

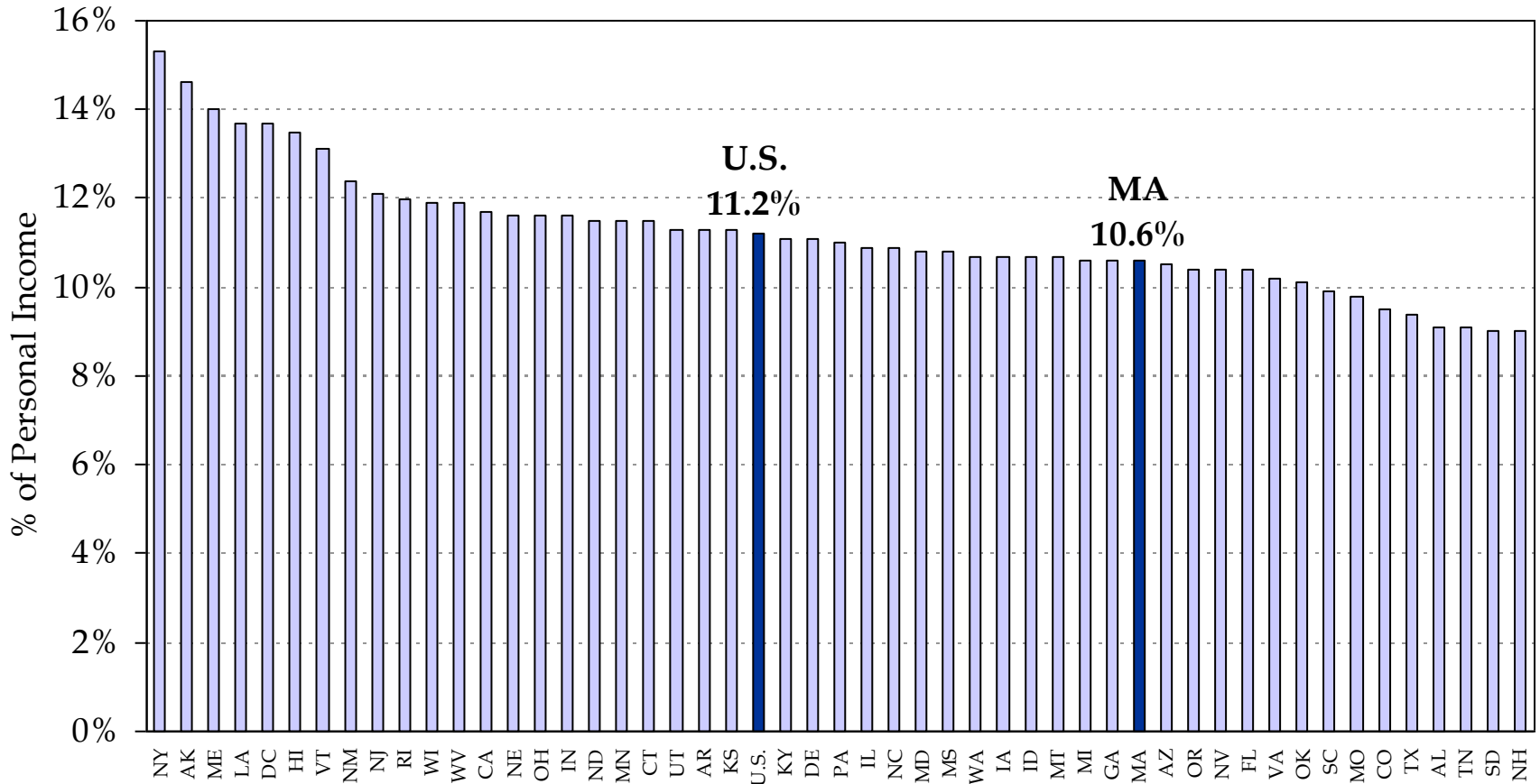
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# State Fiscal Conditions & Our Future



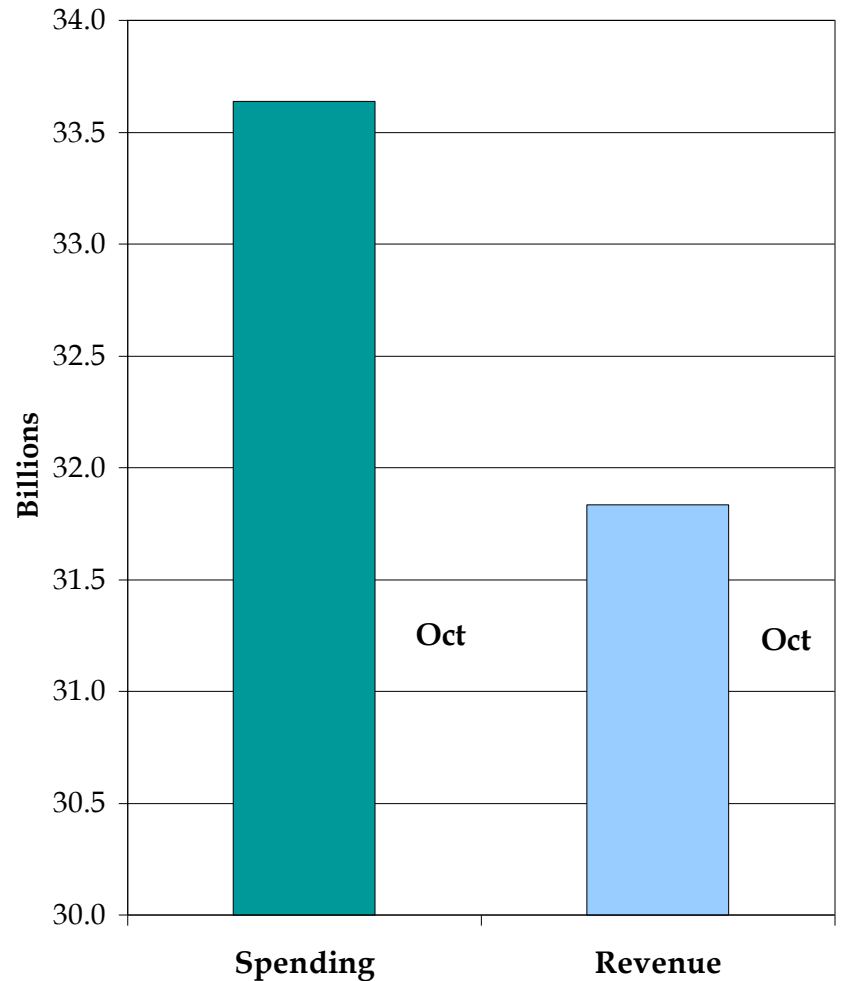
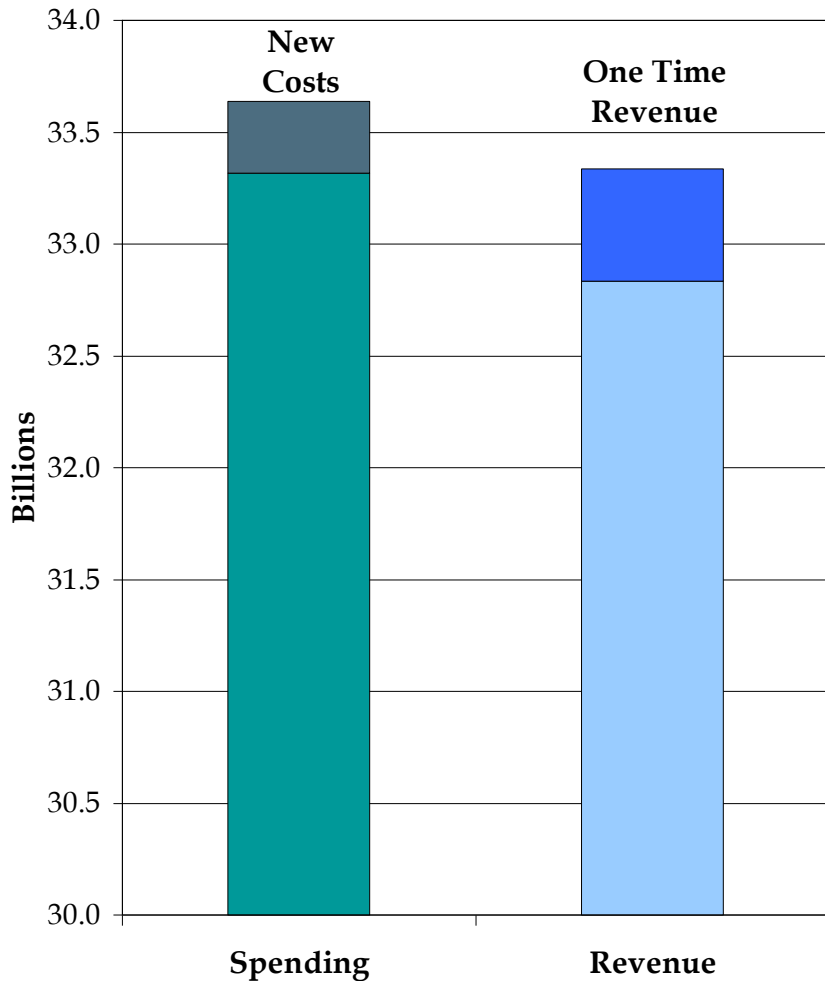
**Massachusetts Budget and Policy Center**  
15 Court Square, Suite 700, Boston, MA 20108  
617.426.1228  
[www.massbudget.org](http://www.massbudget.org)

