

THE ODD PROPOSITION

If the day ever comes when an ambitious scholar, perhaps in residence at Harvard's Kennedy School of Government, decides to compile the *Annals of Great Massachusetts Legislation*, there is one law that would surely take up the bulk of an otherwise slim volume: it is Chapter 580 of the Acts of 1980.

Popularly known as Proposition 2½, it remains more than a piece of historic tax limitation law; it is an enduring political curiosity. Spurned at first by the legislature, by liberal opinion-leaders, by much of the business establishment and by public policy experts, it was passed by a vote of the citizens. Put forward as a ballot initiative by an underestimated conservative group, it won by a 59-41 margin in November of 1980.

Now, 15 years since it took effect, it has been refined and amended but not seriously attacked. "Two-and-a-Half was just a ballot question at first; now it's much more than that," says Michael Widmer of the Massachusetts Taxpayers Foundation, which is often seen as the "responsible" voice on state tax matters — and which opposed Proposition 2½. Widmer says the law has achieved near "mythical" status and has become politically "sacrosanct."

In fact, a fair-minded historian might conclude that Proposition 2½ is the most sweeping public policy reform in recent Massachusetts history — and one that did not come about from the efforts of "progressive" reformers. It was Citizens for Limited Taxation, a group that was well to the right of the Massachusetts mainstream, that led the anti-tax campaign in 1979 and 1980, with an assist from an organized group of high-technology executives. In the wake of the Proposition 13 tax revolt in California in 1978, the Massachusetts uprising was seen as a continuation of the middle-class homeowners' protest movement.

Led through the 1980s by Barbara Anderson, who played the role here that the bombastic Howard Jarvis played in California, CLT got used to being called "tax-cut terrorists" in the press. And yet there is little doubt that the margin of approval for their once-dubious property tax limitation law would, these days, much exceed the nearly 60 percent it won at the ballot box.

Which doesn't mean that the law is not detested, or at least frowned upon, by staunch liberals. "I don't see the good in Proposition 2½, frankly," says Alan Lupo, a longtime *Boston Globe* columnist. Lupo believes strict limitations on local taxes have caused towns and cities to neglect public investment, and he decries the constraints it has indirectly caused on state government spending. As it has had to share more of its revenue with localities, he says, "the state has not been funding its own services adequately."

Other liberals have learned to live with Proposition 2½, without exactly learning to love it. James Marzilli, a Democratic state representative from Arlington who is a member of the Joint Committee on Taxation, concedes the law has had some beneficial effects. But when asked how Proposition 2½ compares with other legislative reforms in recent years, he asks, "Is it really a *reform*?"

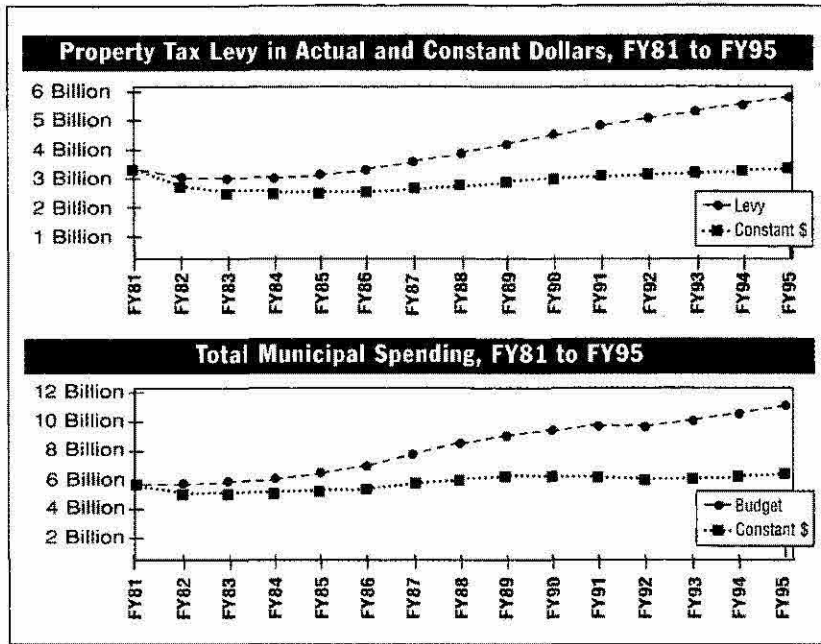
Jim Braude, who recently completed eight years as head of the Tax Equity Alliance of Massachusetts (TEAM), the liberal counterpart to Citizens for Limited Taxation, calls Proposition 2½ "a qualified success." But his assessment is more than a little backhanded. "It's a bad idea gone good," says Braude.

