

YES ON 4

ROLL TAX RATES BACK TO 5%

Four Good Reasons To Vote “Yes!” On Question 4

- **How will a tax cut affect the economy?**
An income tax cut will make Massachusetts more competitive with other states. In the new internet economy, jobs can move to where employees want to live. Lower taxes will make Massachusetts more attractive and help in both creating new jobs and in filling the 23,000 high tech jobs currently going vacant. By cutting the tax burden now, we will help make the next recession less severe.
- **Is now the right time to cut taxes?**
With state government swimming in excess tax revenues and the Legislature holding all-night rowdy sessions to spend the money on special interests, there will never be a better time to roll back the “temporary” tax increase as the Legislature promised 11 years ago.
- **What will a smaller state tax surplus mean?**
The huge tax surpluses of recent years have been a temptation to the Legislature to find ways to spend all the money. The memory of the fiscal disaster of the 80’s is fading and the old ways of raising spending to unsustainable levels is coming back. A tax cut will help protect the state by encouraging fiscal discipline.
- **Does keeping a promise matter?**
Trust in government is undermined when politicians renege on promises made to the people.. In 1989, the people were told that the tax hike was “temporary,” needed only for a fiscal emergency, and would be rolled back in 18 months. It is now 11 years later. The emergency is long over. It is time to vote Yes on Question 4 and keep the promise.

For more information, visit

Citizens for Limited Taxation
<http://cltg.org>

Tax Rollback Committee
<http://www.rollitback.com>

**HEADS UP! WHEN YOU GO TO VOTE, REMEMBER TO LOOK
UP FOR BALLOT QUESTIONS ABOVE THE CANDIDATES!**

1. **Make The Legislature Keep Its Promise: 5%**

Our state Legislature promised that the 1989 tax hike to 5.75% would be temporary. That was 11 years ago. The fiscal emergency is long over. It is time to keep the promise and roll back the tax rate to 5%.

2. **Protect Massachusetts’ Future**

Massachusetts’ per capita income tax burden is still the highest in the nation. Gradually reducing the tax rate on “wage” and “investment” income back to 5% invests in the productivity and continued prosperity that enables us to pay for infrastructure, local aid, education, and health care.

3. **Vote Yes On 4 – Or They’ll Be Back For More**

We must prevent another fiscal crisis like the one we faced in 1989 that led to the “temporary” tax hike. The state budget has almost doubled since then. An income tax rollback will curb the legislative tendency to runaway spending that will ultimately result in *both* service cuts *and* new taxes when the economy slows down.

4. **A Tax Cut Is A Pay Raise For Taxpayers**

A tax rollback lets taxpayers keep more of their own money. The median income family will keep about \$500 more a year – to save, invest, pay heating bills, or give to a charity of their choice. Working families can spend that money more wisely than legislators.

- **What is Ballot Question 4?**

Question 4 is a citizen initiative for a law to reduce state “Part B” income tax rates from the present 5.85% to 5% in gradual steps over three years – 5.6% in 2001, 5.3% in 2002, and 5% in 2003 and thereafter.

- **Are dividends and interest included?**

Yes. Dividends and interest are now taxed at the same rate as wages, salaries, and other “earned” income.

- **How much is that in dollars?**

It depends on your taxable income. In 2003, when the tax cut is fully phased in, the total savings to taxpayers is estimated to be \$1.2 billion a year. An average taxpaying family will keep nearly \$500 more of its earnings instead of sending it to Beacon Hill.

- **Isn't that just “a pizza a week”?**

It's your money. If you want to spend it on pizza, it's your choice. But you may need the extra money to help with heating bills. Or you might put the money away to save for your children's college education. Investing \$500 a year for 18 years at 6% interest will accumulate \$22,000 – enough for four years tuition at UMass Amherst.

- **Why stretch the tax cut over three years?**

When the Legislature raised tax rates, they did so instantaneously and in some cases retroactively. To avoid any disruption, however, Question 4 is designed to reduce tax rates gradually, giving the Legislature three years to adjust to slightly smaller spending ambitions.

- **Can the state afford this tax cut?**

Despite the best efforts of the Legislature, the state has not been able to spend all the money taxpayers pay. Even though the state budget has nearly doubled in a decade to \$22 billion, surplus tax collections have been \$500 million to over a billion dollars every year. A Yes vote on Question 4 will let taxpayers keep some of the surplus money they have been paying.

- **What if there is a recession?**

The state has accumulated over \$5 billion in reserve funds to protect against contingencies. There is over \$1.4 billion specifically set aside for an unexpected shortfall in tax revenues. The state will also receive \$8 billion from the tobacco settlement paid over 25 years, with over \$240 million a year going into another reserve for health care.

- **Will education be affected?**

Education Reform has nearly tripled the state commitment to education to \$3 billion a year. That money is already in the budget. The tax cut will come from surplus revenue growth without affecting any programs.

- **Will health care be affected?**

The current budget provides nearly \$5 billion a year for health care for low income children and adults. The tax cut will come from surplus revenue growth without affecting any programs.

- **Will human services be affected?**

In addition to health care, other human services programs receive another \$4 billion in the current budget. The tax cut will come from surplus revenue growth without affecting any programs.

- **Will cities and towns be affected?**

City and town treasuries have also prospered from the economic boom of the past decade. Reserve funds and “free cash” now total \$1 billion. State aid funding is already in the budget. The tax cut will come from surplus revenue growth without affecting state aid.

- **What about the Big Dig and road and bridges?**

The Big Dig is nearing completion. Cost overruns found last year were financed out of last year's tax surplus and dedicated revenue sources. A contingency fund for future cost increases was included. Roads, bridges and mass transit are funded from gas taxes in the Highway Fund. The tax cut will come from surplus revenue growth without affecting any programs.