# MA Taxes Lower Than U.S. Average

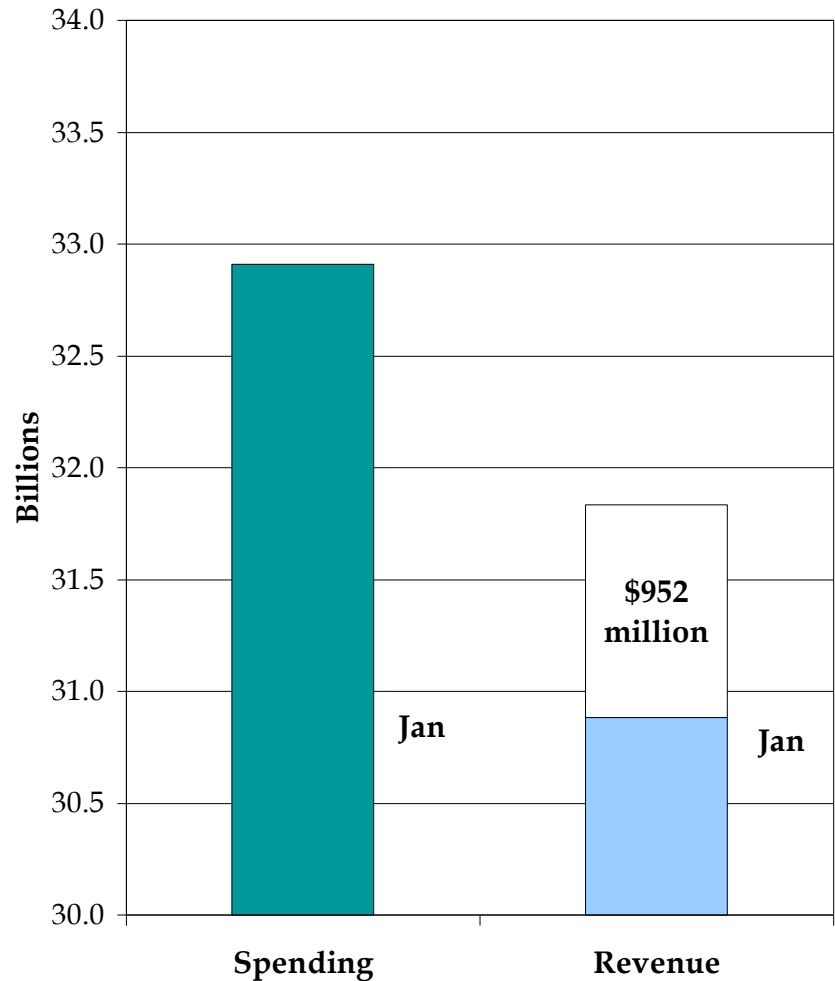
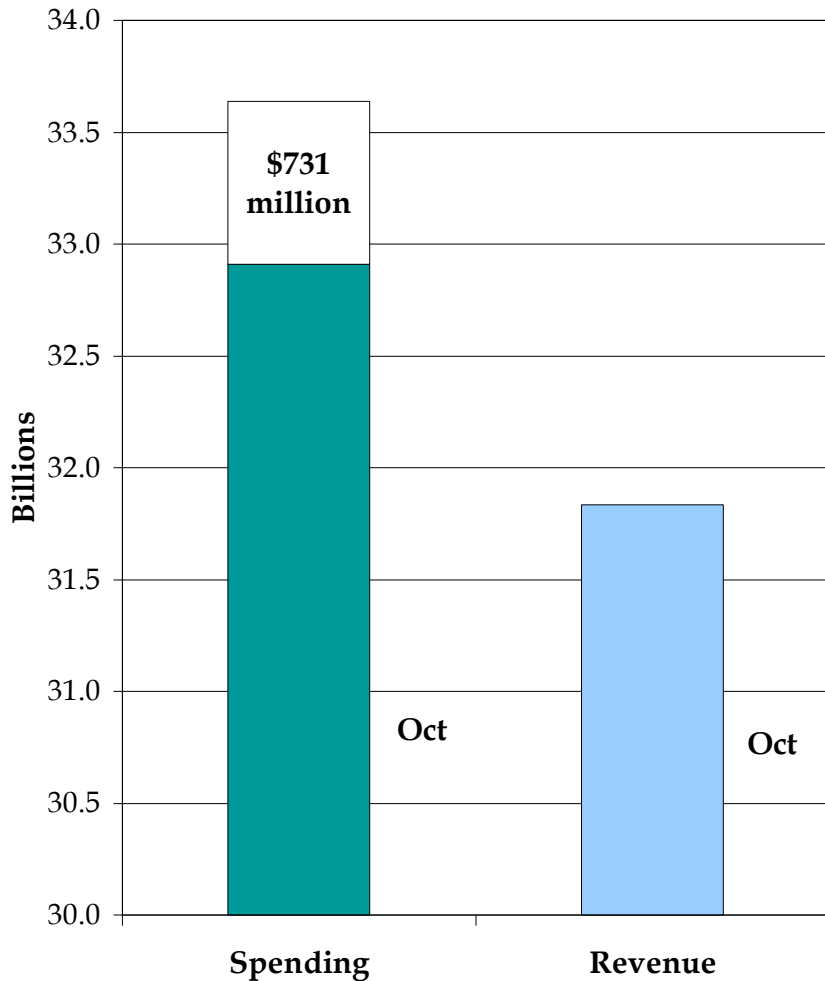


