



The Activist News

Citizens for Limited Taxation

The Commonwealth Activist Network

Post Office Box 408 □ Peabody, Massachusetts 01960

(508) 384-0100 □ E-Mail: clt@cltg.org □ www.cltg.org

The Massachusetts Taxpayer Activist's Newsletter

June 2004

History of the Income Tax Rollback

June 1998: CLT continues its decade-long "Keep the Promise" campaign, reminding legislators that taxpayers were promised that the 1989 income tax rate hike would be "temporary." To avoid dealing with this, and with Senate President Tom Birmingham running for governor, the Legislature passes a different tax cut more to his liking, an increase in the personal exemption.

November 2000: On the ballot, our initiative petition to restore the income tax rate to 5 percent passes with 59 percent of the vote, becoming The People's Rollback. It ordered the state to roll back the "temporary" income tax rate hike of 1989 to 5.6 percent in 2001, 5.3 percent in 2002, and 5 percent in 2003. Voters also pass a charitable donations tax deduction.

May 2002: As part of a tax hike

package, the personal exemption is increased, the charitable deduction ended, and the rollback "frozen" at 5.3 percent. A complicated formula is created for future correction.



Editorial cartoon by David Hitch
Telegram & Gazette • May 11, 2004

April 2004: The state economy begins recovering, revenues are \$517 million above projections. Governor Romney announces support for defrosting the frozen rate and rolling it back to 5 percent for Tax Year 2005, which is estimated to save taxpayers between \$200-225 million in the coming fiscal year and double that amount the next year.

May 2004: The Governor sends a rollback amendment to the Senate as it debates its FY'05 state budget. The rollback was meant to drop the income tax rate to 5 percent, beginning Jan. 1, 2005, for the sec-

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A recent Romney administration analysis of what the Legislature's formula does, and when

For each year in which real baseline revenue growth is +2.5 percent, higher personal exemptions first will be gradually restored, then the tax rate will be gradually lowered to 5.0 percent, and finally the charitable deduction will be reinstated. The schedule is shown on the right, assuming real baseline revenue growth of +2.5 percent each and every year for the next 10 fiscal years (including FY04).

Activist Alert

Please contact your legislators to tell them you prefer the Romney plan, which gives us our 5 percent rate next year. The will of the voters should supersede legislative tax cuts – but the personal exemption should also be restored, and indexed for inflation as it is at the federal level

(thank you President Reagan). Along with pushing the rollback, Gov. Romney is attempting to jump-start his reforms and the fall legislative campaigns.

2005: exemptions at \$3,575 & \$7,150, no charitable deduction	
2006: exemptions at \$3,850 & \$7,700, “	”
2007: exemptions at \$4,125 & \$8,250, “	”
2008: exemptions at \$4,400 & \$8,800, “	”
2009: 5.25%, No change in the rest	
2010: 5.20%, “	”
2011: 5.15%, “	”
2012: 5.10%, “	”
2013: 5.05%, “	”
2014: 5.0%, “	”
2015: charitable deduction restored.	

Speaker of the House Tom Finneran has other plans for state surpluses that will be created by the improving state economy: a **constitutional amendment** that will require that they be used to build a state “rainy day fund.” CLT's plan: first the Legislature does what voters told it to do on the income tax rate, and keeps its own commitment on the personal exemption, then we'll see if

there's still a surplus. If this amendment is on the 2006 ballot, we can debate whether the state should have a savings account.



The Outsiders' Track

By Barbara Anderson

- We have **new tax burden data** since our March newsletter, when we were preparing to celebrate Tax Freedom Day on April 18th, the 4th latest date in the nation.

Tax Freedom Day is determined by the Washington-based **Tax Foundation** using federal, state and local taxes. For CLT's usual tax debates, we use only the state and local data per capita, which estimates that for 2004, Massachusetts' tax burden will be 4th highest of all the states, 19.7 percent above the national average.

During the rollback debate, you may hear from opponents that our tax burden is 36th in the nation and wonder what happened to Taxachusetts. This is an estimate of our tax burden relative to personal income, which changes dramatically with the economy. In March we seemed to be 13th; don't use that data. The Tax Foundation says that the federal Bureau of Economic Analysis keeps adjusting the numbers, especially in high tech states like California and Massachusetts.

- As we write this, the senior relief bill is still in conference committee. The House version, which we oppose, simply excludes seniors from paying for future overrides, which would almost guarantee tax hikes for the rest of us. The Senate version does not have this dangerous provision, but makes more seniors eligible for the circuit breaker and certain abatements, as well as allowing lower interest rates for deferred taxes.

- We have a few **volunteers** for our fee court case against the nursing home tax, and are looking for more. If you or your family are paying this tax, please contact us.

