

The Berkshire Eagle



Our opinion: The governor's tax plan

January 18, 2013

Massachusetts blazed its own trail in health care reform, and though the critics said it couldn't be done, the state crafted a package that, while flawed and in need of periodic tinkering, does provide health care for all. Governor Deval Patrick is now proposing a similarly ambitious effort to improve education and address long-neglected transportation problems. These are two daunting tasks and it would be easy for Beacon Hill and Massachusetts residents to find excuses to declare "now is not the time" and continue kicking them down the road. But now is the time.

The governor proposes raising the necessary \$1.9 billion for this effort in large part through an increase in the state income tax from 5.25 percent to 6.25 percent. For those who would argue that "fat" should be cut from the budget instead, early education spending has been cut for years, and major reforms like elimination of the Massachusetts Turnpike Authority have reduced highway costs. This makes it easier to make the case for increased revenue so the state can go forward after years of stagnation, in particular as related to public transit projects and road and bridge repairs that will only become more costly the longer they are postponed.

The increase in the income tax would be accompanied by a cut in the state sales tax, which is a more regressive form of tax than the income tax, from 6.25 percent to 4.5 percent, with that revenue targeted specifically to public works projects. It's somewhat surprising that the gas tax, stagnant since 1993, was not factored in, but it is possible a legislative proposal to hike the gas tax somewhat to keep the income tax rate at or below 6 percent may emerge.

While the governor's proposal to raise income taxes will bring the term "Taxachusetts" out of mothballs, the sales tax cut and the factoring in of local taxes will leave Massachusetts roughly comparable to its New England neighbors (slightly ahead of New Hampshire, about even with Connecticut and Rhode Island and slightly behind Maine and Vermont) and well behind neighboring New York in total tax burden. The governor promises that the revenue raised would be distributed equally, and given the part-time Richmond resident's knowledge of and affection for the Berkshires we believe he would work with legislators to assure that Boston and vicinity don't hoard the funds.

Mr. Patrick predicted there will be considerable debate about his tax plan and he is undoubtedly correct. If nothing is advanced, we hope that advocates of the status quo will refrain from future complaints that their kids' schools aren't good enough, the roads are lousy, bus service is spotty and there is no reason for industry to move to the Berkshires. There is a price for progress, and long-term rewards.