sent to the Governor's desk for approval and a new public records law stalled in the face of opposition from municipalities, only to see executive action on the same topic. These developments, detailed in this alert, set the stage for an active fall agenda when the legislature reconvenes.

**Budget:**

The legislature overrode $97 million of Governor Baker's $162 million proposed vetoes in the FY16 budget. The legislature restored $5.25 million in cuts to the UMASS system, after high profile lobbying of the legislature by new UMASS system president Marty Meehan. Also on the education front, the legislature unanimously restored $17.6 million for full-day kindergarten programs targeted at underperforming schools.

After extensive conversations with the business community, the legislature and the Governor have compromised on how to alter the FAS-109 tax credit to pay for an Earned Income Tax Credit (EITC) expansion. Rather than repeal the corporate deduction in its entirety, lawmakers have agreed to temporarily suspend it and use the money that would have gone toward those credits to fund the EITC expansion. This compromise received strong support from business leadership groups such as the Associated Industries of Massachusetts and the Greater Boston Chamber of Commerce. Of additional importance for small businesses, the legislature restored $1.1 million in funding for the Massachusetts Capital Access Program, a small business loan system.

Also of note, the legislature restored almost all earmarked funding for local institutions and initiatives. Certain MBTA reforms in the budget, such as the fiscal oversight board, have already come into effect. The budget's transportation measures take on new importance because the legislature did not consider a separate MBTA reform bill before the August break as legislative leaders once discussed. Additionally, the FY16 budget funded anti-opioid measures in line with the recommendations of the Governor's Opioid Task Force, with $111 million in total substance abuse treatment spending. The legislature may override additional vetoes when they return in the fall.

**Taxes:**

Along with the FAS-109 compromise, several other tax measures emerged from the final stretch of the legislative session. Among the most prominent, the Massachusetts Sales Tax Holiday received legislative approval. All signals indicate Governor Baker will sign the bill into law in time for the August 15-16 planned suspension of the 6.25% state sales tax.

On the final day of the session, the Senate adopted legislation (Senate Bill 1974) that will allow the Department of Revenue to collect online sales tax revenue if Congress passes a law allowing states to do so. While some online sellers, like Amazon, collect Massachusetts sales tax under special agreements, this bill clears the procedural path to more general collection on goods sold to Massachusetts residents, pending federal legislation.

**Public Records:**

In the final weeks of July, political leaders debated reform measures for the Commonwealth's public records law. The proposed legislation would create rules to make it easier for citizens to request public records, such as requiring lower copy costs and paying attorneys' fees for wrongfully denied requestors. The bill faced opposition from the Massachusetts Municipal Association, which represents the Commonwealth's cities and towns. The municipalities expressed strong concerns over the compliance costs associated with this legislation, which lawmakers have decided to reexamine in the fall.

In light of the legislative delays, Governor Baker unveiled new rules to facilitate public records requests for executive agencies. These rules require a point person in each department to handle incoming records

requests and limits on search and printing fees for producing the documents. The order waives all fees for small and routine requests, and alerts the requestor if the documents will take more than ten business days to produce.

Beyond the legislative and executive actions, on Monday August 3rd Secretary of State William Galvin filed a ballot initiative to send many of the measures in the proposed records legislation directly to the voters in 2016. Secretary Galvin, the official state supervisor of public records, has often expressed his frustration with Massachusetts's subpar records performance and claims that this initiative will bring Massachusetts in line with national standards.

**Energy:**

Energy legislation also came to the forefront in July, with new solar legislation sponsored by Senator Benjamin Downing and new hydropower legislation filed by Governor Baker. Senator Downing's legislation, which passed the Senate as an amendment to a broader climate change bill on July 30th, would raise the limits on how much solar energy consumers can sell back to the grid through "net metering" to 1,600 megawatts and provide a framework for stream-lining solar incentives thereafter. Many see this as a necessary step to maintain continued investment in the Commonwealth's solar industry. In certain parts of the state, the limits on net-metering have been reached, placing new projects that depend on net metering on hold. Governor Baker has indicated he will introduce his own proposal for solar legislation in the near future.