Total State and Local Taxes, FY 2006

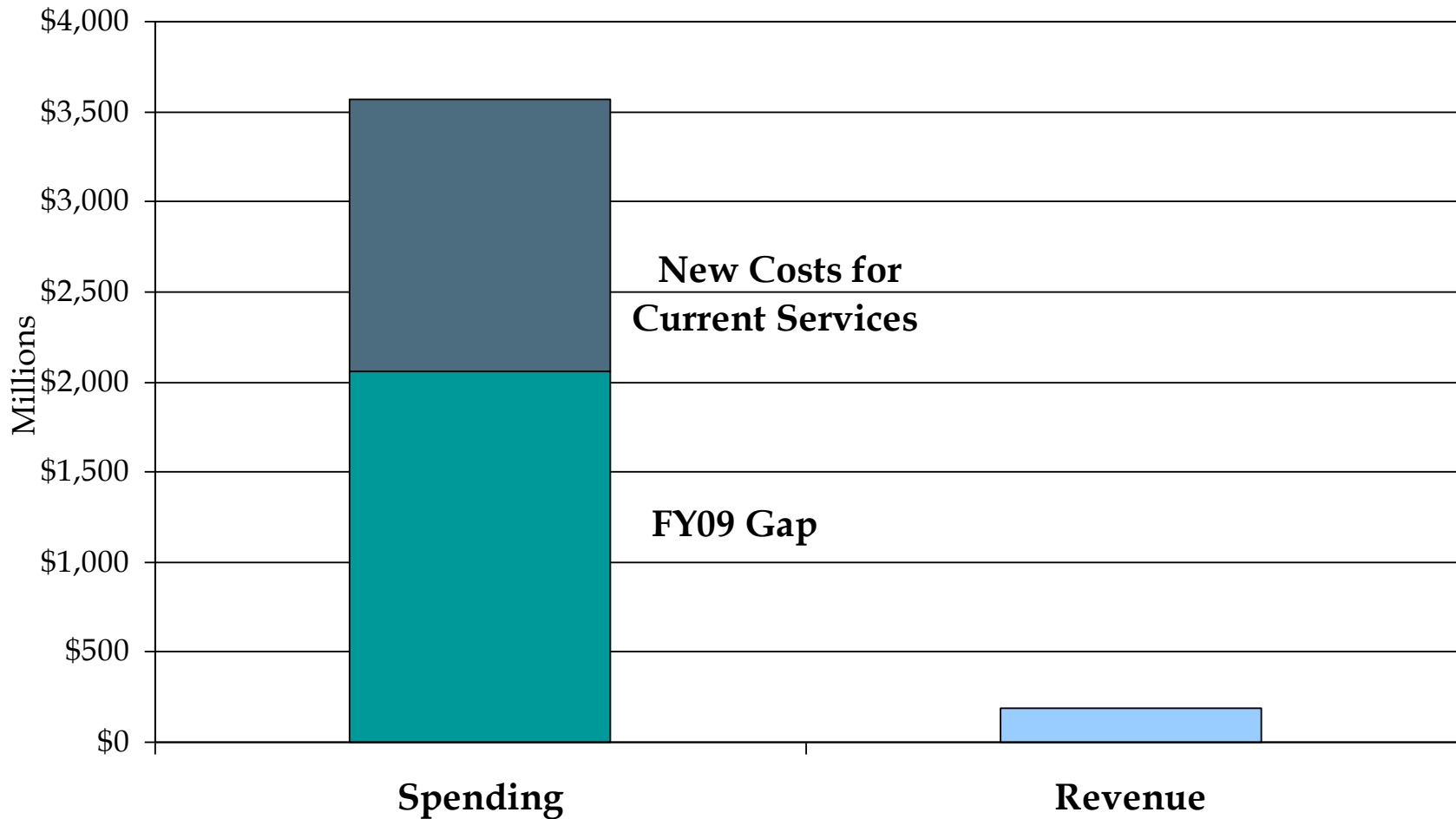
# FY 2009: Initial Budget Gap



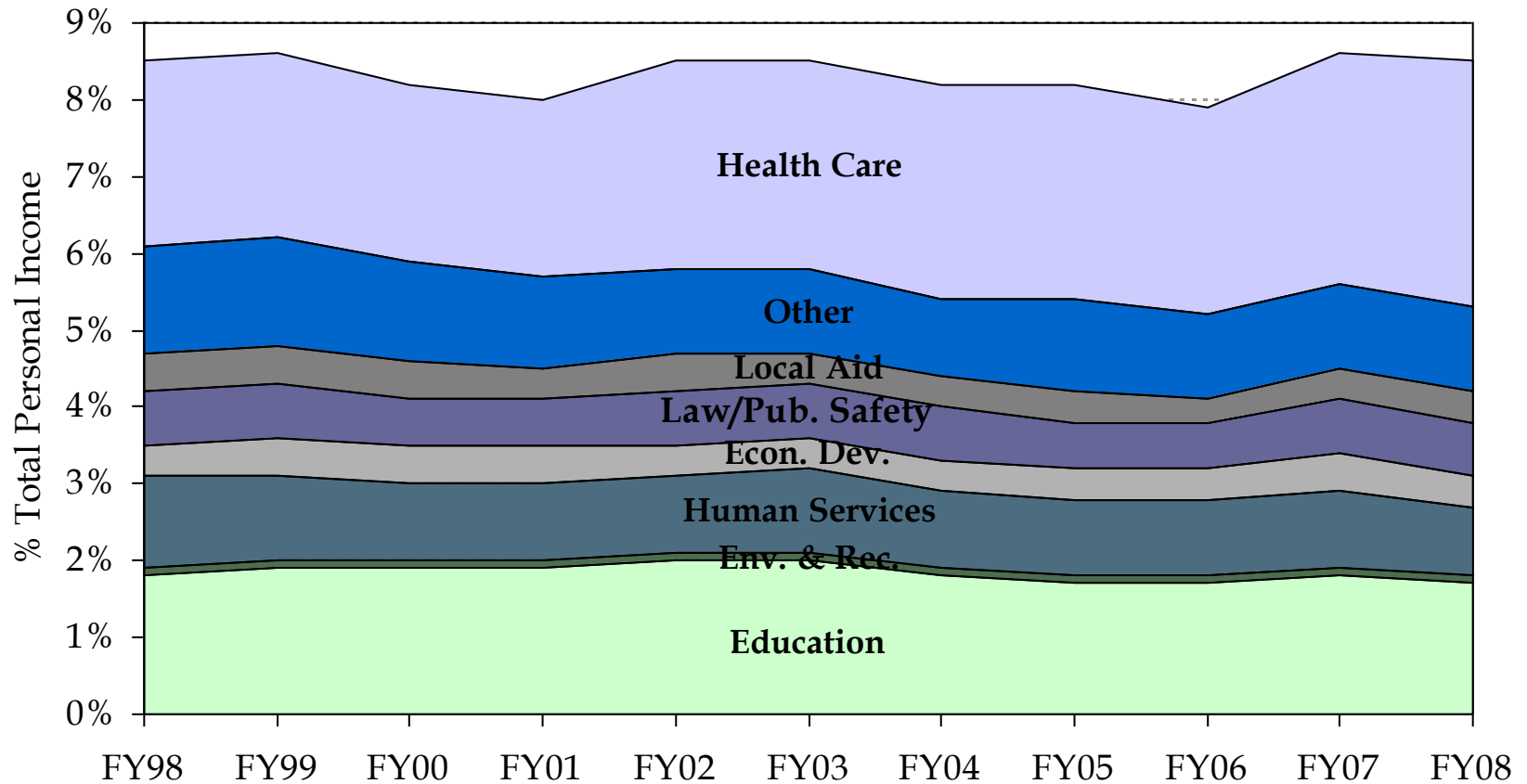
# The Governor's 9C Cuts



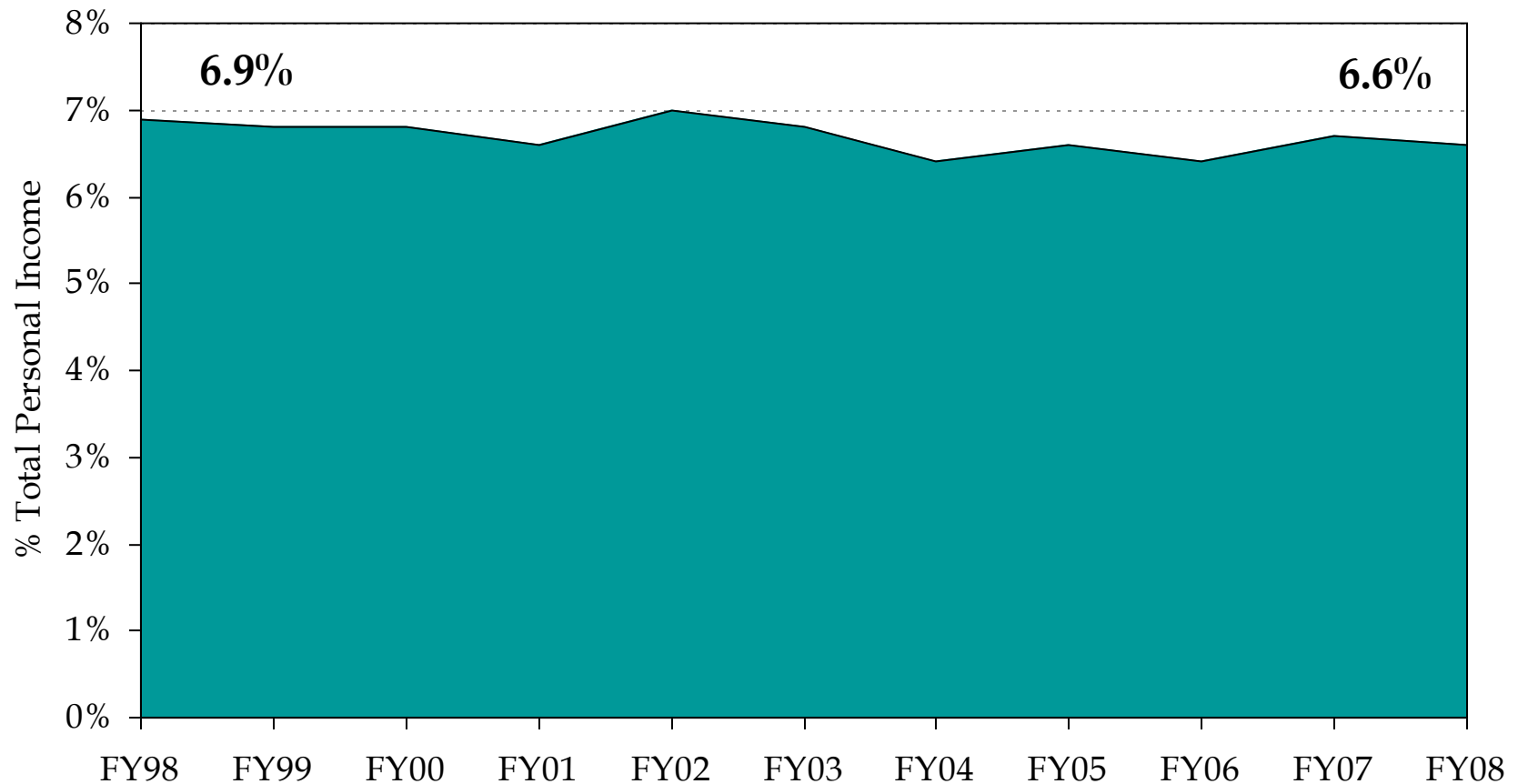
# FY2010 Preliminary Budget Gap



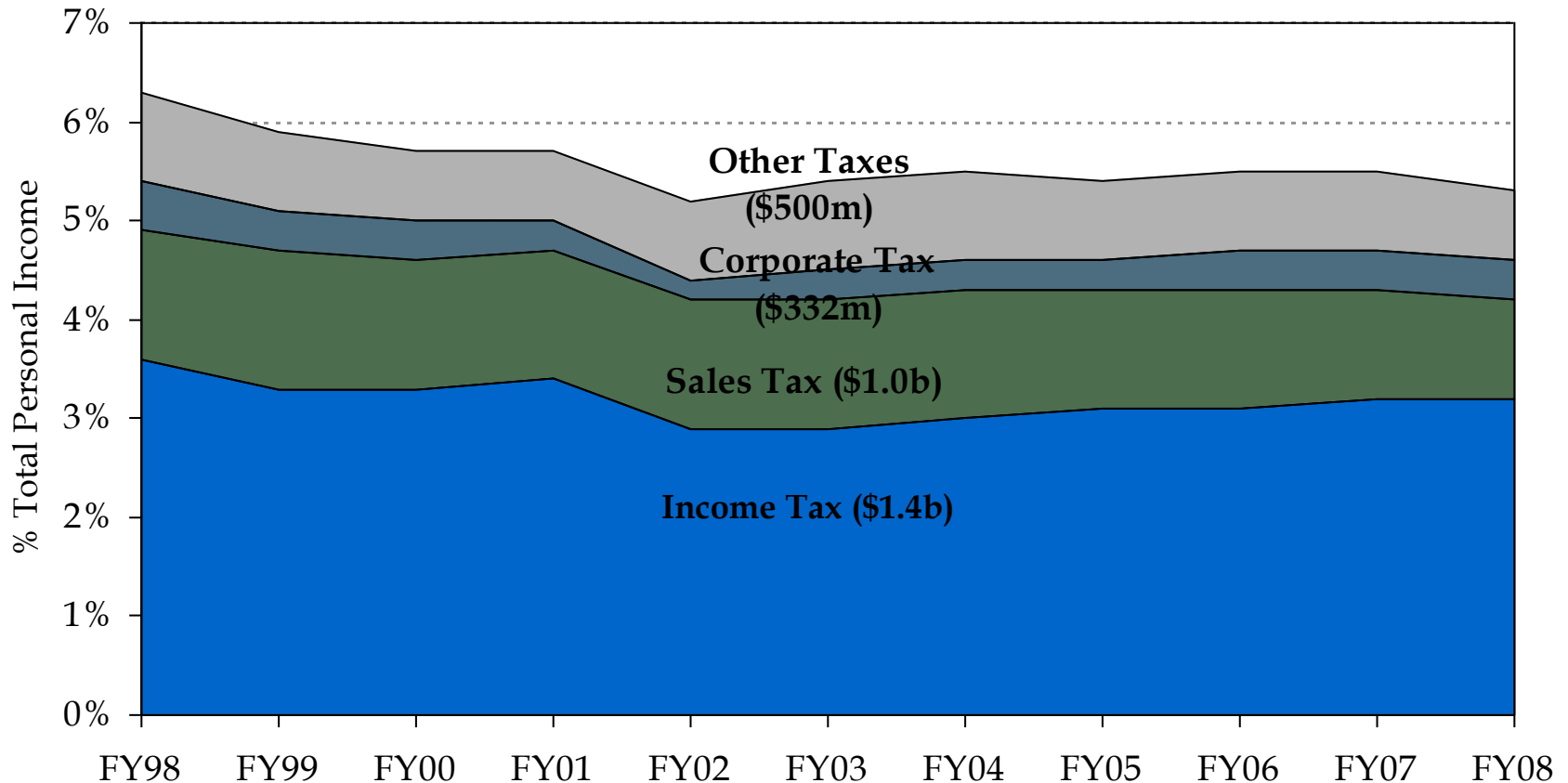
# Spending Has Mostly Stayed Constant



# State's Own Spending Has Declined

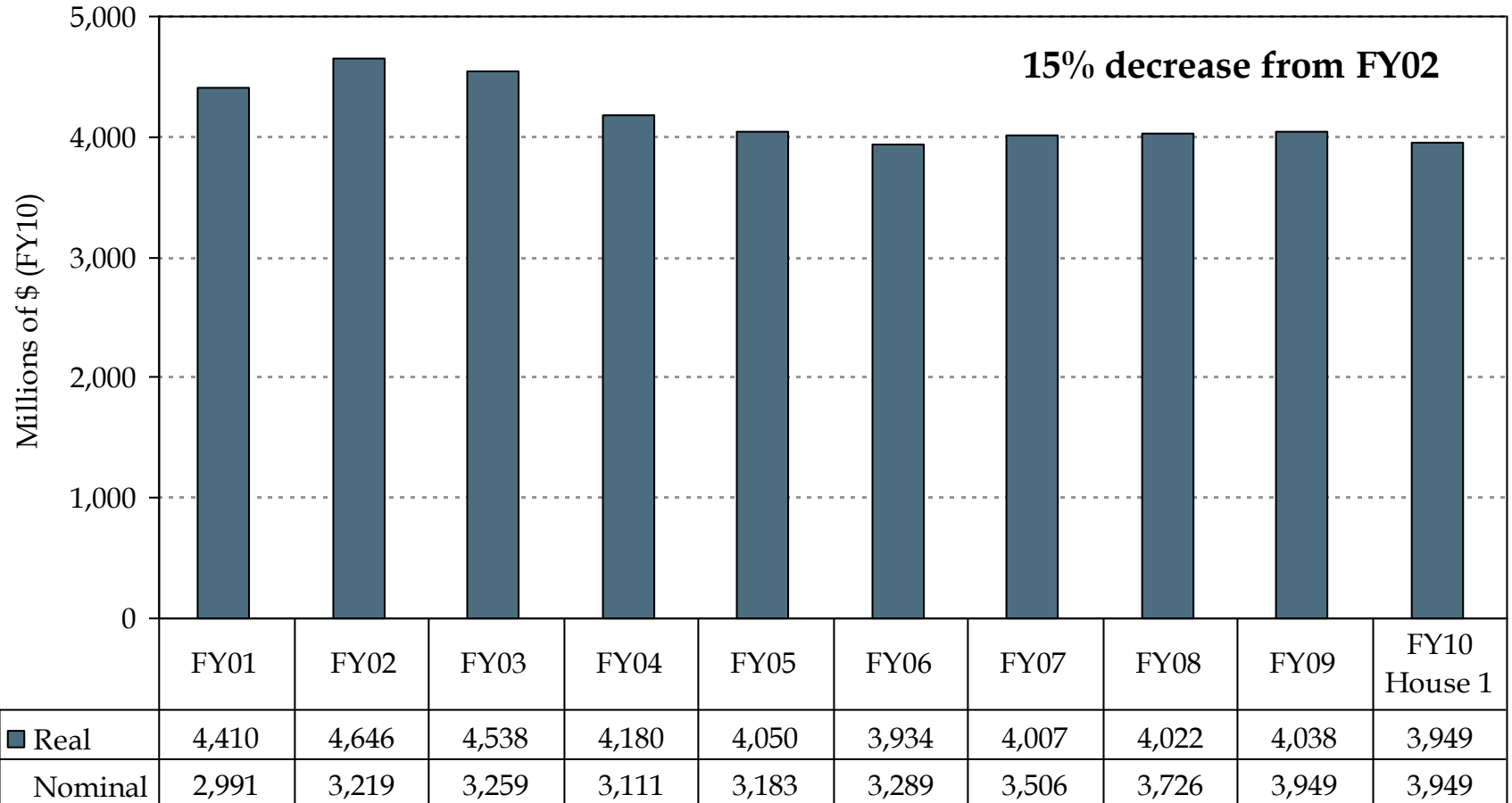