- The last week in April was a happy time, with the release of **Gerald Amirault** from prison. **Chip Ford**, **Chip Faulkner** and I went to the release party at Maggiano's in Boston – to celebrate freedom, not justice. There is no justice for someone who was wrongly incarcerated for 18 years. I hope you had a chance to see Gerry and his wife **Patti** on NECN's *NewsNight* and *Greater Boston*, **Emily Rooney's** program on WGBH, or hear them with **David Brudnoy**.

- A generous someone, whose name I don't know, paid the \$500 for me to attend the **Jerry Williams** "I never had a dinner dinner" on April 28th at Legal Seafood in Chestnut Hill. Celebrated Jerry's career with organizer **Ted O'Brien** and guests including **Howie Carr**, **Jeanine Graf**, **Tom Ellis**, **Jordan Rich**, and **Grace, Queen of the Cockamamies!**

- I did the Brudnoy show myself on the subject of sick-leave buybacks – the outrageous public employee union benefit that gives cash at retirement to people who have been lucky enough not to use up all their "sick days" by being sick. According to a Boston Globe expose in which I was quoted, Boston taxpayers paid \$12million to retirees who cashed out their sick days last year. No wonder Boston doesn't have money to pay for the Democrat convention!

- **Tis the season of overrides**, and we honor those **activists** who fight the constant battle, win or lose. We note that Winthrop has had three override elections in less than a year – and with the leadership of CLT activist **Alex Mavrakos** just defeated its third. CLT will dedicate its new bill, to allow only one override election a year, to him and his group!

- **Seekonk voters** defeated a \$3.5 million override 2,375-483. The late **David Wilson** used to get results like this in East Bridgewater, but we don't see it often.

- **Ted Tripp** of the **North Andover Taxpayers Association (NATA)** represented CLT at the organizational meeting of the new **Amesbury Taxpayers Association** on April 14, and reported that 140 people attended, paying \$5.00 each for the hall and food. CLT activist **Chris York** showed Excel graphs which compared Amesbury to 10 other towns similar in population and household income; Amesbury was far above all the others in average tax bill. Good thing it now has a taxpayers



Barbara addressing the Weymouth Republican Town Committee • May 13, 2004

group!

NATA's own researcher, **Dr. Chuck Ormsby**, has been elected to the school committee. "Can you believe," he asked me, "a pro-voucher/school choice candidates wins in liberal Massachusetts? Life is getting more interesting every day!" Can't argue with that. Chuck has also started a new free monthly newspaper, *The Valley Patriot*, which can be found in Lawrence, Andover, North Andover and Methuen.

- **CLT celebrates diversity!** Recent speakers at Chip Faulkner's Friday Morning Group, the Massachusetts cell of **Grover Norquist's "Leave us alone coalition"** were **Tim Duncan**, candidate for the State Senate against Sen. Therese Murray (D-Plymouth); **Skip and Lenore Schloming** of the **Small Property Owners Association**; and **Peg Whitbread**, President of Mass.

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Outsiders' Track ... *cont'd from page 2*

Citizens for Life.

- Chipster has also been attending meetings of local taxpayer groups. **Ella Smolenski** of Northampton's **NoGo2** wrote "Thank you for making the trip to Western Mass. We often think we are forgotten out here." **Jake Hagopian**, president of the **Holden Associated Taxpayers (HAT)**, also sent a thank-you note: "We have had a lot of good feedback from people that were in attendance and people that watched it on the cable channel." *The Holden News* ran an in-depth account of the meeting and Chip's speech, during which he was attacked by a Holden selectman who said CLT has cost the state \$1 billion a year. "That means, Faulkner said, that CLT has saved residents \$1 billion, and if so, he's proud."

- **Speaking of liberals:** As of April 15th, 624 taxpayers had volunteered for the CLT voluntary tax, choosing to pay the higher 5.85% rate. This means that if the rollback were on the ballot today, it would win with over 99% of the vote!

- **The Constitutional Convention** met briefly on May 12th and adjourned until Wednesday, June 9th. At that time, it may take up Sen. Rosenberg's anti-initiative petition amendment and the Finneran constitutional amendment for a rainy day fund, as well as an initiative petition to guarantee "affordable" health insurance coverage for all residents. If they get through the ConCon process, these measures would go to the voters on the 2006 state-wide ballot.

If the Rosenberg amendment to kill the initiative petition pro-

cess passes the convention (in two successive sessions) we and other groups across the political spectrum will pull out all stops to defeat it there.

- **Tim Duncan**, Sen. Murray's opponent, who has been endorsed by the CLT 2½ PAC, discovered how serious Murray's supporters are about his campaign. After his campaign kick-off on May 20, roughly 100 union thugs, many carrying Murray or anti-Romney signs, attacked the car with Tim and his family.

