

Massachusetts Legislature Fiscal Year 2020 Budget

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On Monday, July 22nd the Massachusetts Legislature finalized the Fiscal Year 2020 Budget and delivered it to Governor Baker's desk for approval. The Legislature's Budget Conference Committee, led by Chairmen Representative Aaron Michlewitz (D- Boston) and Senator Michael Rodrigues (D-Somerset), authorizes \$43.1 billion in state spending for this fiscal year and included the largest annual increase for K-12 education in the state's history, a \$269 million dollar lift. In addition to traditional funding priorities, the final budget bill addressed several large statewide policy matters:

1. **Pharmaceutical Drug Pricing:** The bill authorizes Administration officials to directly negotiate supplemental rebates with drug manufacturers for high cost medications in order to help curb the cost of prescription drugs under the MassHealth Program and puts in place a review process by the Health Policy Commission for drugs whose price cannot be agreed on.
2. **Opiate, E-Cigarette and Vaping Taxes:** The Conference Report does not include new taxes on opioid manufacturers, or on e-cigarettes or vaping products, all of which were key elements in both Governor Baker and the Senate's versions of the bill.
3. **Clean Energy:** The Legislature temporarily amended how the state procures offshore wind power. Under legislation passed in 2016, each successive contract for offshore wind must come in at a price below the last one; however, lawmakers have tweaked that process for the upcoming solicitation by allowing for a number of pricing adjustments to the maximum price, including an increase to reflect the dwindling availability of federal tax credits.

Governor Baker has ten days to review the bill and return it to the Legislature, which often includes vetoes on line item monetary figures and changes to policy sections. ML Strategies will be tracking the Governor's action and the Legislature's response. ML Strategies is also following priority policy areas likely to be taken up by the Legislature during the remainder of the legislative session, which include bills relative to health care, transportation, energy, education and tax reform.

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