# State Tax Revenues Have Declined



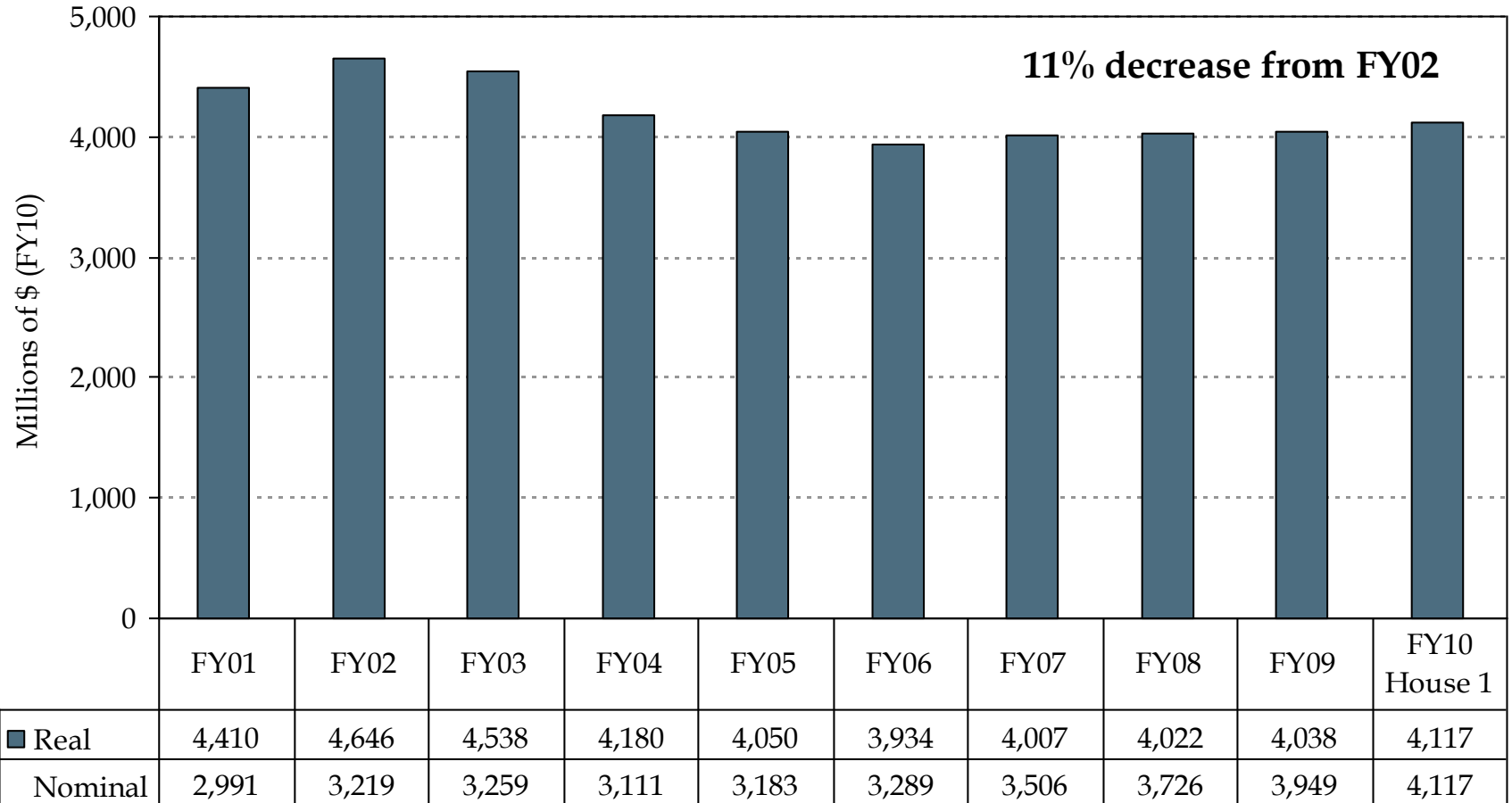


# Chapter 70 Education Aid



Adjusted Using the Inflation Factor Identified in Chapter 70

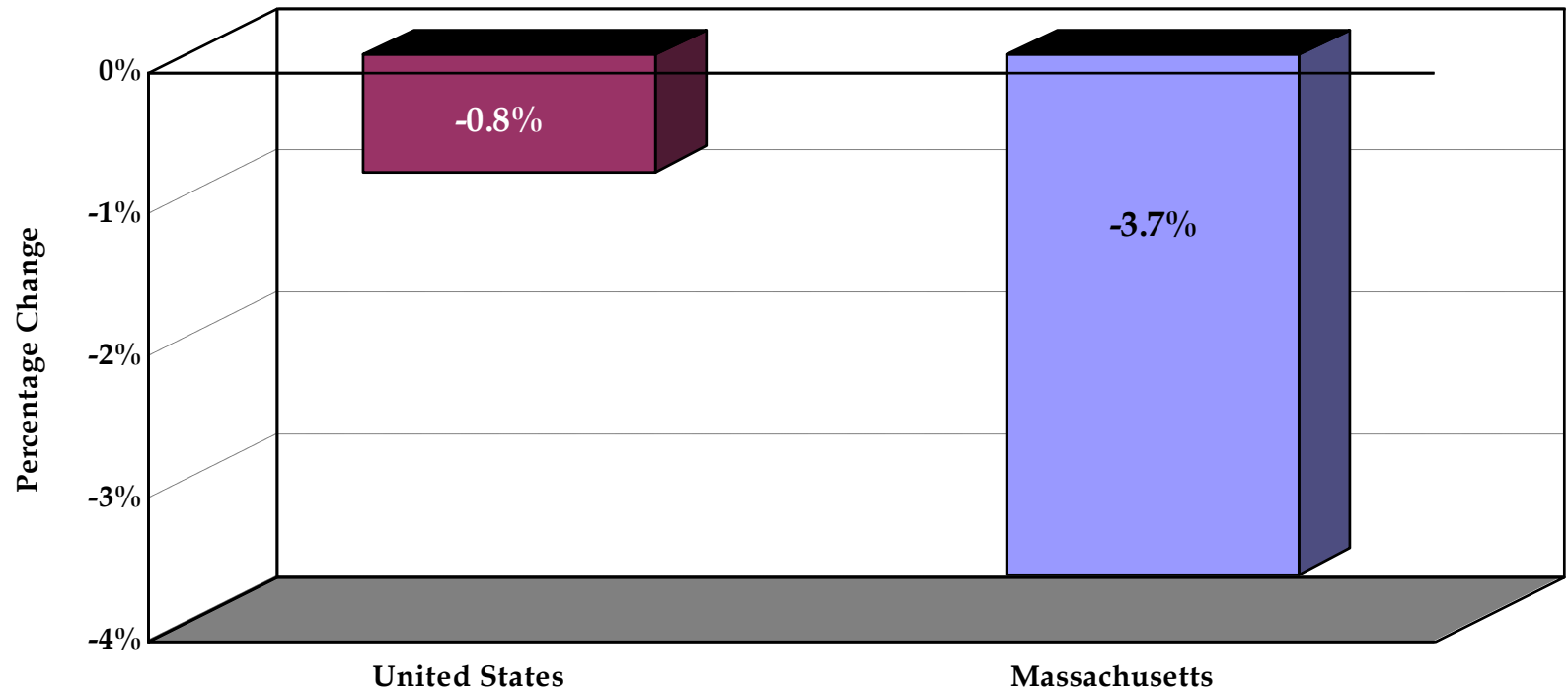
# Chapter 70 Education Aid



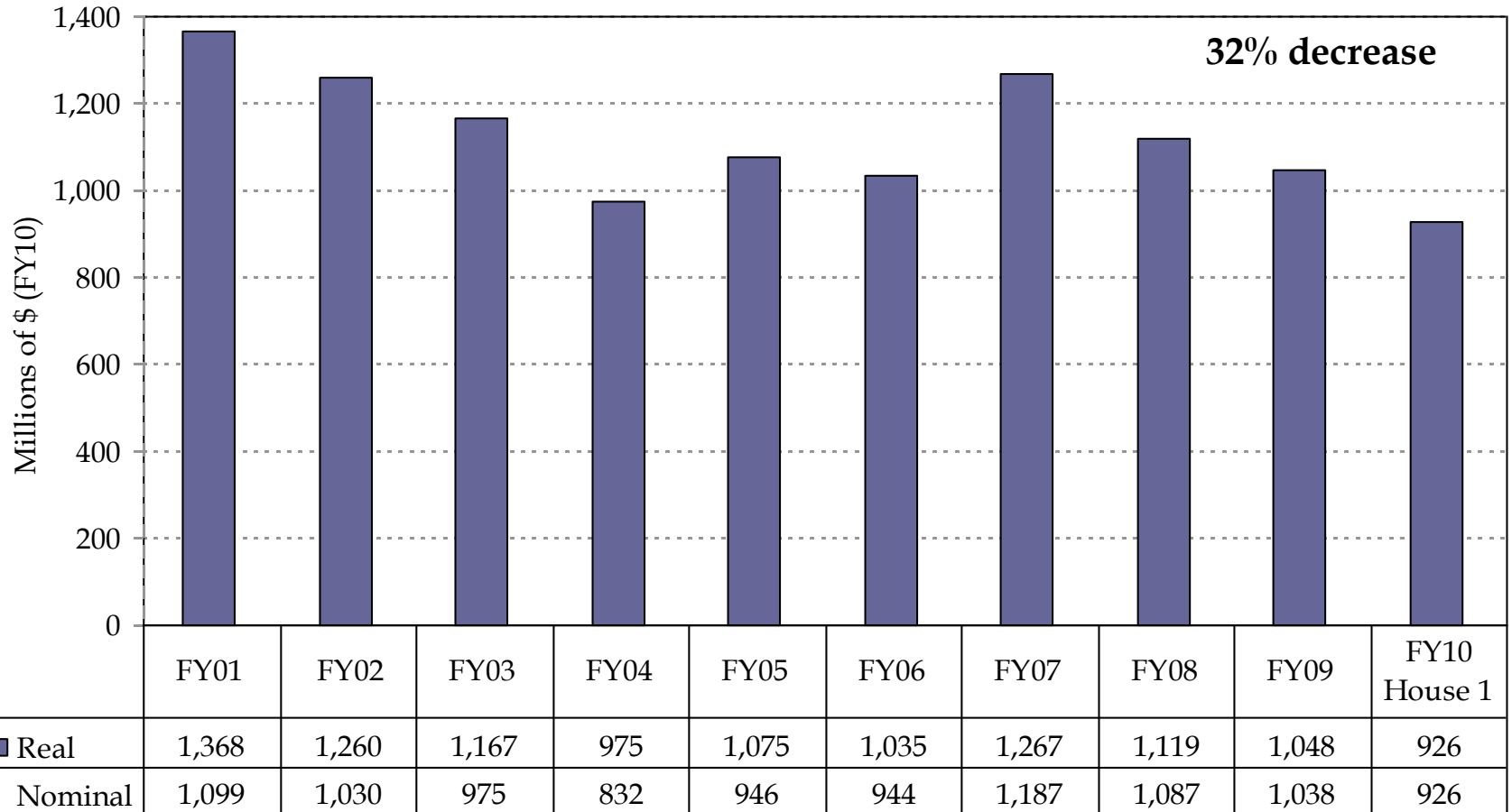
Includes ARRA funding  
Adjusted Using the Inflation Factor Identified in Chapter 70

