

# OUR REVENUE OPTIONS

The things that make Massachusetts a great place to live - good schools, clean water, safe streets - are only possible due to our shared, ongoing support.

Unfortunately, a decade of tax cuts and nine subsequent years of declining revenue has left our state with a multi-billion dollar structural deficit – forcing our elected officials to make difficult decisions in order to balance our budget. With these talking points, you can urge your legislators to take a balanced approach to filling the budget gap – and to protecting our communities!

**REMEMBER TO SAY THANK YOU!** It's not all bad news – it is important that we take the time to thank our legislators for their support of the Sales Tax increase last year. Without the \$750 million in revenue that it raised, there would have been even more cuts.

Your friends and neighbors across the state also worked hard to defeat Question 1 in 2008, which would have cut the income tax and taken away 40 percent of the state's revenue. We are already organizing a campaign and will work hard to defeat the ballot referendum on cutting the sales tax to 3 percent, since that would cost us \$2.5 billion.

**MAINTAIN YOUR BALANCE.** We urge the legislature and the governor to take a balanced approach to filling the budget gap by drawing on federal stimulus funds, making wise use of reserve funds (rainy day fund), judicious cuts and closing costly tax loopholes.

**EVALUATE ALL OF YOUR OPTIONS.** These are just some of the short-term revenue options that could help bring balance to our budget:

- **Film Tax Credit:** Repealing this credit can save as much as \$150 million per year.
- **Dividends and Interest:** Restoration to a 12 percent rate would raise as much as \$500 million a year. An exemption could be added for the first \$5,000 of income – exempting middle-income folks.
- **Life Sciences Tax Credits:** Limiting this credit can earn Massachusetts \$5 million per year.
- **Aircraft Sales Tax Exemption:** Repealing this exemption can save \$4.5 million per year.
- **Cigars and Smokeless Tobacco Sales Tax Exemption:** Removing can earn \$10 million per year.

**BROADEN YOUR BASE.** Next year, we will face an even greater challenge as federal stimulus funds run out, and while all of our options are worth careful consideration, it is important to push for adequate, balanced, and stable ways that we can all support our state together:

- **Services Tax:** Currently, Massachusetts exempts all services from the Sales Tax, forgoing \$6 billion a year in revenue. By carefully selecting certain services for taxation, we can add an additional, progressive source of revenue.
- **Increase the Income Tax Rate:** A 1% increase in the income tax rate would raise \$800 million a year. Combined with an increase in personal exemptions, this would allow us to raise revenues without increasing taxes on families earning under \$100,000 a year.

Revenue estimates based on info from MassBudget.org and the Governor's budget. Please contact ONE Massachusetts for more info!

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