

Beacon Hill Byline by Mary Rogeness

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### **The State Budget – Miles to Go Before We Sleep**

When House Speaker Charles Flaherty announced that the budget debate would start on May 28, he added, “Bring your sleeping bag!” That Wednesday session recessed at 11 p.m., and the speaker said to “bring a toothbrush” on Thursday. Thursday's session lasted until 2:30 Friday afternoon, when weary legislators approved the budget and sent it to the Senate.

These are my impressions of the budget that we passed. Remember, there is much opportunity for alteration in the document at other points in the budgetary process. The Senate, conference committee between the two houses, and Gov. William Weld all await the opportunity to be heard.

Education funding was a hot topic during the marathon session. We endorsed increased funding of public higher education, a system that has borne more than its share of cuts over several years. But contention arose over adding \$185 million to the K-12 system, money that was to be accompanied by a reform package. Proposals from one side linking new money to reforms were countered by the arguments from the other side that our schools still need additional funding even though reform efforts are stalled. In the end, the money was retained as budgeted. Each system will receive an additional \$100 per student, and an added \$100 million will be distributed to disadvantaged systems through EEOG formulas.

Jobs and job creation were another focus of the debate. A tax credit was approved for employers who create new positions, and a 3-percent investment tax credit is also in the new budget. Language was inserted to guarantee that gasoline taxes be spent on road repairs, another boon to the economy.

One surprising event was the adoption of changes to the Massachusetts Estate Tax, an issue many of you have discussed with me. A late-night debate featured impassioned speeches, one side claiming that the state needs the money and the other saying it is both unfair and counterproductive to impose a tax structure higher than almost any other state in the nation. After much loud disagreement, we adopted a compromise plan to increase the threshold for estate' tax from \$200,000 to \$350,000. Watch for more action when this issue is taken up in the Senate.

After 26 straight hours of debate, a \$14.8 billion spending plan was approved by the House. It expends \$400-\$800 million more than Gov. Weld's budget proposal. By most expert predictions it cannot be funded by anticipated revenues, and for that reason I regretfully voted against it.

Our state will finish the fiscal year this month in the black, an important accomplishment for a government that was dangerously close to insolvency just one year ago. However, Massachusetts still has the lowest bond rating of any state, and continued fiscal responsibility is the only way to raise that rating. The Senate can reduce the bottom line, and the governor can exercise his line-item veto authority. A combination of the two actions will compound savings by lowering debt service costs to the state, a development we can all applaud.