# During the Fiscal Crisis We Cut State Education Aid More Than Most States

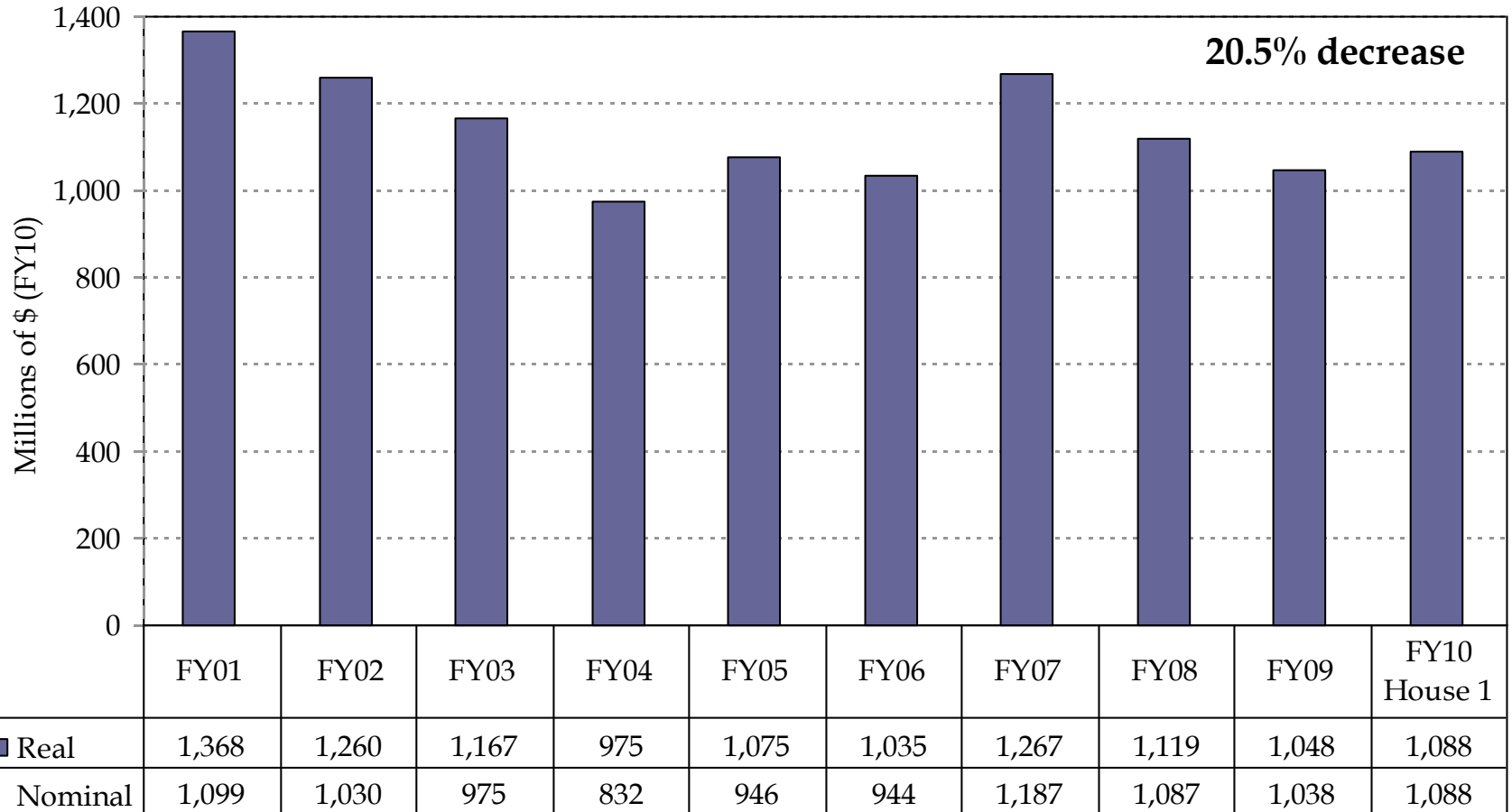
Change in Real Per Pupil State Revenue  
for Primary and Secondary Education, FY02 to FY04



# Higher Education

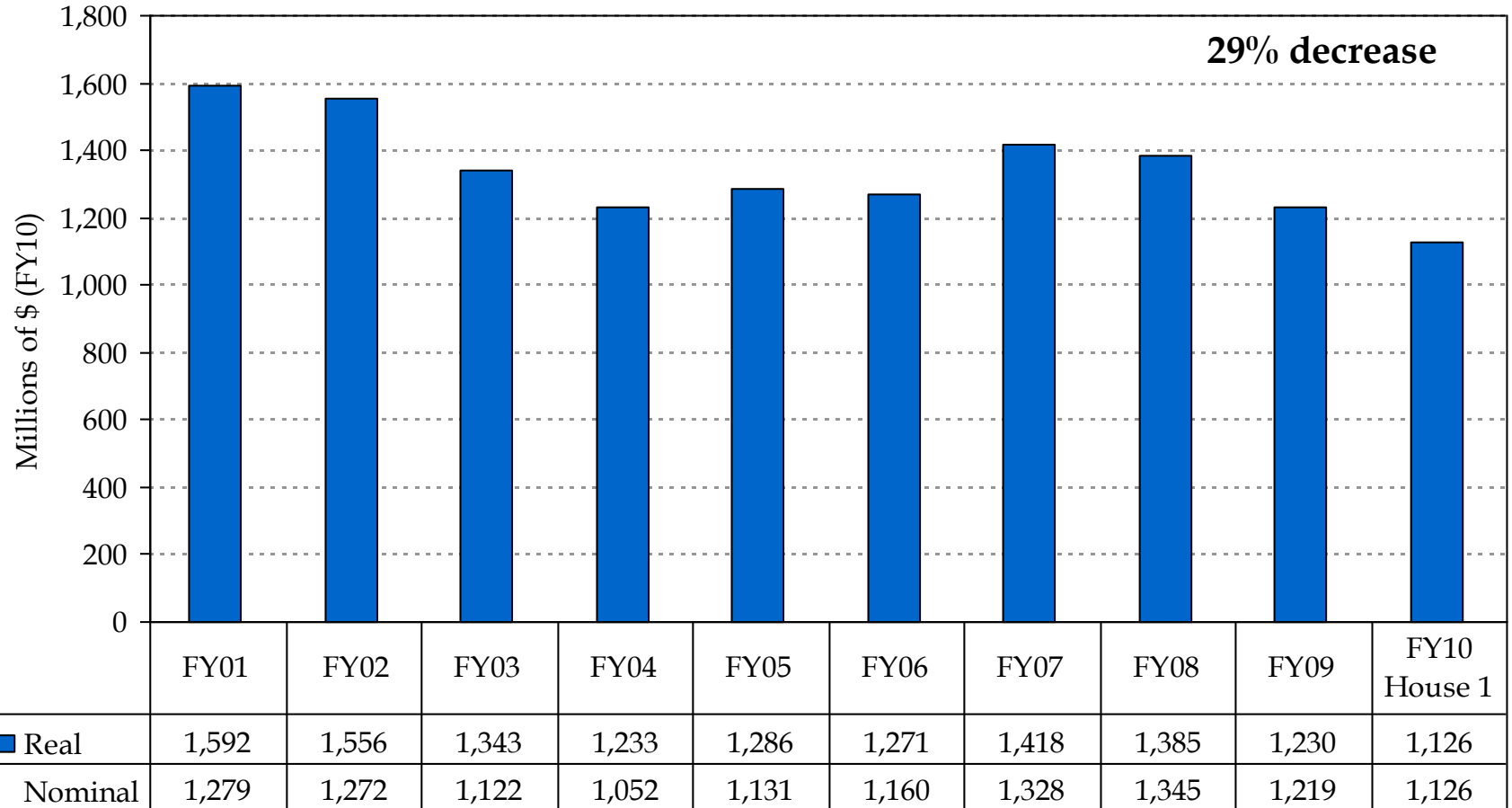


# Higher Education

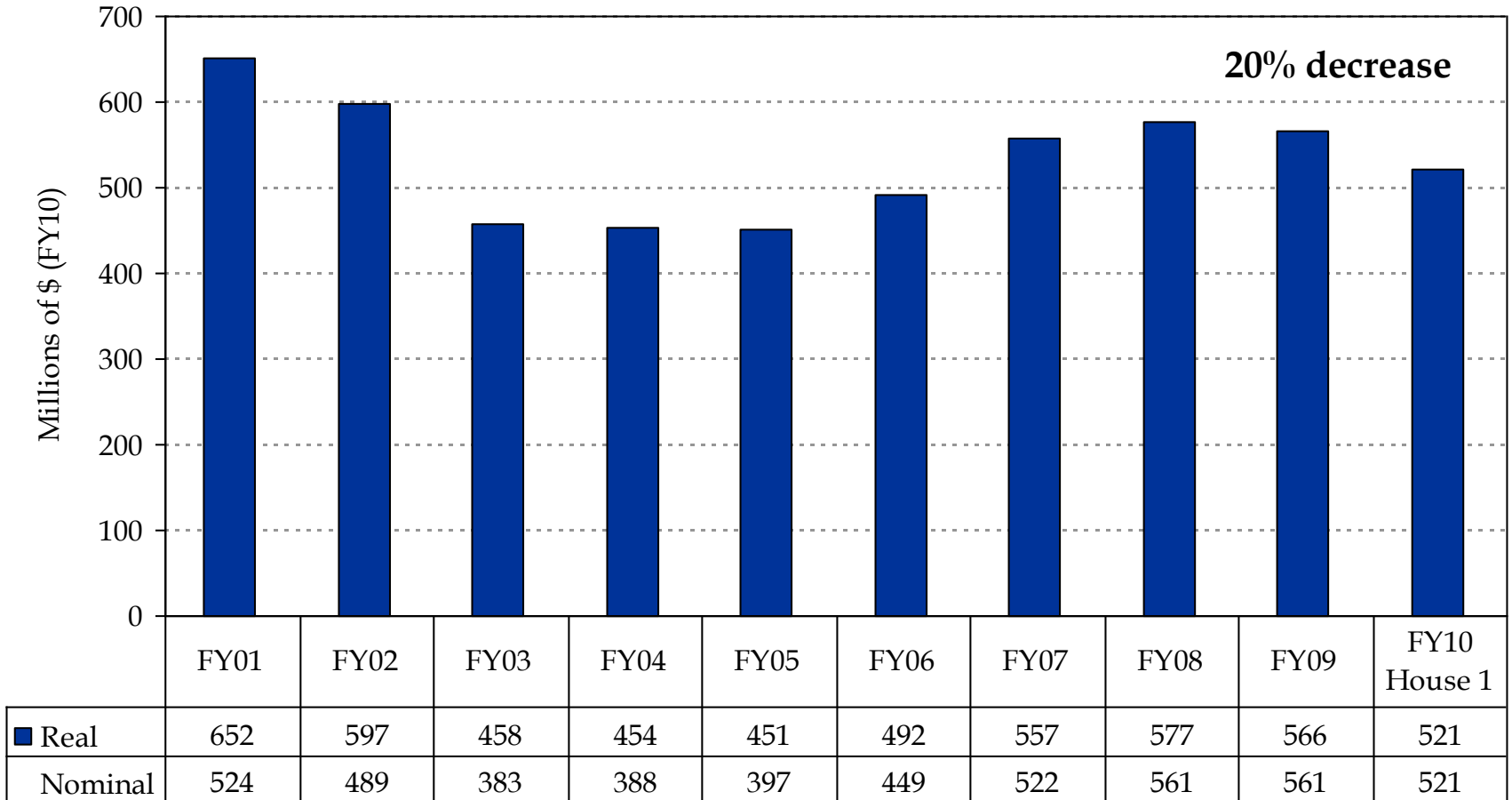


Includes ARRA funding.

