

## TAX REVOLT

Mass.' answer  
to Proposition 13

By Peter Drier

REVERE, MASS.

**P**ROPOSITION 13 FEVER" HAS spread from California to Massachusetts and this state's politicians have caught the germ. Citizens in "Taxachusetts" pay the highest property taxes of any state in the country except Alaska, and politicians are jumping on the bandwagon, scrambling to attach their names to various tax proposals to roll back local property taxes and put a limit on state government spending. More than 200 years after the Boston Tea Party, they seem prepared to throw public services overboard to protest government spending and high taxes.

In cities and towns across the state taxpayers are forming (or expanding) local groups to demand lower taxes. In suburban Medford, for example, the Alliance of Concerned Taxpayers pressured the city council to cut \$280,000 from the city's operating budget. The casualties included a dental clinic, the town's branch libraries and some snow-removal facilities.

At the state level the situation is even more complicated because 1978 is an election year. In addition, the number of seats in the state House of Representatives is being cut from 240 to 160, so incumbents are facing each other in heated campaigns.

Conservative Republican Edward F. King, founder of Citizens for Limited Taxation (CLT), is running for governor on a one-issue platform—cut state taxes. He has proposed a constitutional amendment—which will go before the voters in 1980 if approved in the state legislature next year—that would limit state spending by tying the state budget to growth in the income of Massachusetts taxpayers and prohibiting further programs mandated by the state but paid for by the cities out of property taxes.

Although King's amendment would

not touch existing state-mandated programs (special education, school breakfast programs, compulsory binding arbitration for police and firefighters), Barbara Anderson of CLT says "We expect to go after them sooner or later."

Some observers give King a good chance to unseat Gov. Michael Dukakis, a moderate Democrat.

**Proposition 2½.**

"California spoke for the country," says state Representative Roy Switzler, a Republican from suburban Wellesley, who introduced his own bill, Proposition 2½ only days after the Jarvis-Gann amendment passed in California.

His proposal, which limits property taxes to 2.5 percent of the property's market value, would have a devastating effect on Massachusetts' cities, which have no sales or income tax and rely heavily on the property tax. Boston, for example, with a current 8 percent tax rate, would lose about \$300 million of the \$441 million it raises from property taxes, says Ray Torto, tax adviser to Boston Mayor Kevin White.

Conservatives like Switzler and King argue that there is already too much "fat" in government. They point to the usual conservative enemies—expanding welfare rolls, high public employee salaries, unnecessary bureaucracy and "frills" in school programs. "We've got to shut the door on government spending sometime," Switzler explains, "and now's the time."

To counter the conservatives' efforts to cut overall spending (and thus public services and jobs), Massachusetts Fair Share, a statewide citizens' action group, is backing several proposals to shift the tax burden away from low and moderate-income families and onto business and the more affluent.

Almost a year ago, long before *Time* magazine put Howard Jarvis on its cover, Fair Share exposed the fact that many of Boston's biggest businesses and landlords



*Fair Share, after being rebuffed by the governor decided to take their case to his "town meeting" June 26 in Revere. More than 1,000 showed up.*

had not paid their property taxes. Fair Share's "Dirty Dozen Plus Two" campaign forced the city to collect about \$11 million in delinquent tax bills. As a result, Fair Share netted a large following of frustrated taxpayers.

This year, Fair Share, along with the mayors of the state's largest cities, is backing a "classification" initiative on next November's ballot that would lock into law the present formula that assesses residential property at a lower rate than commercial or industrial property.

The business community vigorously opposes classification for obvious reasons; it favors, instead, a plan to assess all property at the same 100 percent rate.

**Circuit breaker tax.**

Fair Share's biggest effort, however, is its "circuit-breaker" bill to provide immediate cash rebates to taxpayers accord-

ing to income. Tenants and homeowners with family incomes under \$30,000 who pay more than 8 percent of their income in property taxes would receive a rebate up to \$500.

Fair Share estimates that a typical family of four, with an income of \$15,000 and a property tax bill of \$1,200 would get a \$243 rebate. According to its calculations, more than three-quarters of all rebates would go to those households with incomes under \$13,000.

Rebates for renters would be calculated by assuming that one-fourth of their rent goes for property taxes.

The money would come from this year's \$200 million state surplus and thus not cut into existing programs.

After several months of intensive lobbying Fair Share's bill passed in both houses of the state legislature and is now in the joint Ways and Means committees. Gov. Dukakis, however, has said he'll veto it when it reaches his desk.

Dukakis wants the surplus to go directly to the towns and cities to use as they please. But Fair Share's members, with a strong distrust of politicians, want the money directly in taxpayers' pockets.

