

Investing for Opportunity

What's at stake? We all benefit from services provided through our public structures. Yet vital services are being starved at a time when we should be expanding opportunities for education and economic growth. Between 2001 and 2012 nearly every state program has seen dramatic reductions, including:

- Early Education & Care: down 28%
- Environment & Recreation: down 38%
- Higher Education: down 31%
- Infrastructure & Economic Development: down 17%
- Chapter 70 Education Aid: down 8%
- Unrestricted Local Aid: down 46%
- Public Health: down 25%

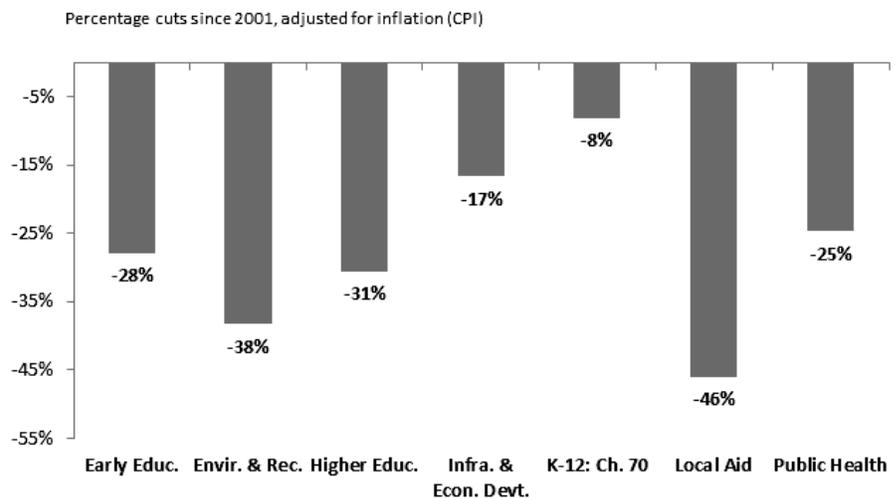
The choices we make should reflect upon our shared values of economic opportunity and prosperity for all. We must continue to invest in our public structures to keep them strong.

What can we do? To restore vital programs and services and fund critical new investments, we must reform the Commonwealth's tax system. We need a tax system which provides adequate revenues for essential investments and raises revenues in a fairer manner.

Adequate revenue: Tax cuts since the 1990s have reduced our tax revenues by more than \$3 billion per year. An adequate revenue system must restore at least \$2 billion per year in taxes. This will keep Massachusetts taxes at about the average level among the states.

Fair revenue: At present, lower income families pay a larger share of their income (9.7% on average) in state and local taxes than do wealthy families (6.0% average). A fairer tax system will reduce that disparity.

A decade of cuts across the state budget, FY01 - FY12



*Ch. 70 figures are adjusted using the inflation factor specified in Chapter 70

Two Strong Proposals for Reform.

In January, two reform proposals were filed, one by Governor Patrick and the other by the Coalition for Our Communities (“An Act to Invest in Our Communities”). Each of them meets the key goals of reform.

Both proposals would provide **substantial new annual revenues**. The Coalition proposal yields \$2 billion; the Governor’s yields \$1.9 billion.

Both proposals increase the 5.25% income tax rate (to 5.95% in the Coalition proposal and to 6.25% in the Governor’s) and roughly double personal exemptions. This combination ensures that low and moderate-income households will see modest reductions in their taxes, while those who are better able to pay produce the additional revenue.

The Coalition proposal would restore higher rates of tax on investment income with exceptions to protect moderate-income seniors. The Governor’s proposal would cut the sales tax rate (our most regressive tax) from 6.25% to 4.5%, while making a number of other tax changes to compensate for the lost sales tax revenue.

The overall effect of each is to **improve the fairness of our tax system**. The chart depicts the effects of the Coalition proposal; the effects of the Governor’s plan are similar.

“Sustained cuts to the marrow of our community leave us weak for the future and diminished as a beacon of opportunity.”

—“As Mass. debates taxes, a lesson from John Winthrop” by Burns Stanfield & Stephen Kendrick, Boston Globe, Jan. 25, 2013

What Can You Do to Help?

- Contact your state senator and state representative and urge them to support revenue reform.
- Contact the Governor to thank him for his courageous leadership on this issue.
- Write a letter to your local newspapers explaining why we need adequate and fair tax revenues. Emphasize programs and services important to you.
- Sign up on our website to receive further updates on the revenue campaign.
- Use your social networks (both electronic and otherwise) to spread the message.

For further information, visit:
www.ProgressiveDemsofMass.org

