

The Public Policy Institute

Strengthening the next generation of activists for social change.

My name is Judy Meredith, I live in Dorchester Massachusetts and I am Executive director of the Public Policy Institute. I am speaking today on behalf of ONE Massachusetts, a project of PPI.

OVERALL GOALS

The overarching goal of ONE Massachusetts is to rebuild public confidence in government by promoting a positive vision of government as the place where we come together to address challenges that none of us can take on alone: educating our children, creating safe neighborhoods, building public infrastructure, protecting our environment, and other core elements of civil society.

This overarching goal is based on the ONE Massachusetts Collective Value Proposition:

We want – and recognize that all Massachusetts residents deserve – healthy lives, healthy families, quality education, safe, vibrant communities, and broadly shared prosperity in a thriving state. These are goals that we cannot achieve alone and can best accomplish by working together through a participatory, democratic government.

By joining our diverse voices, experiences and resources together, we can create the public will to build effective, fairly – funded government that achieves these goals.

The long-term strategic goals of ONE Massachusetts are the following:

- **Revenue:** By 2013, a fair, adequate, and stable tax system will be implemented. It will raise sufficient revenue so that state and local governments can fund the array of public structures needed to make our communities healthy and strong.
- **Civic Engagement:** By 2013, the voice and input of the state's multi-racial, multi-ethnic communities will create a counterweight to the currently dominant voice and will be tangibly reflected in the public decision making process.
- **Government Reform:** By 2013, a transparent, accessible and accountable state and local policy-making process will be in place.

For the past 4 years we have been working with a network of some 45 community based organizations and individual community leaders to accomplish those goals, and I don't have to tell you it isn't easy. Especially the rebuilding the confidence in government part.

Even experienced civic leaders and advocates like me can find themselves disillusioned with their ability to make any headway in being heard.

However we are convinced it is critical that we address this deep civic disconnect now, during these tough economic times, when cuts to community resources and political disappointments challenge the heart, mind, and energy of the average person to make change happen, and cause immigrants and the working poor to feel even more isolated.

And, interestingly enough, we can do it within the context of potential tax cuts.

One Mass, along with our colleagues at the Coalition to Save our Communities proved that in 2008 with a Vote No Campaign on Question ONE and in 2010 with a campaign on Questions 1,2,3. (Allright we failed to muster enough no votes to save the excise tax on liquor, perhaps because we stood alone with the substance abuse networks and partly because the package store industry mounted a very effective media & grassroots campaign in the last week.)

We don't have the time to mount a serious No on the Sales Tax Holiday campaign, but we're going to give it a try and hope you hear from a critical mass of your constituents asking you to reconsider making bad tax policy that will take another 20 million out our depleted revenue stream.

I have attached some facts – charts from various experts who share my opinion of the tax holiday proposal.

I have also attached some analysis of the FY budget which documents the cuts in the FY 12 budget. Big issues like higher education and little issues like the children's clothing allowance. Cuts that add up to a half a billion dollars. Painful political choices to make and to implement, Especially for those affected. Let's not make it worse.

Thank you.

Home

Get Informed

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News Round Up

Upcoming Events

About Us

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Joining diverse voices and experiences to build an effective, fairly-funded government.

ACTION ALERT: Tell Your Legislators to VOTE NO on the Sales Tax Holiday

Submitted by Harmony Blakeway on Mon, 07/25/2011 - 8:58am

UPDATE: On July 27th the House passed the bill implementing a Sale Tax Holiday in mid-August. [House Roll Call <http://www.mass.gov/legis/journal/RollCall/Pdfs/187/00095.pdf?Session=187&RollCall=00095>]

On July 28th the Senate voted on the Sales Tax Holiday. [Senate Roll Call <http://www.one-massachusetts.org/sites/default/files/Sales%20Tax%20Holiday%20Senate%20Roll%20Call.pdf>]

Last Friday, the Legislative Leadership decided to stage the annual summer debate around a sales tax holiday. The bill, filed by Senator Hart, will be heard by the The Joint Committee on Economic Development and Emerging Technologies today, Monday July 25th, at 11:00am [Hearing Details <http://r20.rs6.net/tn.jsp?>

http://www.one-massachusetts.org/sites/default/files/110725_lmeredith_testimony_tax_holiday.pdf].

