



# The Activist News

## Citizens for Limited Taxation

*The Commonwealth Activist Network*

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The Massachusetts Taxpayer Activist's Newsletter

□ April 1999

## Reimbursement: Up in Smoke?

by Chip Ford

In 1989 Massachusetts found itself deep in a fiscal crisis of its own making. It needed to borrow a lot of money to balance the budget, but the money of course would have to be repaid.

The solution which legislative leaders proposed was a tax increase. But the only way they could sell it to enough legislators for it to pass was as a "temporary" hike.

The day after it passed the House, on July 14, 1989, the Boston Herald reported: "The tax package will pay off borrowing to close out the 1989 deficit and pay back \$488 million in old Medicaid bills."

*"Pay back \$488 million in old Medicaid bills."*

Ten years later, long after the borrowed money has been paid back and after years of huge state revenue surpluses, the temporary income tax rate hike is still with us.

Why does government believe "What yours is mine, and what's mine is mine too"?

States have been suing "Big Tobacco" for years, allegedly to recover the Medicaid costs for treating uninsured smokers for tobacco-related illnesses. Last year the attorneys general of 46 states announced a \$206 billion settlement with the industry. (Four other states previously settled for \$45 billion in a separate action.)

Massachusetts will receive as its share of the "reimbursement" \$7-\$9 billion over the next 25 years and beyond, some \$300 million a year.

In announcing his state's share, South Carolina Attorney General Charles M. Condon, proclaimed: "These funds are reimbursements – reimbursements to the taxpayers of our state for dollars already spent. It would be a terrible injustice if those funds were used to pay for more government programs and more bureaucracy or to grow the government in any way. Let's give this money back to the taxpayers."

Not in Massachusetts. Schemes and scams run rampant on Beacon Hill for ways to spend it, stash it: anything but give it back to the taxpayers who already paid the Medicaid bill and await their "reimbursement" – the word used over and over again in tobacco lawsuit court documents.

*"What yours is mine, and what's mine is mine too."*

Ten years later the pols still have the unnecessary "temporary"

## No Need to Thank the Taxman

by Barbara Anderson

April Fools are we: the day, the month, the whole year long. Do you think it's just a coincidence that April Fool's Day and April 15th fall in the same month?

Someone once told me he doesn't pay income taxes, he gets a refund. Even if you've never run into anyone that foolish, I'll bet you know people who are grateful for the money they "get back" from Uncle Sam and Beacon Hill.

"Thank you, Senator, for my family's computer; I couldn't have saved for it without your help." So much for bank accounts and the magic of compound interest.

A Beacon Hill legislator recently asked me when I am going to thank him for last year's "biggest tax cut in state history." I had a hard time grasping the concept. In the first place, the "biggest tax cut in state history" was roughly half the size of the biggest tax increase in state history, that "temporary" tax hike of 1989, which I am still paying.

In the second place, the tax cut the Legislature gave you and me was a doubling of the personal exemption, which had to be adjusted for years of inflation just to recover its value.

In the third place, I don't remember you, Mr. Representative, thanking me for the taxes I've been paying since I moved to Taxachusetts in 1971.

Although voter-created Proposition 2½ now limits property taxes, the state income tax is still one of the nation's highest. And according to the Washington-based Tax Foundation, our total 1998 per capita state and local tax burden was third highest in the country, 23 percent above the national average. Only New York and New Jersey's were higher.

Yet I'm supposed to be grateful when the state government lets me keep some of my own hard-earned money with a long-overdue increase in my personal exemption? I think not.

I suppose Uncle Sam wants some gratitude too, for my tiny federal refund. I might manage a weak "thank you" if I didn't know about the national debt, which will probably cause a collapse of the Social Security and Medicare system just when I'm in the middle of finally, really, "getting money back."

Some taxpayers are grateful even without a refund. They quote Oliver Wendell Holmes' "taxes are the price we pay for civiliza-

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## Up in Smoke? . . . . . Cont'd from Page 1

tax increase, they have a huge "rainy day" fund and staggering revenue surpluses due to over-taxation.

They now have our \$9 billion reimbursement too.

*"What yours is mine, and what's mine is mine too."*

CLT has filed S-1635, "An Act to Return Tobacco Settlement Dollars to the Taxpayers," sponsored by Sens. Bruce Tarr (R-Gloucester) and Bob Hedlund (R-Weymouth), and Reps. Atsalis (D-Hyannis) and Gomes (R-Harwich).

*For more on the tobacco settlement, see Jeff Jacoby's Boston Globe column on Page 4*

## The Taxman . . . . . Cont'd from Page 1

tion" without realizing that Justice Holmes said this in 1905, when there was no income tax, when the entire tax burden was small.

