

June 5, 2017

Chairwoman Karen E. Spilka  
Senate Committee on Ways & Means  
State House, Room, 212  
Boston, MA 02133

Senator Sal N. DiDomenico  
Vice-Chair, Senate Committee on Ways  
& Means  
State House, Room 208  
Boston, MA 02133

Senator Viriato M. deMacedo  
Member, Senate Committee on  
Ways & Means  
State House, Room 313-A  
Boston, MA 02133

Chairman Brian A. Dempsey  
House Committee on Ways & Means  
State House, Room 243  
Boston, MA 02133

Representative Stephen Kulik  
Vice-Chair, House Committee on Ways  
& Means  
State House, Room 238  
Boston, MA 02133

Representative Todd M. Smola  
Member, House Committee on Ways &  
Means  
State House, Room 124  
Boston, MA 02133

Dear Honorable Conferees:

Thank you for your work on the Fiscal Year 2018 budget and for your commitment to swiftly reconciling the differences between the House and Senate proposals. As you begin your deliberations, we respectfully request that you omit, in Section 1B, line-item 0710-0002 and Section 15 of **Senate bill 2076**, which would establish and fund of a tax expenditure review commission under the control of the State Auditor. As organizations that represent thousands of Massachusetts taxpayers, we strongly oppose this proposal.

Section 15 of Senate bill 2076 would extend access to tax return information to the State Auditor's office, and additional individuals to be named to the Commission, through the creation of a tax expenditure review commission to "examine and evaluate the administration, effectiveness and fiscal impact of tax expenditures." We remain concerned that the broad access to tax returns and related information would undermine taxpayer privacy and erode confidence in our tax system. Additionally, we believe a separate commission is unnecessary as the legislature already has that authority and the Joint Committee on Revenue already has that expertise.

Because our tax laws are inherently complex, every state has a dedicated agency of experts and specialists to ensure compliance and implementation of our tax laws. As such, the Massachusetts Department of Revenue (DOR) is the only state entity that is allowed broad access to confidential tax information and is the only agency that is equipped with the tools necessary to keep the information private. The Department has spent millions of dollars on software that tracks every instance of employee access of taxpayer information to ensure that no such information is ever accessed except when there is a legitimate and documented business reason to do so. The DOR has a specific code of conduct, holds trainings and has integrated the principle of taxpayer confidentiality into their organization's culture. It would be difficult, and perhaps impossible to replicate these privacy protections in an entity outside the DOR.

Treating tax returns as confidential documents and protecting taxpayer information is critical to the Commonwealth's voluntary tax system. Expanding broad access beyond the Department of Revenue could directly or indirectly expose private taxpayer information and diminish trust in the tax system.

Protecting this information is a practice that is consistent throughout federal and state laws and procedures, and is a philosophy that is supported by the courts.

In fact, the United States Court of Appeals for the First Circuit explained that “without clear taxpayer understanding that the government takes the strongest precautions to keep tax information confidential, taxpayers’ confidence in the federal tax system might erode, with harmful consequences for a tax system that depends heavily on voluntary compliance” (Aronson v. IRS, 973 F2d 962, 966 (1st Cir. 1992)). The message is the same for the Commonwealth: adopting this provision will weaken taxpayer confidence in the system and ultimately have a chilling effect on compliance.

It is important to note that although there are exceptions in state and federal law regarding access to tax return information, this proposal separates itself from those occurrences in the broad scope of information that could be accessed by the State Auditor’s office. Most exemptions allow limited access to specific information contained in a tax return. For example, some agencies are granted limited access to check whether a recipient of public assistance has received interest payments from a bank or to evaluate income to determine child support payments.

As you consider the priorities of the conference committee and work to craft a final Fiscal Year 2018 budget, we respectfully request that you maintain our state’s critical taxpayer protection practices by omitting the language proposed in Section 15 and the funding allocated in Section 1B, line-item 0710-0002 of the Senate’s budget proposal from the final conference committee report. If you have any questions or concerns, please do not hesitate to contact us.

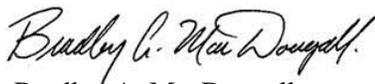
Sincerely,



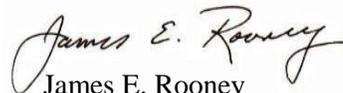
Amy A. Pitter  
President & CEO  
Massachusetts Society of CPAs



Eileen P. McAnney  
President  
Massachusetts Taxpayers Foundation



Bradley A. MacDougall  
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JD Chesloff  
Executive Director  
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