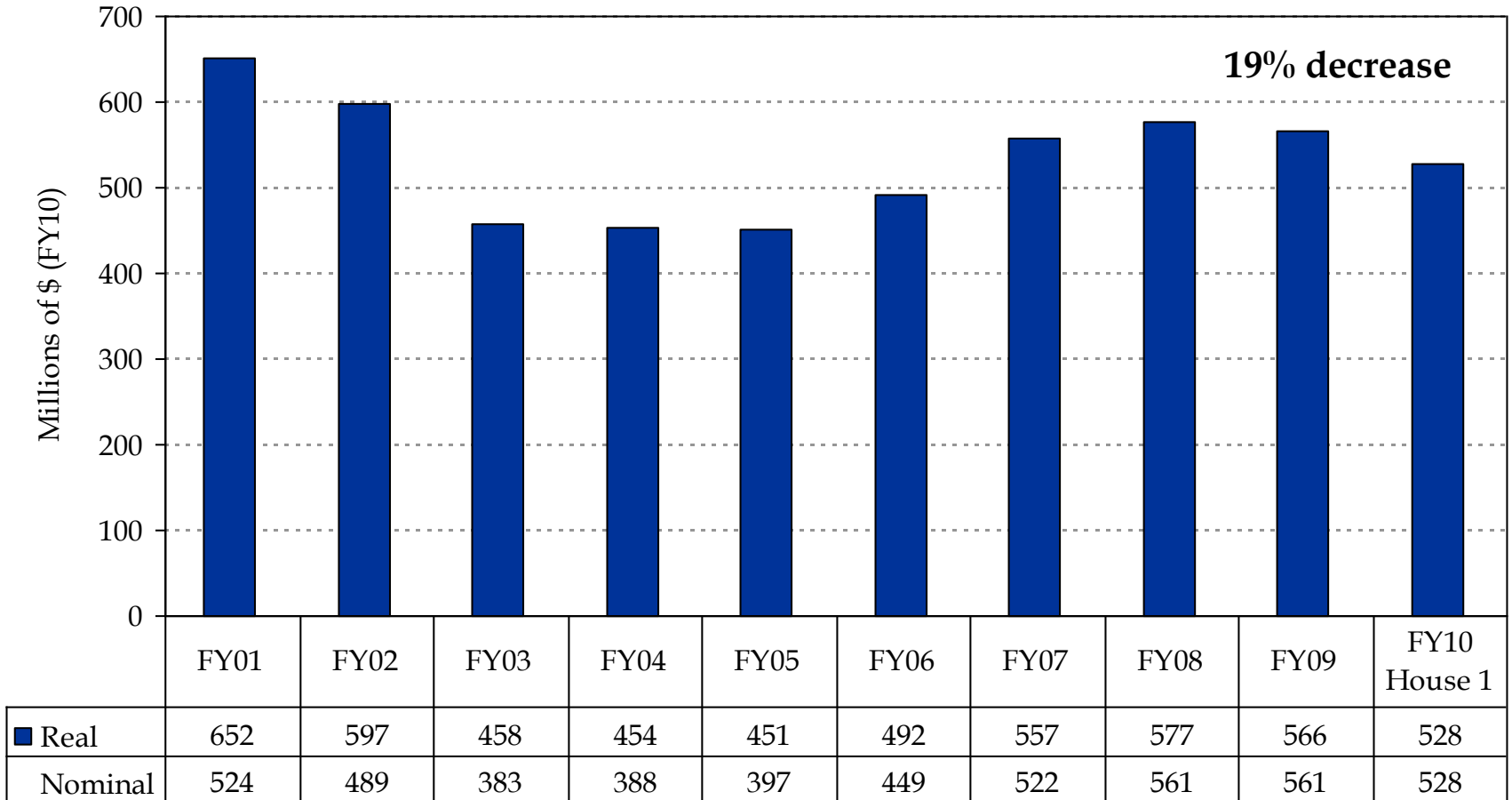
# Local Aid



# Public Health



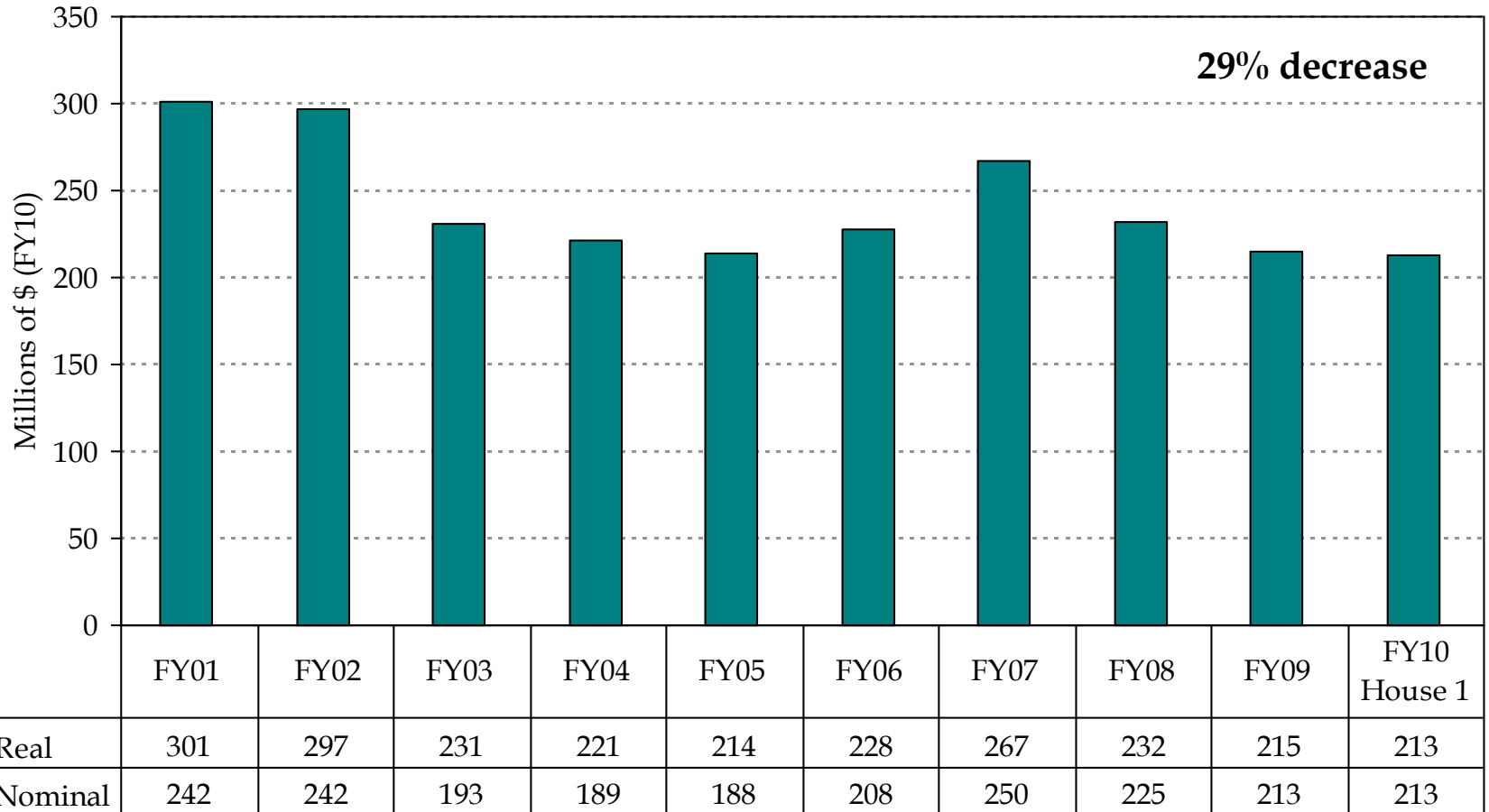
# Public Health



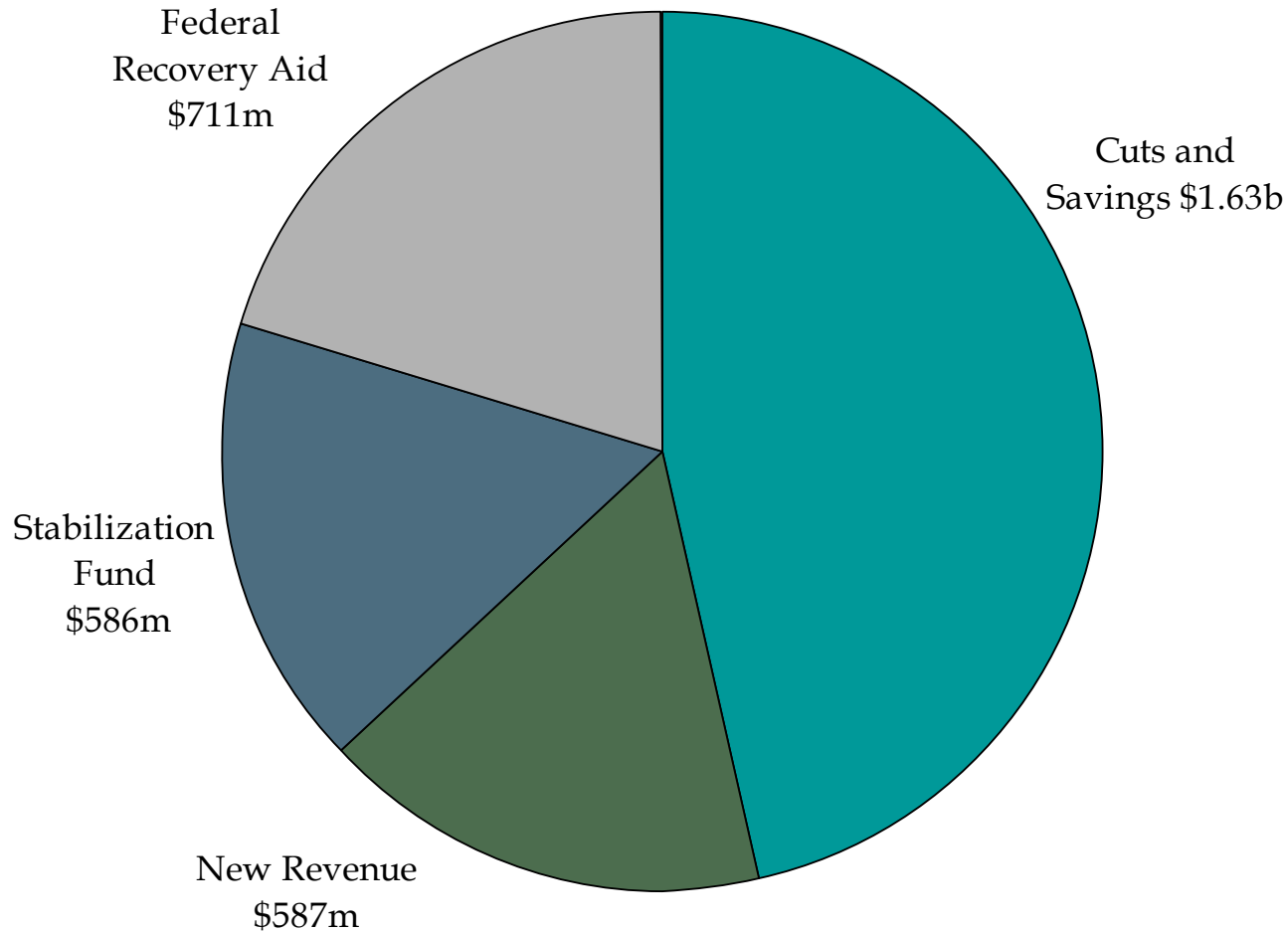
Includes ARRA funding.



# Environment



# Filling the FY2010 Budget Gap



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# A Tax System Should Be...