LOOKING BACKWARD

Make no mistake about it: The faint praise Proposition 2½ gets now is a far cry from the denunciations it provoked in the heat of the ballot campaign.

After 15 years,
has Prop 2½
proven to be a
limited success?

BY DAVE DENISON



"Proposition 2½ is an outrage," fulminated columnist Robert L. Turner in the *Globe*. Writing several months before the statewide vote, Turner said the proposition was being pushed by "mindless tax-cutters" who were "quietly breathing mayhem." The *Globe* editorialized against Proposition 2½'s "meat-ax approach," and spoke of "fanatical critics of municipal government." Alan Lupo wrote of "foolish tax-cutting proposals that could turn Massachusetts into a nightmare."

Gerald Cohen, a Democrat from Andover who was chairman of the legislature's Joint Taxation Committee, was somewhat milder. He referred to Prop 2½ as "a well-intentioned nightmare." James Segal, a former state representative from Brookline, foresaw the "devastation" of the cities by Prop 2½. "The public workers will be hurt by massive layoffs, as well as by a leveling ... in wages. The urban residents will be hurt by drastic cuts in public services. Police and fire protection, educational services, elderly programs, public health and building inspections, sanitation, such as trash pick-up and street-cleaning, libraries and recreational activities will all have to be cut severely in the cities," Segal wrote in the spring of 1980.

Similar arguments were made that year by the League of Women Voters, the Massachusetts Municipal Association, and the business-backed Massachusetts Taxpayers Foundation. The teachers unions, including the powerful Massachusetts Teachers Association, saw an immediate threat in Proposition 2½. And progressives who were hoping a 1970s court challenge would create momentum for a new and more equal system of school finance looked at Prop 2½ as something that could only be a setback for public education.

"There were clearly cries of gloom and doom, and fears about what this would mean for education and local services," recounts Widmer of the Taxpayers

Foundation. In particular, educators worried about a measure included in Proposition 2½ that would end fiscal autonomy of school committees — the custom had been for school committees to decide how much the schools needed and then city councils and town meetings were charged with coming up with the money. Under the new law, school spending would have to compete with all other municipal needs in a drastically altered environment. Property tax revenue would be capped at 2.5 percent of the city or town's total property value — and from that point the tax levy could increase at no more than 2.5 percent per year.

Looking back, James Segal remembers how radical Proposition 2½ seemed. Says Segal, now an attorney at Hale & Dorr in Boston, "It was thought to be much too

much of a straight-jacket on the cities and towns." No one knew whether the state would replace the money that cities and towns would lose when property tax revenue was capped. State aid to localities was always "an iffy proposition," he says, and in the 1970s "it was always the first thing to be cut." How would municipal government be able to plan from year to year? In addition, most towns by 1980 still had not moved to assessing property at its "full and fair market value." No one was sure how the change in real estate assessment practices that the law required would affect local revenues.

As legislators, both Segal and Gerald Cohen had recognized that the property tax in Massachusetts was excessive. Brookline, which Segal represented, had one of the highest property taxes in the state. "It was really a mess," Segal says. But fixing it "was not necessarily a high priority for Democrats." Cohen believed it was the legislature's responsibility to cut property taxes by increasing state aid to cities and towns. But by imposing a strict cap on localities, he thought Proposition 2½ was "attacking the wrong government."

Barbara Anderson, for her part, has long since grown comfortable with a sense of vindication. In a 1981 interview she expressed the hope that in five years "I would like Cohen to come up to me and say, 'Barbara, you were right.'" Anderson says she got her wish. Nowadays, she says, when she runs into Cohen, who works the Statehouse halls as legislative counsel to the Massachusetts Lodging Association, "I always get a hug."

"I have said to Barbara Anderson [that] what I think she was right in was that the legislature could not or would not shift away from the property tax," Cohen says. Of Proposition 2½, he says, "I think it has proved to be a very positive piece of legislation."