We had civilization in 1955, when federal, state and local taxes took 27.9 percent of our income. Few women felt they had to work outside the home back then to help pay the tax burden.

The Tax Foundation's "Special Report on the Tax Burden on American Families" contains a chart showing the median two-income family's budget for 1997. Federal, state and local taxes took 37.6 percent, more than any other category.

So, civilization-wise, how are we doing?

President Clinton impulsively uses up our missile supply.

Public education, for which we pay ever-increasing amounts, is ever-decreasing effective.

Much spending for public roads seems to have led to the urban

sprawl that Vice-President Gore deplures.

States are winning lawsuits against tobacco companies, but although federal tobacco subsidies have allegedly helped kill people, no one is suing the government.

Medical, housing, and higher education subsidies have artificially driven up the cost of these items.

On the bright side, the government spending that created an incentive for poverty is being reduced and people are escaping welfare. Maybe less government assistance in other areas would be an improvement too. I'm willing to do my part by paying less taxes.

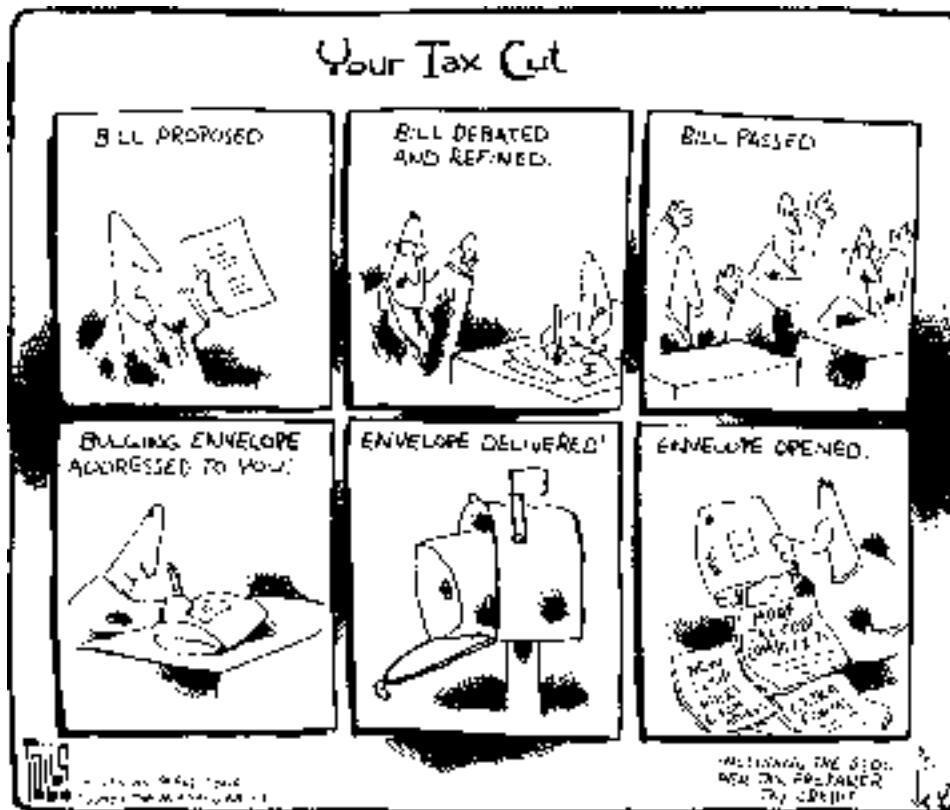
In 1905, and in 1955, keeping one's word was considered a necessary virtue for a civilized man. Without honor between the taxpayer and taxee, how can there be trust? Without trust, how can there be civilization?

Therefore it is essential that we see a tax cut in Massachusetts this year, to repeal that "temporary" tax increase left over from 1989.

And next year, the state should be prepared to give taxpayers the settlement it won from tobacco companies for costs associated with tobacco-related illnesses. Taxpayers paid those costs; the reimbursement should be ours.

Grateful we should be, every day, every month, the whole year long, for everything God, our families, our friends, and our own hard work have given us. But grateful for a tax break? Voting for a tax cut is the least that a politician who owes his power, pay and pension to the taxpayers should do for them.

*Barbara Anderson is executive director of Citizens for Limited Taxation. Her columns appears regularly in the Salem Evening News and in other newspapers around the state.*





# The Outsiders' Track

by Barbara Anderson

Long-time CLT activist **David Wilson** led a campaign this spring to defeat three Prop 2½ overrides in his community of East Bridgewater. His team won with 85, 92, and 93 percent of the popular vote. CLT members who have an override scheduled in their town can try to top this record 93 percent; just call **Chip Faulkner** for a copy of our manual on fighting overrides, which now contains the letter Dave mailed to registered voters.