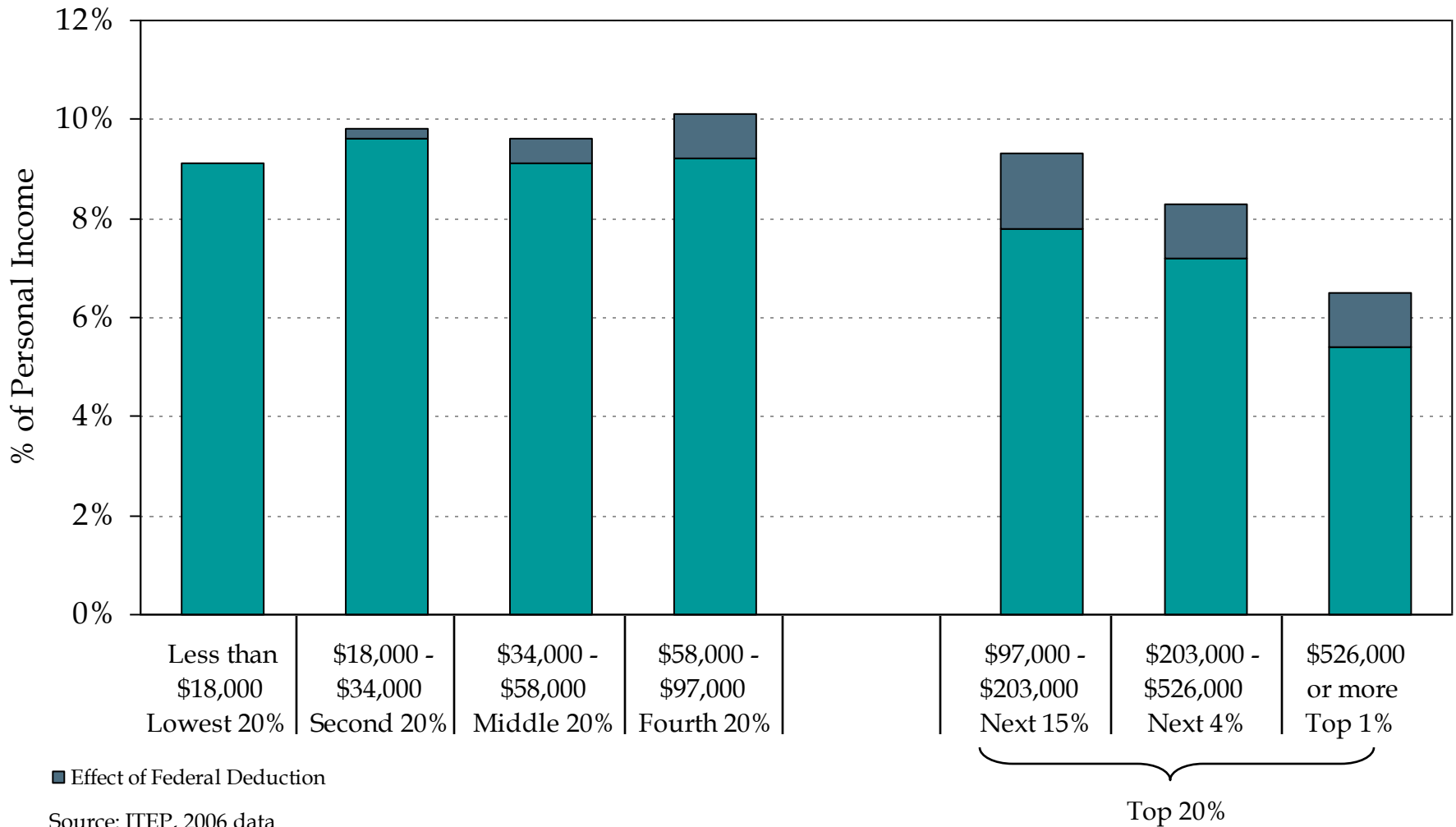
**Adequate**

**Stable**

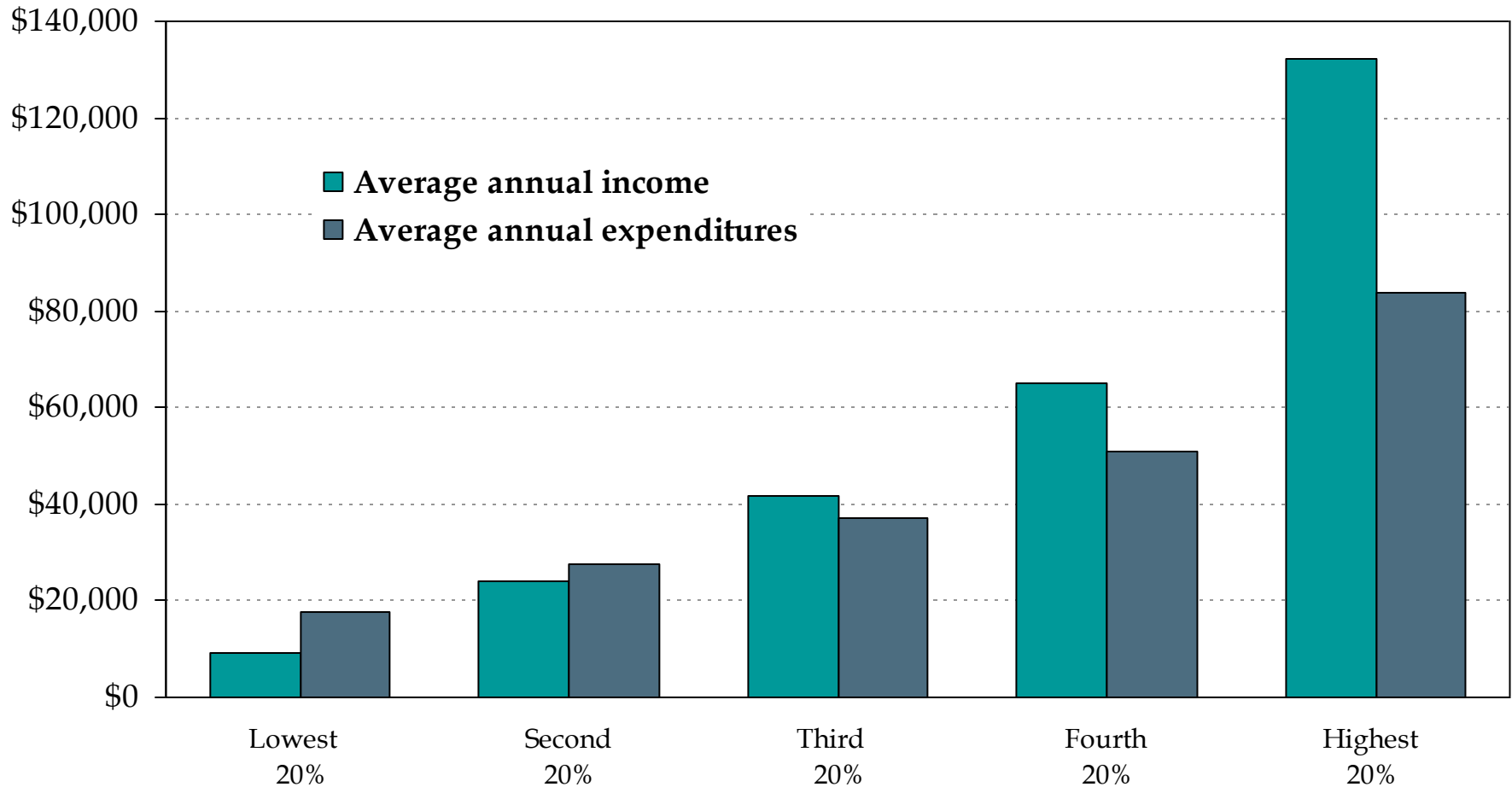
**Simple/Efficient**

**Fair**

# MA State & Local Taxes are Regressive

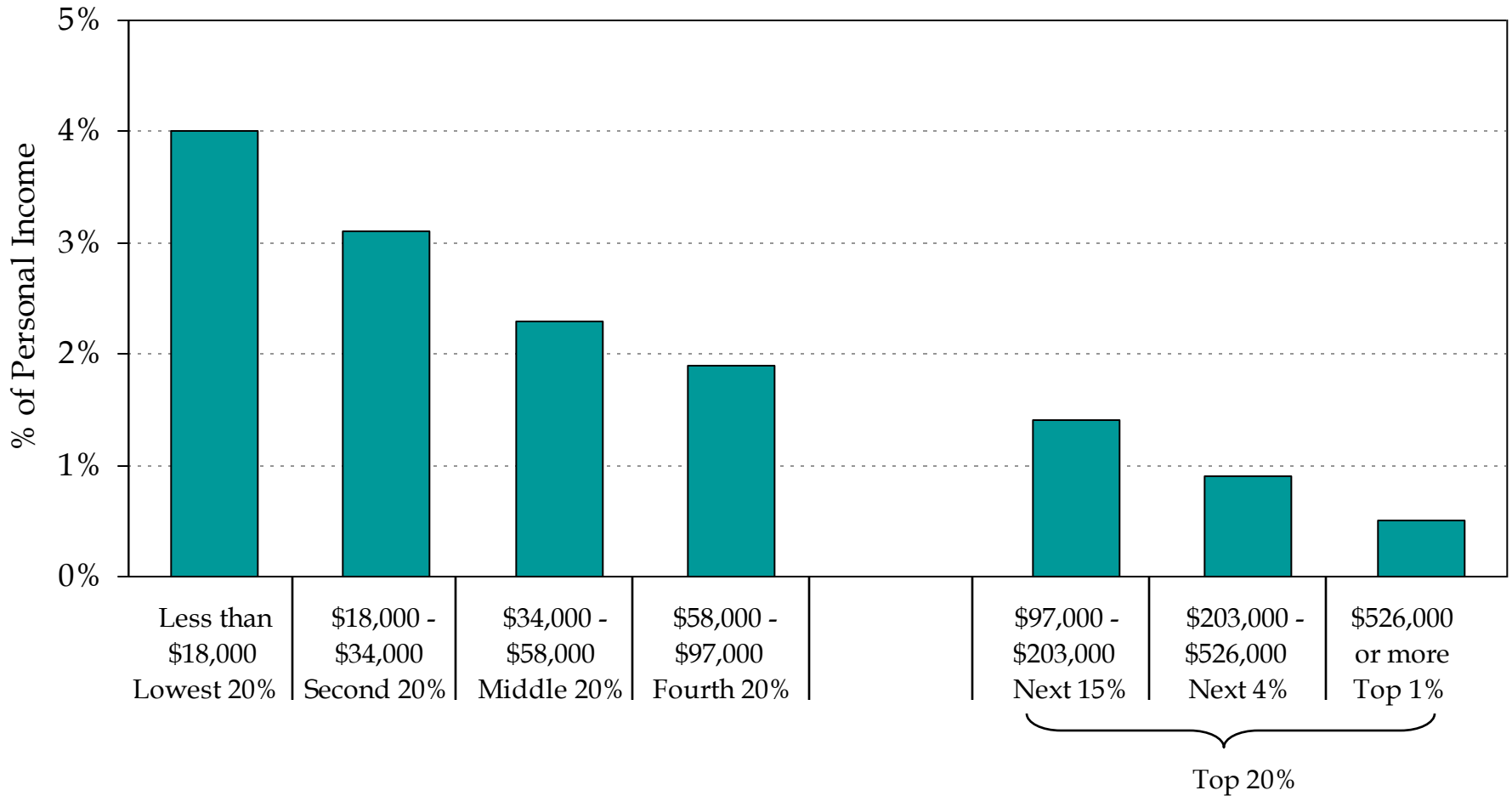


# Sales Taxes are Typically Regressive



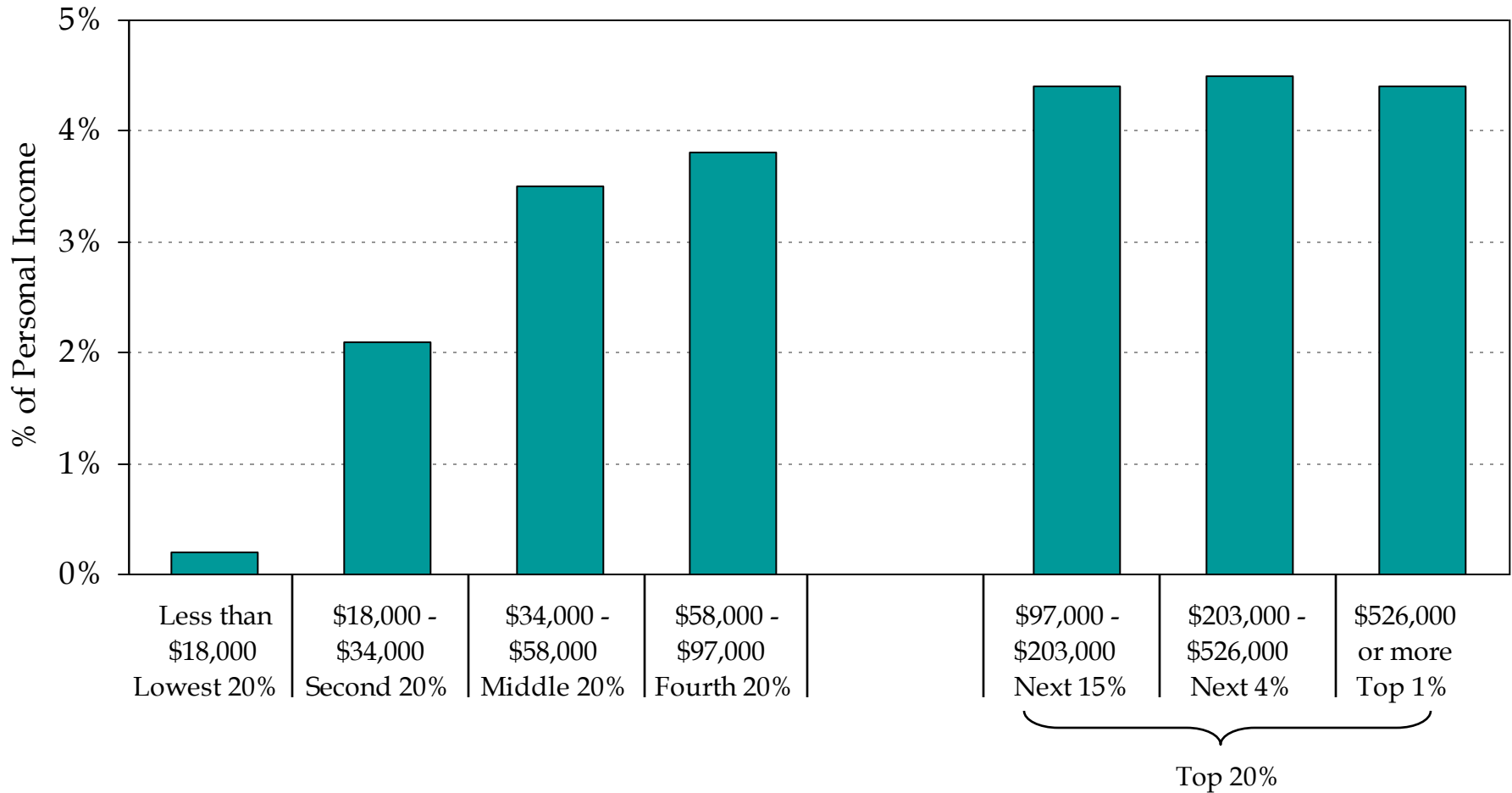
Source: Bureau of Labor Statistics, 2004 data