Over the weekend Legislators called our staff, urging the ONE Massachusetts network to mobilize against Sales Tax Holidays. (Your great work around the Act to Invest in Our Communities and our Summer Campaign Launch <http://one-massachusetts.org/getinformed/revenue/2011RevenueReform>) to urge local activists to meet with their legislative delegation has been noticed!!)

Below you will find some excellent facts and talking points (http://one-massachusetts.org/blog/110725_ActionAlert_TaxHoliday#taxfacts) that you may find helpful in a 5 minute conversation with your legislators (<http://r20.rs6.net/tn.jsp?>

http://www.one-massachusetts.org/sites/default/files/110725_lmeredith_testimony_tax_holiday.pdf].

CALL TODAY - URGE YOUR LEGISLATORS TO:

- VOTE NO on Sales Tax Holidays
- Ask Leadership to stage a full and fair debate this fall around progressive tax reform.

We anticipate the House and Senate voting on the Tax Holiday on Tuesday or Wednesday (because by law they are recessed on July 31 till the fall). Clearly this is an opportunity to influence our legislators *before* they pass *bad tax policy* (http://one-massachusetts.org/blog/110725_ActionAlert_TaxHoliday#taxfacts).

JUST THE FACTS

According to the Massachusetts Budget and Policy Center,

The Governor and Legislature have now finished work on a budget for Fiscal Year (FY) 2012 that addresses [a state facing gap of close to \$1.9 billion], primarily with a combination of cuts and reforms. [Full Report <http://r20.rs6.net/tn.jsp?>



http://www.one-massachusetts.org/sites/default/files/110725_lmeredith_testimony_tax_holiday.pdf].

Research by our state's own Department of Revenue on the 2009 Sales Tax Holiday found.



COMMONWEALTH OF MASSACHUSETTS
Department of Revenue

The amount of forgone sales tax revenue was approximately \$19.9 million. DOR estimates that this forgone revenue had no impact on the MBTA State and Local Contribution Fund, but impacted the amounts going to the School Modernization and Reconstruction Trust Fund (\$3.2 million), Commonwealth Transportation Fund (\$1.2 million), and Substance Abuse Fund (\$0.5 million).

The Institute on Taxation and Public Policy included these facts (and others) in their list of problems with the Sales Tax Holiday Approach [Full Report (<http://i20.cs.net/tpa.jsp?>



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- If the goal is to provide tax relief to the low-income families for whom sales taxes are most burdensome, sales tax holidays are poorly targeted, providing tax breaks to even the wealthiest taxpayers.
- Many low-income taxpayers spend most or all of their income just getting by - which means that they have less disposable income than wealthier taxpayers. These taxpayers may not have the luxury of shifting the timing of their consumption to coincide with week-long sales tax holidays.
- Unscrupulous retailers can take advantage of this shift in consumer behavior by increasing their prices (or failing to reduce them by the full amount of the sales tax break) during the tax holiday.
- Revenue lost through sales tax holidays will ultimately have to be made up somewhere else, either through painful spending cuts or increasing other taxes.

Even the Tax Foundation (a fiscally conservative organization) has come out against the Sales Tax Holiday, citing these (among other) reasons [Full Report (<http://t20.org.net/tax.asp?>



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- Sales tax holidays do not promote economic growth or significantly increase consumer purchases; the evidence shows that they simply shift the timing of purchases. Some retailers raise prices during the holiday, reducing consumer savings.
- Sales tax holidays create complexities for tax code compliance, efficient labor allocation, and inventory management. However, free advertising for what is effectively a paltry 4 to 7 percent sale leads many larger businesses to lobby for the holidays.
- Most sales tax holidays involve politicians picking products and industries to favor with exemptions, arbitrarily discriminating between products and across time, and distorting consumer decisions.

A good summary of the overall picture of Sales Tax Holidays comes from Massachusetts Taxpayers Foundation president, Michael Widmer:



Massachusetts Taxpayers Foundation

The expense makes the holiday a frivolous, feel-good measure, at best, during good fiscal times... it would be a poor investment during what will be the fourth straight year of state budget cuts. He concedes there's a modest economic stimulus, although he says many of the tax-holiday purchases would have happened anyway at other times of the year.
[Full Article: GateHouse News Service (<http://r20.rs6.net/tn.jsp?>

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