

Disclosure is the best policy

IT WAS GRATIFYING to see the Legislature pass tax credit transparency legislation as part of the state budget, but it was disappointing that lawmakers opted for the “lite” version.

The legislation, originally filed by Gov. Deval Patrick and a direct outgrowth of reporting by *CommonWealth* last spring, summer, and fall, should start to shed some light on the economic payoff from the more than \$1 billion in tax credits the state issues each year. Each agency dispensing tax credits must now provide information on the amount of credits issued and the number of jobs created, broken down by hours and pay.

That’s a huge step forward. Right now there’s no way to tell what kind of bang we’re getting for our tax credit bucks. Many agencies dispensing tax credits don’t release any information about who is getting them, let alone any analysis of how they help the state’s economy.

Unfortunately, lawmakers adopted a Senate version of the transparency legislation that would shield the names of individual tax credit recipients from public disclosure. Only aggregate information would be released to the public.

When he signed the budget into law, Patrick sent the section back to the Legislature, asking them to restore his original language requiring the identification of tax credit recipients. “These refundable or transferable tax credit programs are no different from other state grant programs, where the recipient’s identity has always been a public record,” Patrick wrote. At press time, the Legislature had taken no action on his request.

Sen. Karen Spilka of Framingham sought to withhold the names because she says she heard from several business officials that disclosing the names of tax credit recipients could have a “chilling effect” and dampen enthusiasm for doing business in Massachusetts. Jim Klocke, executive vice president of the Greater Boston Chamber of Commerce, says companies told him the information gleaned from such disclosures could be used by competitors. Nicholas Paleologos, the head of the Massachusetts Film Office, says the disclosure requirement would have been perceived as a negative by film makers tapping the state’s

25 percent film tax credit. “If we’re really about trying to figure out whether this works or doesn’t work, we can do it with the aggregate data,” he says.

Ultimately, these are unconvincing arguments. It’s unlikely any business would be placed at a competitive disadvantage by having to disclose it received tax credits, particularly since most tax credits are issued after—not before—a development project is completed. Company-specific data would guard against fraud and allow us to see hidden winners. The film tax credit was designed to lure film and television producers from out of state, but it also benefits producers who were here already shooting TV shows, including WGBH-TV. It’s hard to measure those benefits with aggregate data.

All too often the mindset in Massachusetts is to declare government information off limits. Whether it’s lawmakers debating bills behind closed doors or state officials battling a public records request, the tendency is to view public disclosure as a negative rather than a positive.

For this issue, *CommonWealth* reporter Jack Sullivan runs up against this mentality at the MBTA as he investigates the financial and safety implications of defective concrete railroad ties. A public records request for information was met with a bill for \$1,500, most of which would have gone to a T employee who would compile and copy the documents at a cost of \$65 an hour. *CommonWealth* is appealing the charge.

For our cover story on Boston Mayor Thomas Menino, I wanted to know whether the city’s two municipal golf courses were making or losing money. A simple question, but financial information on the golf courses wasn’t readily available anywhere, and the Menino administration’s insistence that the courses were making money didn’t match up with other available records.

By contrast, Brookline posts all of the financial information about its municipal golf course in one place on its website. A few clicks and you can see how it’s doing. It’s a good example to follow. Public information leads to good public policy.


BRUCE MOHL

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This report was made possible by the generous support of the Bank of America Charitable Foundation and Bank of America, N.A., Trustee of Lloyd G. Balfour Foundation.