Thanks to Weymouth CLT members who responded to our letter asking them to contact House Ways & Means Committee Chairman **Paul Haley** (D-Weymouth), who publicly stated that he didn't think taxpayers want a tax cut.

And thanks to CLT Republican activists who responded to the request in our last newsletter to contact Republican Party Chairman **Brian Cresta**, who was concerned that he hadn't heard "a clamor" for our income tax rate rollback. He called me to say he has now heard a clamor, and to ask that other legislators hear it too. Please call your state rep., and ask him/her to keep the promise. Then send pages 4 & 5 of this newsletter to your state senator.

CLT's ballot law attorney **Steve Epstein** has filed our amicus brief to help defend the initiative petition process in the case of *Walsh vs. Galvin*. Along with the attorney for the *Coalition for Parental Choice in Education*, we argue that petition signatures should not be thrown out because someone merely doodles or writes the name of the town in the margin!

**Gerry Amirault** has received his long-awaited transfer from Plymouth Protective Custody to the Bay State Correctional Center at Norfolk. Since he is generally regarded as innocent by other inmates, it was determined that he no longer needs to be isolated. His mailing address, if you'd like to send him a cheerful card, is: Gerald Amirault W-42806, Bay State Correctional Center, P.O. Box 73, Norfolk, MA 02056. His simple enjoyment of the small pleasures in a less restrictive environment is heartwarming.

I returned to lobbying on Beacon Hill this spring, testifying before the Taxation Committee in favor of the CLT bill, filed by Senators **Bob Hedlund, Brian Lees, Bruce Tarr, Jo Ann Sprague** and others, to rollback the income tax rate to 5 percent. This was the hearing at which **Governor Cellucci** announced that if necessary, he will lead a petition drive this fall to put the rollback on the ballot. **Chip Ford** and I met with **John Brockelman** of the Republican State Committee to discuss this

eventuality if our lobbying doesn't get the job done.

At a later hearing, I testified against the new transfer tax in the "Community Preservation Act." I also cautioned against using Prop 2½ overrides to pay for open space and affordable housing, thereby making housing even less affordable for most people. The best Land Bank bill is the one filed by Rep. **Ron Mariano** (D-Quincy) for Norfolk County, which has the state share half of the local deeds excise revenues with the cities and towns to pay for open space acquisition. Taken statewide, this would share about \$50 million, and require no new taxes at all.

CLT is celebrating its 25th anniversary on May 20th at *Lombardo's* in Randolph. If for some reason you haven't received your invitation, call Chip Faulkner at 508-384-0100. Along with dinner, awards and entertainment, you will get to decide if "*Norman, Phil and Barbara*" should keep the day jobs.

Last year, many CLT members filled out a questionnaire with which we tried to determine what makes us activists different from other citizens who are apathetic, uninvolved, with no apparent context for their opinion when they have one.

We have already reported on our members' favorite politicians (**Ronald Reagan** and **Harry Truman**), and on their favorite books (*Atlas Shrugged* and the Bible). Now we take a look at their favorite television shows. The winner: Don't have TV, don't watch TV, prefer reading. Second place, the News and related 60 Minutes and Hardball.

Many of us watch PBS -- partly because we appreciate culture, partly to get some use from our taxpayer subsidy?

Sports is the next choice. The top-rated drama a year ago was *Law and Order*, followed by *Seinfeld*, *Frasier* ("I love to laugh"), various *Star Trek* series, then *Touched by an Angel* ("I'm a believer!").

Members educate themselves with the History and Discovery Channels and exercise their memories with Jeopardy.

Honorable mention: *E.R.*, *X-Files* ("cynical about government"), *NYPD Blue*, *JAG* ("right beats wrong"). And two members chose *Xena: Warrior Princess*, one because "it shows a strong woman crusading and helping the oppressed" and the other because "powerful women, scantily clad, turn me on (secondary reason—good triumphs over evil)." Thank you for sharing that, **T.T3**.

Thanks to all of you for sharing. We feel we know you much better now.

## Quote of the Month, from Minnesota's Governor Jesse Ventura:

"Everything in your life you're personally responsible for, in some way or another. When you make a mistake in life, accept that yourself. Don't look to the government to bail you out of the mistake. Too much today, someone makes a mistake and the

government has to come in and has to right the wrong. That ain't what government should be doing. That ain't what people should be doing, because that destroys core values."