# Who Pays the Sales Tax in MA?



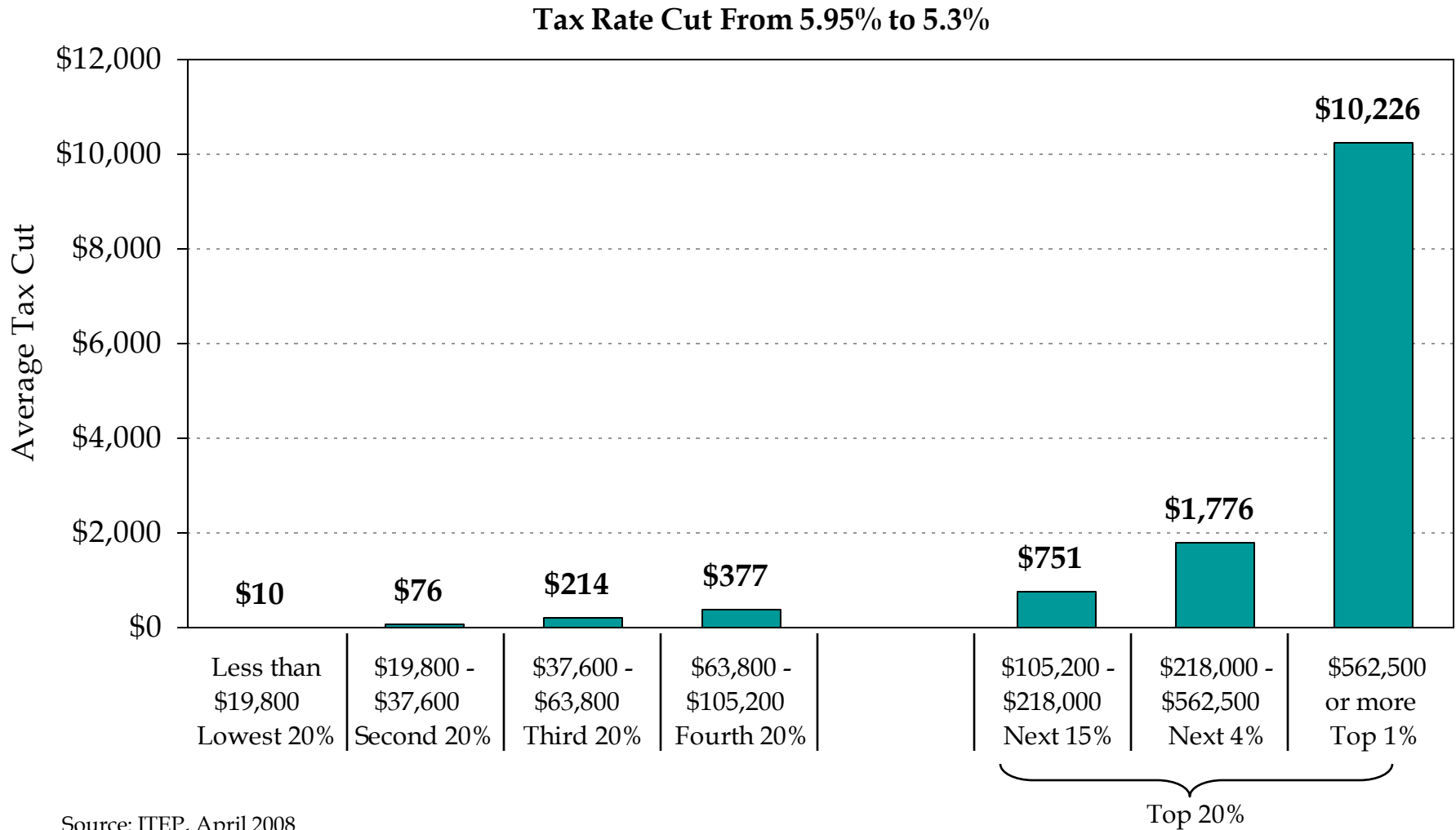
Source: ITEP, 2006 data

# MA Income Tax is Progressive



Source: ITEP, 2006 data

# Who benefits from an Income Tax Cut?

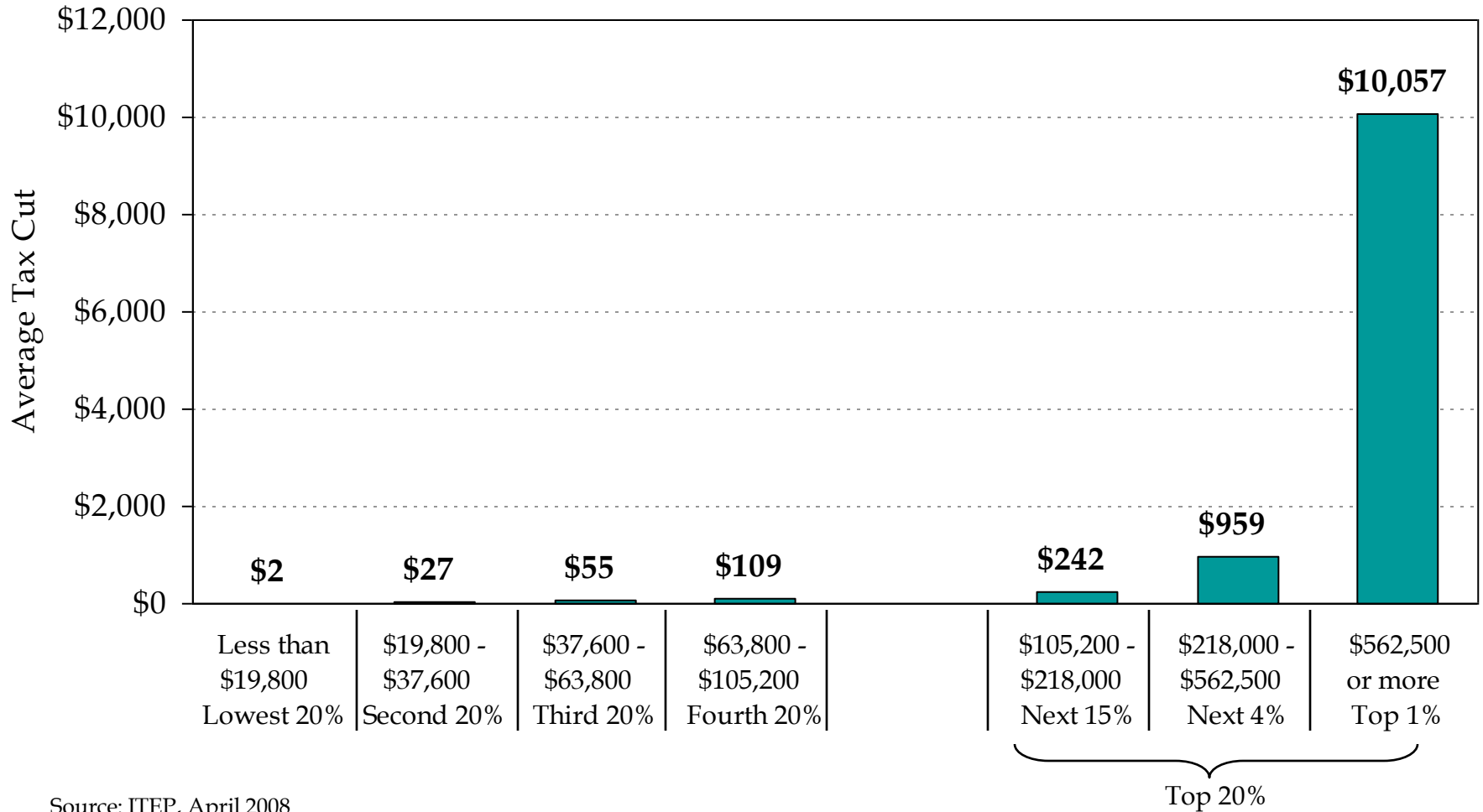


Source: ITEP, April 2008



# Who benefits from a Dividends & Interest Tax Cut?

Tax Rate Cut from 12.0% to 5.3%



Source: ITEP, April 2008