

September/October 2007

## Tax Initiative Petitions Certified by AG

*If approved, initiatives would affect MVE, property tax and personal income tax*

Five initiative petitions, that together would eliminate the motor vehicle excise tax and state personal income tax and reduce the property tax levy, met the first step of the Constitutional process for citizens to initiate legislation and were certified by Attorney General Martha Coakley on September 5. The signatures of only 10 voters are needed to start this process.

These proposed changes in tax law will affect principal sources of state and local government revenue in Massachusetts and are not practical given their utilization for basic public services.

The five initiative petitions overlap or offer alternate versions affecting one or more of these three taxes, but in general would:

- Eliminate the motor vehicle excise tax paid to cities and towns starting in FY09
- Reduce the property tax increase on existing property from 2.5% to 1.0% effective in FY10
- Eliminate the state personal income tax effective in FY10

For Boston, the motor vehicle excise tax is expected to generate \$40.0M in FY08.

Reducing the 2.5% increase of the tax on existing taxable property to 1.0% would have cut Boston's estimated FY08 property tax levy by \$19.1M. Boston relies on the property tax for 56.2% of its total operating revenue.

The state personal income tax was budgeted at \$11.4B in FY07 and represented 57.8% of the Commonwealth's total tax revenues. In 2002, a similar initiative petition was placed on the ballot and was narrowly defeated by 55% of those voting on Question 1.

The next step for the proponents of these petitions is to gather and file the signatures of 66,593 registered voters by December 5, 2007. The Legislature has the option to approve or disapprove an initiative petition, take no action or propose a substitute before Wednesday, May 7, 2008. If the Legislature takes no action to approve the initiative, the proponents must secure an additional 11,099 signatures by early July 2008 to place the initiative petition on the November 2008 ballot.

To read summaries of the proposed ballot questions and learn more about the initiative petition process [click here](#).