Earlier in the month, Governor Baker filed a bill to increase utilization of large scale, Canadian hydropower by Massachusetts electricity consumers. This bill would direct electric distribution companies to enter into long term contracts for hydropower. This is expected to stabilize electricity costs and help reduce price spikes and improve grid reliability during peak consumption times in the winter and summer. The "low carbon" nature of hydropower is also expected to help the state meet its carbon emission reduction goals. The bill does not allow hydropower to qualify for renewable energy incentives so it is not expected to crowd out domestic renewable power sources, such as wind power. The House of Representatives is expected to take up comprehensive energy legislation during the fall.

**Healthcare:**

In addition to the anti-opioid measures in the budget, a range of new legislation to combat the addiction epidemic has come to the forefront. Most notably, Governor Baker filed a bill requesting $27.8 million in supplemental spending to fight opioid abuse. This bill includes $15.2 million for Department of Public Health substance abuse services. Additionally, the Joint Committee on Mental Health and Substance Abuse favorably reported House Bill 1796, which pertains to substance abuse screening for students.

Two ballot initiatives to legalize marijuana were submitted to the Attorney General during the first week of August. While one proposal provides strict regulations on marijuana sales and an excise tax on top of the normal states sales tax, the other allows those over 21 to grow and sell marijuana with few restrictions. Key political players such as Governor Charlie Baker and Boston Mayor Marty Walsh have lined up against legalization. Senate President Stan Rosenberg expressed interest in a non-binding resolution on marijuana legalization, but the idea gained little traction.

Several other health bills progressed through the committee process during the last weeks of July. Bills addressing Alzheimer's, breast reconstruction surgery, postpartum depression screening, and tanning facilities advanced out of the Committee on Public Health. House Bills 1804 and 1785, both of which aim to improve child access to psychiatric services, received favorable reports from the Joint Committee on Mental Health and Substance Abuse. Any of these bills could be brought before the legislature when they reconvene in September.

**Labor & Gender:**

Many of the state's top female lawmakers joined forces to endorse a Pay Equity bill, which received a favorable report from the Joint Committee on Labor and Workforce Development on July 30th and will likely be voted on in September. As mentioned in **our prior alert**, Attorney General Maura Healey, Auditor Susanne Bump, Treasurer Deborah Goldberg, and Senate Ways and Means Chairwoman Karen Spilka have rallied behind the measure. The bill includes provisions to make it easier to sue employers for gender discrimination and a requirement that employers post minimum salaries on job advertisements. Business groups oppose the bill as unnecessary and burdensome on employers without high chances of making progress towards gender pay equality.

Additionally, the Joint Committee on Workforce and Labor Development favorably reported House Bill 1769, which requires employers in the Commonwealth to provide "reasonable accommodation" to pregnant employees. The Senate also adopted a resolution calling for equal representation of men and women on corporate boards.

**Other Legislative Topics:**

***Tech Startup Monies***

The Senate passed a bill that would help tech startups learn about the government procurement process and connect with municipalities. The bill would appropriate $750,000 for this program in FY16 and is supported by the Tech Hub Caucus.

***Foreclosure Bill***

The Senate tabled a bill that would alter the state's foreclosure process. The bill contains measures that would make it easier for the former owners of foreclosed properties to clarify their legal obligations. Senate Ways and Means Chair Karen Spilka questioned the specifics of the bill and suggested that the Senate reexamine the law to make sure it will perform its intended purpose.

***Criminal Justice Reform***

Additionally, Governor Charlie Baker, Senate President Stan Rosenberg, and House Speaker Robert DeLeo have asked the Council on State Government and the Pew Center for the States to assist the Commonwealth in reviewing its criminal justice practices. They are requesting this review in hopes of putting together criminal justice reform legislation in the fall.

**Outlook:**

A range of 2016 ballot petitions are arriving in advance of the August deadline. In addition to Secretary Galvin's public records initiative and marijuana legalization, the Attorney General will certify the constitutionality of questions regarding Common Core education standards, a tax on millionaires, and other potential ballot measures submitted before the Thursday deadline.

With many of the aforementioned issues from equal pay to criminal justice reform seen as urgent priorities demanding legislative attention, Beacon Hill should be busy during the balance of the 2015-2016 legislative session.

ML Strategies will continue to monitor the Massachusetts political landscape and report on new developments.

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