After Dukakis refused to meet with Fair Share to discuss it, the organization decided to turn the governor's June 26 "town meeting" in Revere into a direct confrontation on the rebate bill.

Despite a slight drizzle and the Red Sox-Yankee game on Monday night TV, Fair Share mobilized about 1,000 members from across the state. Fair Share members packed the crowded elementary school meeting room to its capacity (squeezing out local Reverites) while another 600 members rallied outside, carrying picket signs ("Sign our bill or get off the hill," "Mike: Give us our rebates," "Direct tax relief now") and singing songs written for the occasion.

It was the classic showdown. The news media (recently stricken with tax revolt

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# Massachusetts tax reform

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fever itself) watched as an exasperated Dukakis tried to field Fair Share's well-researched questions. The persistent members wouldn't let him off the hook. Each time the governor tried to explain his opposition to the circuit-breaker, the demonstrators—both those inside and those outside listening through the loudspeakers—shouted him down. •

Finally, when Dukakis would not agree to set a specific date to meet with the group, Fair Share's Carolyn Lucas said, "OK. All those who want direct property tax relief may leave." More than 300 of the 400 people in the room got up and walked out.

These were not 1960s college students confronting Defense Secretary Robert McNamara about Vietnam, but Fair Share's constituency of working class citizens—black, but mostly white; young and middle-aged, but disproportionately seniors; tenants and homeowners; speaking Portuguese, Greek, Italian and English—frustrated over spiralling tax bills.

Hardly a radical proposal—17 states already have circuit-breakers for the elderly and four states have no-age-limit rebate schemes—the Fair Share is an attempt to head off any right-wing proposal to slash revenues and cut back public services before they gather momentum.

## Relief, not reform.

But, Fair Share's Lucas explains, the rebate and classification measures provide "only tax relief, not tax reform." Over the long term, she says, "we have to take a hard look at our reliance on the property tax itself."

Boston has the highest property tax among the nation's large cities. It relies on the property tax for 65 percent of its

revenues, according to mayoral adviser Jay Torto. Most of the other 35 percent comes from state and federal aid.

Except for Washington, D.C., Boston has more tax-exempt land—state, local and federal government buildings, colleges and universities, hospitals, and others—than any other large city.

State law prohibits Massachusetts cities from having an income tax. A city sales tax, like New York's, would be unworkable here; Massachusetts cities and suburbs are so close together geographically that if one city adopted the sales tax, consumers would vote with their feet and shop in the next town.

Because property taxes are the most regressive, weighing heaviest on those who can least afford it, some reformers favor broadening the state sales and income taxes and channeling more state aid to cities and towns to relieve their reliance on the property tax. Torto, for instance, suggests making the state sales tax more progressive by taxing goods and services (legal fees, clothing, advertising) used disproportionately by the affluent as well as changing the state income tax from a flat-rate to a graduated tax.

## Voters against any tax.

Given the current mood of the electorate, however, few politicians are willing to gamble their careers on proposals that appear to raise taxes. This is also the dilemma facing progressive citizens' groups such as Fair Share. Voters reject almost any new tax proposals except those that bring immediate tax-cut results.

As an organizing issue, therefore, the rebate scheme has its strengths. "We're the angry taxpayers, dammit, and we want relief now," says Fair Share's Lucas, a registered nurse and mother of two from

Boston's Hyde Park neighborhood. If the bill passes, Fair Share can claim it put money directly in taxpayers' pockets.

But while rebates and classification schemes may divert a right-wing revolt, they do little to counter the general "anti-government" mood that views all politicians as corrupt and all government programs as inevitably inefficient and wasteful.

Most of Fair Share's rank-and-file members—though not its active leaders—would probably vote for Proposition 2½ if given the opportunity. Fortunately for Fair Share, they won't have the chance for some time. If, as expected, Massachusetts' version of Jarvis-Gann fails to pass in this session of the legislature, it can't be put before the voters directly until 1980, the same year as King's budget limitation amendment.

"The conservatives want to dismantle the public sector, the services that make cities livable for the middle class and less desperate for the poor," explains Brandeis University economist Elliot Sclar. "Progressives shouldn't buy into that anti-government rhetoric."

In theory, at least, Fair Share and groups like it agree. They try to focus their issues on corporate rip-offs and government favoritism for the rich. "We don't want to pit middle class people against poor people," says a Fair Share staff person. "We want to bring them together."

But with public sentiment as much against "big government" as it is against "big business," that is a difficult tight-rope to walk. ■

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