



Mass. speaker seeks smaller tax hike than gov.

Massachusetts House Speaker DeLeo seeks smaller tax hike than proposed by Gov. Patrick

By Bob Salsberg

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BOSTON (AP) -- Massachusetts House Speaker Robert DeLeo called for a much smaller package of tax increases than has been recommended by Gov. Deval Patrick, saying he wants to address pressing needs while avoiding any "collateral damage" to the state's economy.

"I'm worried that the administration's proposal places too heavy a burden on working families and businesses that are struggling to survive," DeLeo, a Winthrop Democrat, said in a speech on Thursday to the Greater Boston Chamber of Commerce.

Patrick in his state budget request has called for a net tax increase of \$1.9 billion to pay for transportation and education improvements.

His plan calls for raising the income tax from 5.25 percent to 6.25 percent, while lowering the sales tax from 6.25 percent to 4.5 percent.

DeLeo said he shares the same two priorities — transportation and education — as the Democratic governor, but wants to minimize the impact on taxpayers.

"If we are to pass a new revenue package, I believe it should be far more narrow in scope and of a significantly smaller size," he told the gathering of business leaders.

"We seek to fund the priorities we need to enhance the economy, without creating any collateral damage," he added.

In his speech and in later remarks to reporters, DeLeo emphasized he was not trying to pick a fight with the governor, and that he continues to have a strong working relationship with the administration and expects to eventually arrive at a "mutually agreeable" solution.

He said House leaders are still mulling various options and will seek a revenue source earmarked entirely for the state's transportation needs.

The Massachusetts Bay Transportation Authority said earlier this week that it might have to raise fares as much as 33 percent or slash some service if it does not receive additional funding from the state. The MBTA faces a \$140 million deficit in the next fiscal year.

DeLeo said the House will devise a plan aimed at avoiding the need for fare increases.

He said the plan would also help smaller regional transit authorities around Massachusetts.

Patrick has said that because his proposed income tax increase also includes a doubling of the personal exemption and the elimination of some itemized deductions, about half the state's taxpayers — including those who earn less than \$60,000 annually — would pay the same or less in taxes if the plan was approved.

But DeLeo said the elimination of those exemptions could cause hardship to many taxpayers and that he has heard concerns from the business community about added tax burden under the governor's plan.

"I think it was a very sensible, focused approach and also manageable," Michael Widmer, president of the business-backed Massachusetts Taxpayers Foundation, said of DeLeo's remarks. "The governor put a very large tax increase on the table which clearly was too ambitious."

Widmer also praised DeLeo for prioritizing transportation improvements and for pledging to have the House consider a transportation finance plan apart from the rest of the state budget.

"Modest" increases in the state's 21-cent-a-gallon gasoline tax and in Registry of Motor Vehicle fees were one possible way to tap new revenues, Widmer said, adding that he did not know what lawmakers would decide.

Kristina Egan, director of the advocacy group "Transportation for Massachusetts," said the state needs about \$1 billion in additional revenue to maintain and modernize the state's crumbling infrastructure.

"Our concern going forward is that there's legislative support for sufficient and stable funding for transportation," Egan said.