



CITIZENS
for
Limited Taxation
The Commonwealth Activist Network

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To: Members of the Massachusetts House
April 27, 1999

Can you keep a promise?

The Massachusetts House passed a “temporary” income tax rate increase in 1989 (*see reverse, a copy of our full-page ad in today's Boston Herald*). It's time to roll back the income tax rate as promised.

Some of you were here in 1989 and voted against the tax increase. Thank you, and please reiterate your support for the 5 percent rate now.

Some of you were here in 1989 and voted for the temporary tax increase. It's time now to keep your promise that the rate increase would be temporary.

Some of you were elected after the 1989 vote. Taxpayers were assured in 1989 that the temporary tax would be used to pay off the deficit bonds. That could not happen until after another election, so obviously taxpayers needed to trust the Legislature as a body to keep its word, no matter who was in office when the time came to reduce the rate. It's time for you to keep the Legislature's word, to help polish its reputation.

We're glad Speaker Finneran supports a reduction in the income tax rate. However, 5.95 percent to 5.75 is but a token cut. We taxpayers first paid the tax increase retroactively for Tax Year 1989, and we just paid it for Tax Year 1998. We should not have to pay it again for Tax Year 1999. The Legislature is long overdue in keeping its word. The rate should be reduced immediately to 5 percent for the present tax year.

However, since we don't expect this to happen, our CLT bill drops the rate to 5.6 percent for Tax Year 1999. If you must keep the promise one year at a time, then 5.6 percent is the least you can do this year.

The state has another surplus this year. It has accumulated surpluses from past years. The tobacco settlement is on its way. The time to keep the Legislature's promise is now.

We hope you will vote to amend the Speaker's proposal to lower the rate to 5.6 percent in 1999, to 5.3 in 2000, and finally back to 5 percent in 2001.

Thank you for your attention.

“He was ever precise in promise-keeping.” Shakespeare

“I defy the boldest liar among travelers to say that he has ever encountered a country or tribe where it is laudable to break one's word.” Voltaire

“Undertake not what you cannot perform but be careful to keep your promise.” Proverb.

“But I have promises to keep, and miles to go before I sleep.” Frost

A Tax is a Pay Cut . . . A Tax Cut is a Pay Raise

Was it a promise or wasn't it? You decide.

During the Massachusetts fiscal crisis in 1989, the state's personal income tax rate was raised from 5 percent to 5.75, partly to pay overdue Medicaid bills. The next year the rate was again increased, and presently is 5.95 percent. The bills and the emergency bonds have been paid off. The Commonwealth has a giant

surplus and is also getting a huge tobacco settlement as reimbursement for past Medicaid costs, yet legislators refuse to roll back the income tax rate to 5 percent. Legislative leaders deny that a promise to restore the 5 percent rate was ever made. Read the news clips below their statements, and decide for yourself.

House Speaker Thomas Finneran disputes (Barbara) Anderson's contention that Beacon Hill promised to roll back the 1989 tax increase once the debt was paid. "Maybe somebody at the time said 'well, gee, maybe

we should or maybe we could consider rolling it back..." *Beacon Hill News - June 23, 1997.*
"No such promise was made..." (Senate President Thomas) Birmingham said. *AP - Jan. 27, 1999.*

The Boston Herald • Tuesday, July 4, 1989

Dems eyeing temporary state income tax hike

By JONATHAN WELLS

THE DEMOCRATIC House leadership yesterday agreed to plug last year's budget deficit with a temporary, 18-month hike in the state's income tax, sources told the Herald.

The precise outline of the tax package was not decided yesterday, but sources said a proposal to fund loans slated to cover a \$619 million deficit will include temporarily increasing the income tax from 5 percent to 5.75 percent

House Speaker George Keeverian (D-Everett) emerged from a three-hour leadership meeting yesterday and refused to

describe or discuss the tax plan, but said an agreement had been reached.

Before entering the meeting, the speaker said he is "more in favor" of an 18-month income tax hike than he had been previously, because it would erase the deficit faster and save the state money on debt service.

"It is going to be difficult to sell anything to the members," Keeverian said, but he indicated passage would be easier with a temporary tax and short-term bond package.

The Boston Globe • July 4, 1989

By Bruce Mohl

House leaders plan to push for the state to deal with the fiscal 1989 deficit and pay old Medicaid debts by temporarily increasing the state income tax from 5 percent to 5.75 percent, sources said yesterday.

House Speaker George Keeverian met with other members of his leadership team yesterday to talk taxes, but he declined to discuss his plans with reporters

until after a meeting with other House members tomorrow.

Sources said Keeverian plans to push for an increase in the tax on earned income for an 18-month period, raising between \$680 million and \$800 million. The sources said some bugs remain to be worked out with the proposal, including the implementation of the tax for part of a year.

THE MIDDLESEX NEWS

July 4, 1989

Barbara Anderson of Citizens for Limited Taxation said she doubted that any tax passed by the Legislature would be temporary.

The Boston Globe • July 7, 1989

By Bruce Mohl

The Massachusetts House swallowed the T word last night, voting 82-74 to give initial approval to a temporary 15 percent increase in the state income tax to deal with the fiscal 1989 deficit.

THE MIDDLESEX NEWS

July 7, 1989

The plan, which is being described as temporary, would increase tax rates on earned income from 5 percent to 5.375 percent for 1989 and then up to 5.75 percent for 1990.

The Boston Herald

July 7, 1989

The coalition, a 40-member organization representing 45,000 businesses, also opposed the temporary tax package, saying there is currently no guarantee it would remain in place for just 18 months.

THE MIDDLESEX NEWS

July 9, 1989

In defending his vote, Rep. David P. Magnani yesterday emphasized that the hikes would only be in place for 18 months and that revenue generated would only go towards past bills.

THE WASHINGTON TIMES

July 10, 1989

Massachusetts residents are expected to be hit with a \$793 million tax increase this week as their state struggles to pay off old debts and a budget deficit.

The temporary 15 percent increase in the state income tax, which will last 18 months, was approved Friday by the Massachusetts House. It is expected to win approval this week from the Senate and then go to Gov. Michael Dukakis.

The Boston Herald

July 14, 1989

By JONATHAN WELLS

THE MASSACHUSETTS Legislature gave its approval last night to a temporary, 15 percent hike in the state income tax to cover the state's debts following a blistering, partisan debate.

The House Democratic leadership made its fragile, four-vote advantage stick on an 82-78 vote in favor of the tax bill and the Senate swept the 18-month increase through on a 23-15 vote.

The Swampscott Reporter

July 13, 1989

For his part, state Senator Walter J. Boverini (D-Lynn) was also prepared to support the temporary tax increase. ...

"Everyone likes to blame Michael Dukakis for this. We all have to share the blame and vote in some temporary taxes. But we have to make sure it is temporary."

The Boston Herald

July 27, 1989

Duke

By Jonathan Wells

IN THE privacy of his State House office, Gov. Michael Dukakis last night signed into law a temporary 15 percent hike in the state income tax designed to sop up the red ink in last year's budget.

Dukakis put his signature on the controversial 18-month tax hike, vetoed \$53.6 million from a final spending bill for the prior fiscal year and quickly departed, offering no public comment on his actions.

July 27, 1989

Associated Press

Boston -- Massachusetts residents are getting their largest income tax increase in a decade under a \$740 million temporary increase signed into law by Governor Michael S. Dukakis.

**How many times does
"temporary" and "temporarily" appear?**

Count up the number and send your answer to:

Citizens for Limited Taxation

PO Box 408

Peabody, MA 01960

for a free information package

Or call: (508) 384-0100