## About the Tobacco Money

By Jeff Jacoby

**The Boston Globe**

Monday, April 12, 1999

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The first checks in the \$246 billion settlement between the cigarette makers and the states will soon be cut, and bureaucrats and lobbyists are banging their spoons on the table, demanding the money – usually in the name of “the children” – for their pet projects. The loudest clamor comes from those who want rich new subsidies for antitobacco programs – everything from don't-smoke TV commercials to paying firefighters to lecture schoolchildren about the dangers of smoking.

But amid the din and drone of all this special-interest pleading, you can also hear voices lifted in support of the proposition that the only legitimate use for the settlement money is to repay the taxpayers who advanced it in the first place.

“Tax-and-spenders are salivating at the prospect of \$8.1 billion in tobacco settlement bucks swelling the state treasury for 25 years to come,” editorializes the Detroit News. “The lung lobby can hardly wait to launch yet more anti-smoking programs. But every penny rightfully belongs back in taxpayers’ pockets by way of a tax cut.”

New York's new US senator, Charles Schumer, urges his state “to use \$9 billion ... of the settlement to reduce county property taxes ... because this is the amount that rightly belongs to property taxpayers in the counties outside of New York City who bore much of the cost of treating tobacco illnesses.”

The head of the Center of the American Experiment, a Minneapolis think tank, writes: “Minnesota's \$6 billion tobacco free-for-all is about to begin. Folks, get ready to witness the boondoggle of the century. Forget the fact that the tobacco lawsuit was waged in the name of the taxpayers, ostensibly to compensate them for the smoking-related costs they have borne. At this moment, organizations ranging from HMOs to ad agencies to schools are lined up 12 deep to grab a piece of the mind-boggling tobacco windfall for themselves.”

In South Carolina, Attorney General Charles Condon is blunt. These funds – the \$2.2 billion designated for South Carolina – are reimbursements – reimbursements to the taxpayers of our state for dollars already spent. It would be a terrible injustice if those funds were used to pay for more government programs and more bureaucracy, or to grow the government in any way.

And from Citizens for Limited Taxation in Massachusetts, a perfect simile:

“The taxpayers should get back the tax dollars they paid for Medicaid-funded treatment of smoking-related illnesses,” says CLT's executive director, Barbara Anderson. “We are the aggrieved party here. We are like an assault victim who pays his medical bills, pays his lawyer to sue the perpetrator, wins a court settlement, then learns that the settlement money will be used to

provide self-defense lessons for whoever wants them.”

The states sued the tobacco companies on the theory that they were entitled to “reimbursement” for the losses they incur in treating smokers who get sick. But there are no losses! Most states collect far more in tobacco taxes than they pay out in medical costs to treat smoking-related illnesses. Massachusetts, for example, spends about \$200 million annually on health care for smokers. But it takes in more than \$300 million per year in tobacco excise and sales taxes. Far from depleting the state treasury, smokers enrich it with a \$100 million annual surplus.

As it is, states can't spend their revenue fast enough these days; statehouse budgets are running the biggest surpluses in 25 years. To this gusher of money – all of it confiscated in one form or another from taxpayers – comes the added windfall of the tobacco settlement, which for most states will be roughly equal to the amount they already collect in cigarette taxes.

These funds belong to the public. State governments have no defensible claim on them. It was Joe and Jane Taxpayer who laid out the cash for the expenses now being “reimbursed;” it is Joe and Jane Taxpayer to whom that cash should now be returned. As a matter of logic and morality, the case for using the tobacco jackpot to cut taxes is overpowering. No doubt that is why state officials and anti-smoking activists keep yelling about “the children” and how Big Tobacco is trying to kill them: anything to keep the subject from changing to tax relief.

One of the great perversities of the governmental war on smoking is the extent to which government profits from smoking. Jacob Sullum highlights the astonishing numbers in the May issue of Reason magazine. Last year, the tobacco industry's profit on a pack of cigarettes sold in the United States was 23 cents. On the same pack, the federal government collected 24 cents in taxes and the states collected an average of 36 cents. Incredibly, 72 percent of the net proceeds from tobacco sales goes not to Big Tobacco but to Big Government.

No wonder even vehemently antismoking politicians never call for banning cigarettes outright: They don't want to kill the goose that gives them so many golden eggs.

Arguments can be made for and against tobacco taxes. But the settlement fund is not a tax. If the attorneys general meant what they said, it is a reimbursement – a repayment of money that the taxpayers originally fronted. When those settlement checks start coming in, it is those taxpayers to whom they should be endorsed.

