



ML Strategies Alert

FY2018 Massachusetts Budget Update: The House Budget

05.03.2017

BY [JULIE COX](#), [STEVE BADDOUR](#), [DAN CONNELLY](#), [CAITLIN BERESIN](#), [MAX FATHY](#), [HAEJIN HWANG](#),
AND [SARAH ENGELL](#)

On April 25, 2017, the Massachusetts House of Representatives passed a \$40.829 billion FY2018 budget by vote of 159-1. Over two days of debate, the House considered 1,210 amendments to pass a final budget that spends approximately \$80 million less than [Governor Baker's spending plan](#).

The final House budget closely resembles [the Ways and Means Committee proposal](#) and does not contain any major changes, though approximately \$77.7 million in spending was added through nine consolidated amendments.

Of the new spending adopted, \$43 million went towards local earmarks and \$35.7 million added program funding. An additional \$16.7 million was provided for education and local aid, \$16.7 million for labor and economic development, \$11.8 million for public safety and judiciary, \$7.6 million for health and human services and elder affairs, \$6.9 million for public health, \$6.4 million for energy and environmental affairs, \$3.2 million for constitutional officers, state administration, and transportation, \$3.1 million for housing, mental health, and disability services, and just under \$2 million for social services and veterans. Highlights of the final amended budget include:

Health Care

- The House adopted an amendment to the fair share assessment that sunsets any assessment two years after its implementation, meaning it would expire in 2020.
- The House budget includes an amendment requiring that employers make contributions to multiemployer plans under a collective bargaining agreement.
- The House rejected an amendment increasing the amount paid to disproportionate share hospitals from \$13 million to \$24 million, an increase of \$11 million. Also rejected as part of this amendment was \$6 million earmarked for inpatient and outpatient behavioral and mental health services provided by disproportionate share hospitals.
- The House rejected an amendment that required acute care hospital reimbursement from managed care organizations that contract with the Executive Office of Health and Human Services (EOHHS) to be subject to negotiation between those hospitals and managed care organizations. The amendment also established that EOHHS will not require hospitals to accept fee-for-service rates established by the office of Medicaid for non-emergency services provided to beneficiaries enrolled in managed care organizations.

Public Health & Human Services

- The House adopted an amendment directing the Department of Elder Affairs to establish a home

care worker registry of all individuals employed by a home care aide agency. The amendment requires agencies to only hire workers who are listed in the registry as having completed all certifications and trainings, requires the registry to also contain all documented patient or resident abuse, mistreatment, neglect or misappropriation of property, and establishes civil penalties of \$5,000 for working as a home health care aide while under temporary or permanent suspension.

- An amendment on nursing home care licensure is adopted. This amendment establishes that nursing homes that were constructed before March 19, 1968, will be subject to construction and equipment requirements for long-term care facilities specified in 105 CMR 150.017, and establishes certain other requirements for these facilities.
- The House rejected an amendment that establishes a special commission to study the feasibility of Massachusetts implementing a drug repository program for high cost pharmaceuticals, excluding Schedule I and Schedule II controlled substances.

Education

- Two amendments of note were rejected by the House: a state scholarship account and increased scholarship funding for public higher education
- The House adopted an amendment that authorizes the Board of Higher Education to enter into interstate reciprocity agreements that authorize any accredited, degree-granting institution of higher education located in Massachusetts to voluntarily participate in reciprocity agreements.
- An amendment initiating an annual excise of 2.5 percent of all aggregate monies on universities with endowments of \$1 billion or more was withdrawn.

Local Aid

- The House rejected an amendment increasing appropriations for the Chapter 70 Payments to Cities, Towns, and Regional School Districts from \$4.7 million to \$6.4 million, an increase of \$1.6 million.

Transportation

- A transportation infrastructure value capture amendment was adopted, establishing that a municipality, in contract with the Massachusetts Department of Transportation, can create a "Supplemental Infrastructure Financing for Transportation" (SIFT) district in which it can raise additional revenue from property taxes in order to finance specific transportation projects.

Taxes and Revenue

- The House adopted two amendments establishing studies on creating an annual sales tax holiday in August and reducing the sales tax from 6.25 percent to 5 percent.
- An amendment establishing a tiered tax on sugar sweetened beverages was withdrawn. The amendment would have imposed a tiered system in which the amount of the tax would depend on the amount of sugar in the drink.
- The House adopted an amendment increasing the cap on the state's Conservation Land Tax Credit by \$1 million per year for the next three years.

Economic Development

- The House rejected an amendment establishing a special commission to study the feasibility of creating a Payment In Lieu of Taxes (PILOT) program to compensate cities and towns with significant amounts of non-taxable property owned by the Commonwealth.

Energy and Environment

- An amendment was adopted requiring the Department of Energy Resources (DOER) to expend \$3 million from the Regional Greenhouse Gas Initiative (RGGI) Auction Trust Fund for a 1-time reimbursement to a municipality that has been negatively impacted by a reduction in property tax receipts from a dual coal and oil fired electric generating station due to a reduction in capacity factor, occurring after July 1, 2012.
- The House adopted an amendment extending the deadline for eligibility for cost recovery for solar projects to those constructed prior to December 31, 2019. Existing law requires such projects to have been constructed prior to December 31, 2017.
- An amendment that earmarks \$50,000 for a special commission to study the feasibility of a battery testing facility was rejected. The amendment separately tasks the special commission with determining the feasibility and economic impact of a battery testing facility being located in one of the four western counties.

Other

- An amendment prohibiting telecommunications or internet service providers from collecting personal information from a customer without express written approval of the customer was withdrawn.
- The House adopted and changed an amendment permitting a municipal licensing authority, subject to the approval of the Massachusetts Alcoholic Beverages Control Commission, to grant a license to sell alcoholic beverages for consumption on the brewery premises to a licensed alcoholic beverages manufacturer. Such alcoholic beverage pouring licenses would allow the sale of alcoholic beverages produced by or for the manufacturer and sold under the manufacturer's brand name for on-premises consumption.

Next Steps

The budget debate now turns to the Senate, which will release its own spending plan in May. This will be the third budget authored by Senate Ways and Means Chairwoman Karen Spilka. Following Senate passage, a six member Conference Committee, comprised of three House and three Senate members, will meet to resolve the differences between the final House and Senate versions. The budget will then go back to each branch for voting, finally landing on the Governor's desk. The Governor must sign a budget before July 1, the start of the next fiscal year.

ML Strategies will continue to monitor the budget process as lawmakers further develop their spending plans for FY2018.

* * *

**If you have any questions about these matters
please contact your ML Strategies government relations professional.**

Boston · Washington www.mlstrategies.com