

Beacon Hill Byline by Mary Rogeness

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Income Taxes: A five percent solution

If you shop on Saturdays, you may have seen some volunteers at the Longmeadow Shops recently, townspeople who are circulating petitions and gathering signatures to place a tax question on next year's state ballot. This week's Byline will talk about why our neighbors are spending their weekends campaigning, and what their petitions are all about.

The topic is rooted our state government in the 1980s, and it's a matter of keeping a promise in the year 2000 that was made in 1989. In that year Massachusetts residents were taxed at an income tax rate of 5 percent. At that time the state was in a financial free fall. The economy was in recession. State spending was high, and tax receipts were low. The legislature responded to the crisis by raising taxes to 5.75 percent. But they made a promise to the voters taxes would revert to the traditional 5 percent rate once the crisis was over.

The legislature then looked at the state of affairs a year later. The fiscal situation was no better. If anything, it was worse, so the tax rate was again increased. The rate finally reached 5.95 percent, with an additional surtax tacked on to that. What happened to the promise?

It depends on who you ask. Some legislators say the promise was abrogated long ago when taxes were raised to the current rate. Their logic goes like this: The 1989 tax increase was enacted as a temporary tax, but the 1990 increase was not debated as temporary. Therefore, the legislature has no commitment to cut taxes. One leader has even said that tax relief is appropriately granted only to individuals who show "a demonstrable need."

Other legislators say that tax reduction is a priority, but we cannot afford a total rollback. This philosophy has led to House proposals in the last two budget years to institute a modest tax reduction.

The rest of us in the legislature and the weekend petitioners say the time is now. We propose a ballot initiative that establishes a schedule for reducing taxes over several years to 5 percent, and we are asking voters to support placing that proposition on ballots in November 2000.

It is my belief that the proposed tax rollback will be good for Massachusetts taxpayers and good for the state. Our experience of the '90s bears out that premise. Taxes have been cut 28 times in this decade, and receipts have continued to expand. The surplus revenues of the past three years have been used to reduce bonded indebtedness and build a substantial reserve fund, placing the state on sound financial footing.

A tax reduction will leave more money in the hands of every family. Individuals can decide how to spend it rather than leaving the decision to government. And we will take another step toward changing Taxachusetts back into Massachusetts.