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*Jeff Jacoby is a columnist for the Boston Globe. His e-mail address is [jacoby@globe.com](mailto:jacoby@globe.com).*



As your constituent, I ask that you keep the legislative promise that the income tax increase would be only temporary and roll back the 1989 "temporary" income tax rate increase to 5 percent.

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City/Town: \_\_\_\_\_  
Phone: ( \_\_\_\_\_ ) \_\_\_\_\_

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 Keverian (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," Keverian said, but he indicated passage would be easier with a **temporary** tax and short-term bond package.

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. "And I plan on calling both my senators to tell them that."

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 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 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.

By Jay Mailin

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 is 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 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 MIDDLESEX NEWS

July 9, 1989

## Murphy supports temporary hike

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.

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 Keverian met with other members of his leadership team yesterday to talk taxes, but he declined to discuss his plans with reporters until after a meeting with other House members

tomorrow.

Sources said Keverian plans to push for an increase in the tax on earned income **for an 18-month period**, raising between \$680 million and \$800 million. The sources said some bugs remain to be worked out with the proposal, including the implementation of the tax for part of a year.

The Boston Globe, July 7, 1989

By Bruce Mohl

## Taking aim at Dukakis

Rep. Richard A. Voke (D-Chelsea), chairman of the House Ways and Means Committee, made no public statement during the tax debate. He 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.

At a Ways and Means hearing yesterday where the tax package was approved on a voice vote, Voke lashed out at the governor after a Republican member of the committee suggested all Democrats on Beacon Hill are responsible for the state's fiscal problems.

Voke, in unusually harsh language, ac-

cused the Dukakis administration of distributing false information about the House version of the budget that he characterized as "absolutely unbelievable." He also said the governor had failed to cut spending and suggested management layoffs trumpeted by the governor never really occurred.

"The administration's got to get with 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 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 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.

July 27, 1989  
By Duncan Mansfield  
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 Gov. Michael S. Dukakis.



**YOUR STATE SENATOR, HOME ADDRESS. BOLD = YES VOTE LAST YEAR ON ROLLBACK**

*Please send your senator pages 4 & 5 - ask for YES vote this year.*

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Thomas Birmingham, 9 Nichols St., Chelsea MA 02150

Robert Antonioni, 85D Winter St., Leominster MA 01453

Robert Bernstein, 7 Aylesbury Rd., Worcester MA 01609

Frederick Berry, 210 Washington St., #10 Peabody MA 01960

Stephen Brewer, 193 Pleasant St., Barre MA 01005

Edward Chip Clancy, 20 Harmony St., Lynn MA 01905

Robert Creedon, 363 W. Elm St., Brockton MA 02301

Cynthia Creem, 15 Esty Farm Rd., Newton MA 02459

Susan Fargo, 7 Minebrook Rd., Lincoln MA 01773

**Guy William Glodis, 47 Sandra Dr., Worcester MA 01604**

Robert Havern, 35 Bartlett Ave., Arlington MA 02174

**Robert Hedlund, 54 Longwood Rd., Weymouth MA 02189**

Cheryl Jacques, 62 Helen Rd., Needham MA 02492

James Jajuga, 146 Forest St., Methuen MA 01844

Brian Joyce, 36 Ridge Rd., Milton MA 02186

**Michael Knapik, 45 East Silver St. Westfield MA 01085**

**Brian Lees, 5 Millbrook Cir., East Longmeadow MA 01028**

Stephen Lynch, 55 G St., Boston MA 02127

David Magnani, 70 Fay Rd., Framingham MA 01701

Linda Melconian, 257 Fort Pleasant Ave., Springfield MA 01108

Mark Montigny, 888 Purchase St., New Bedford MA 02740

Richard Moore, 235 Williams St., Uxbridge MA 01569

Michael Morrissey, 111 Lansdowne St., Quincy MA 02133

Therese Murray, One Winding Lane, Plymouth MA 02360

Thomas Norton, 422 Reading St., Fall River MA 02720

Andrea Nuciforo, 96 Holmes Rd., Pittsfield MA 01201

Marc Pacheco, 7 Dartmouth St., Taunton MA 02780

Steven Panagiotakos, 191 Sanders Ave., Lowell MA 01851

**Henri Rauschenback, PO Box 847, Brewster MA 02631**

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Stanley Rosenberg, 38 Webster Court, Amherst MA 01002

Charles Shannon, 17 Robinson Park, Winchester MA 01890

**JoAnn Sprague, 305 Elm St., Walpole MA 02081**

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Steven Tolman, 17 Madeline St., Brighton MA 02135

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Citizens for Limited Taxation

## ***The Activist News***

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**10th ANNIVERSARY of that "TEMPORARY" INCOME TAX INCREASE!**