In his words: "People began rocking the car, spitting on the windshield and shouting profanities at me, my wife and my children. Several in the crowd had copies of a building permit I had filed for remodeling on my house in Falmouth in 2002. The building permit had our home address and people pressed the paper against the glass in front of my wife and children and shouted 'We know where you live.'"

His car was kicked, the mirror knocked in. The police were called and video and photos were taken. The evidence is being made available on Tim's website as we write, and will be accessible through ours. We especially like the photo of one thug carrying a sign saying "This is Murray country" and the one next to him giving the middle-finger salute.

Gov. Romney, who has filed several reforms that some unions don't like, was at the kick-off and will, we expect, take steps to protect his candidates. If enough of them win, the unions know that other legislators may be concerned enough about the next election to consider these reforms. Support your local challengers!

Taxpayer Warning: Once again, here come da courts

On April 26, a Superior Court judge said that the state is not providing adequate education, especially in low-income districts. Judge Margot Botsford's opinion has been sent to the Supreme Judicial Court for a ruling as to whether an earlier court order has been followed. That 1993 ruling led to the 1993 Education Reform Act, which has since poured \$30 billion more into K-12 schools and led to the creation of charter schools and eventually, MCAS accountability. There is still apparently a problem with the formula that determines state distribution to local schools, since children in poorer cities are not getting sufficient resources for "adequate" education.

If this is addressed directly with a larger share of available

local aid sent to those cities, there might not be a threat to taxpayers. But in other states, similar rulings have led to property tax hikes in some communities to support other, poorer, communities; if the SJC redefines "adequate" as "extraordinary," things could get interesting indeed.

By the way, as we write this, the House and Senate have placed a moratorium on charter schools. The Governor is expected to veto it and we hope his veto will be sustained, for the sake of the children who otherwise do not have a chance for a good education. But charters have been only the first step; if the SJC rules for "equal education opportunity," it will be time to begin the debate on education vouchers.

History ... *cont'd from Page 1*

ond half of that budget. Five Senate Republicans – Lees, Hedlund, Knapik, Brown and Sprague – file the amendment just before the deadline. But the day before debate begins, Minority Leader Brian Lees withdraws it. CLT, using its membership e-mail list, quickly generates phone calls to the Republicans, but they say nothing can be done. We understand that Hedlund and Sprague made an effort; Senators Knapik and Lees say that they want to do it in the coming FY'04 supplemental budget instead. But since next year's budget is the one affected, why not do it now?

Our information is that Lees withdrew the amendment because the Senate Ways & Means Chairman Therese Murray (D-Ply-

mouth), who has a strong Republican opponent, did not want a roll call vote about keeping promises and obeying initiative petition laws. We suspect that there would not have been a roll call in the supplemental budget either, but now that activists are on alert, the Republicans may call for one.

June or July 2004: Expectations: Governor Romney will file his FY'04 supplemental budget with the income tax rollback included. The Democrat leadership will try to amend the budget to remove this language.



Boston DNC Convention '04

Anatomy of an inevitable taxpayer mugging

"It's our party, you can cry if you want to"

(apologies to Lesley Gore, no relation to Al that we know of!)

When we first heard of the efforts to get the Democrats' national convention held in Boston, we knew right away that if this happened, it'd be a major disaster for the citizens of Massachusetts, inevitably leading to a taxpayer

bailout. So we started collecting news accounts and creating a chronology on our website. As we're proven prescient again, we have called for the cancellation of the DNC Convention in Boston.

<http://cltg.org/dnc/>

Citizens' inconvenience and business loss will be only the beginning of this partisan political boondoggle, the Democratic National Committee's 2004 convention.

Direct costs of outright taxpayer subsidies, indirect costs imposed by public employee unions pressure, and implied or perhaps explicit quid pro quo benefits to large corporate donors are just as inevitable as "cost overruns" were to the Big Dig — as we predicted back in the mid-80s.

This is, after all, Massachusetts. The DNC couldn't have picked a better sucker.

In the end, Democrat organizers will turn to the state for an expensive taxpayer bail-out. In this state dominated by Democrats, so many with presidential aspirations (JFK in '60, Ted

Kennedy '80, Dukakis and his disastrous "Massachusetts Miracle" in '88, Paul Tsongas in '92, and now John Kerry in '04), inevitably it's like a Boston Celtics slam-dunk right there in the FleetCenter's hoop. When the time comes — despite "the worst fiscal crisis since the Great Depression" — we Massachusetts taxpayers will bankroll an 11th-hour bail-out of the Democrat's national convention.

That's a FleetCenter event you can bet on.

Here's an historical time-line, so that later there can be no excuses but *lame* excuses.

And we will be here to again announce "we told you so"!

Chip Ford – December 11, 2002

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It's time to defrost the tax rollback "freeze"!