



CITIZENS for Limited Taxation

41 Years as the Voice of Massachusetts Taxpayers
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To: Joint Committee on Revenue
Re: Income Tax Rollback bills
Chip Faulkner, Associate Director

Citizens for Limited Taxation still and always supports returning the income tax rate to 5% as taxpayers were promised when the rate was “temporarily” increased by Gov. Dukakis and the Legislature in 1989 (see collage).

Through the 1990s, we urged the Legislature to keep its promise that the rate increase would be temporary. Finally, we placed a question on the 2000 ballot to roll back the rate to 5%, over three years; we called our campaign “A Promise to Keep” and voters passed it 59-41 percent.

In 2002, the Legislature “froze” the voter-mandated rate reduction and substituted a small adjustment in the income tax rate in years that a particular formula kicked in. Over the next thirteen years the rate has sloooowly been reduced, so that it is now 5.15 percent.

We support H. 2598 by Rep. Lombardo, which would restore the 5% rate on July 1, 2015, roughly a quarter century after The Promise was made.

Naturally our support for the traditional 5% rate, as promised in 1989, means we are opposed to any bills that would increase the income tax rate on either Part A or Part B income, in violation of the voters’ mandate – regardless of any ploys to offer goodies to various income groups (S. 1452), which would disappear as soon as sponsors get the higher income tax rates that is their real goal. There is also no need for a commission (H. 2631) to study all of this, since The Promise, followed by the 2000 voter mandate, was perfectly clear: restore the income tax rate to its traditional 5 percent.

Thank you for your attention.

Every 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 "temporarily" raised from 5 percent to 5.75 percent, largely to pay overdue Medicaid bills. Since the bills and emergency bonds were paid off years ago the state has run giant surpluses and it has filled state savings accounts with billions of surplus tax dollars. Mas-

sachusetts is also getting an additional \$8 billion settlement as reimbursement for some of those past Medicaid costs. Yet still, legislators refuse to roll back the rate to 5 percent, and legislative leaders even deny that a promise was ever made. Read the news clips below their denials, then vote "YES!" on Question 4.

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 - Jun. 23, 1997*
"No such promise was made..." *Senate President Thomas Birmingham - 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

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 Boston Globe • July 7, 1989

By Bruce Mohl

Rep. Richard A. Voke (D-Chelsea), chairman of the House Ways and Means Committee ... has supported the **temporary** tax package for fiscal 1989 but opposes the governor's call for permanent new taxes for fiscal 1990, which began July 1....

"The administration's got to get with

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 MIDDLESEX NEWS
July 9, 1989

"I am hearing rumors that the Senate is thinking of jacking it up another 25 percent or making it a permanent tax, and I could not support that," Rep. Barbara Gardner said.

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 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**."

it," Voke said, adding bluntly that permanent taxes will not pass the House. "When and if all the fat is cut from the budget," he said, "this committee will fund it. I speak for the Democrat leadership on this issue. Governor, you are not getting permanent new taxes out of the House. Do you get it?"

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.

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.

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.

Compiled from published news accounts by

A Promise to Keep: 5% • PO Box 408 • Peabody, MA 01960 • (508) 384-0100 • <http://cltg.org>