The Beacon Hill Update
Monitoring State House Activities Affecting Low Income People

Volume 4, Number 14 June 23, 1980

Who's Who Behind Proposition 2½?

As opponents of Proposition 2½ gear up for a "Vote No" campaign this fall, they are looking closely at the supporters of 2½: who they are and what they represent.

The three main supporters of the referendum are Citizens for Limited Taxation (CLT), the actual supporter of the measure; the Associated Industries of Massachusetts (AIM); and the Mass. High Technology Council (MHTC).

These groups have a history of involvement in taxation issues. AIM and CLT led an expensive media campaign that defeated the Graduated Income Tax (GIT) ballot proposal in November, 1976. Pro-2½ groups have opposed other progressive alternatives for tax reform—such as a Taxbraker plan which would have relieved the burden on property tax payers—that have been offered to residents of Massachusetts over the past several years.

CLT is currently gathering 10,000 signatures it needs to put Proposition 2½ on the ballot as a referendum question this fall. Last fall, CLT collected enough signatures to bring the same question before the legislature this session. The House roundly defeated the bill by a vote of 153 to 3, sending CLT back out in the field.

While CLT, AIM and MHTC each support 2½, not all have the same interests in it or the same attitudes towards the referendum question. Given the nature of these organizations, such differences are not completely surprising.

• Citizens for Limited Taxation (CLT) was formed in 1976 to oppose the GIT. It is an amalgam of small businessmen and grassroots taxpayers, with a substantial number of libertarians in its leadership. At a CLT-sponsored press conference a year ago, the former director put forward his views that government's function should be limited to providing a police force, courts, and an army. CLT dislikes big business, in part because of its tendency to work with and benefit from big government.

• As its name indicates, the 80-odd year old Associated Industries of Massachusetts (AIM) is an industry group. Its membership comprises the older, declining sectors of the state's economy, machine tools, textiles, shoemaking. In its day, it has opposed child labor laws, working conditions legislation, unions, and—of late—progressive tax reform. Many observers see AIM's interest in 2½ to be both actual economic relief through reduced property taxes and a strengthened business climate and business image for Massachusetts.

• The Mass. High Technology Council (MHTC), on the other hand, represents firms in the state's major growth industry—computers and electronics. Its concerns are less the actual cash incentives of property tax cuts for itself and more its labor shortage. MHTC's concern is that high personal taxes discourage potential and sorely needed highly-skilled employees from settling in the state.

AIM and MHTC have jointly filed a Constitutional Amendment for 2½ that is awaiting legislative action at a Constitutional Convention.

Recently, there are signs of a softening of support for the 2½ concept by AIM and MHTC in favor of a plan that addresses concerns more specific to business community interests. Both have indicated that, under certain conditions, they would stop supporting the CLT proposal.

This new plan involves a tax cap instead of a tax cut. It would limit state and local property taxes to a percentage of personal income equal to the average percentage taxed in other states. The Taxation Committee has reported out a bill developed with

continued on page 4

Housing Bill in the Stretch

An omnibus housing bill, S2153, is the most comprehensive housing legislation filed in the legislature in six years. The bill has been reported favorably by the Senate Urban Affairs Committee and is currently in Senate Ways and Means.

S2153 addresses a serious state-wide housing shortage by providing vehicles to increase the number of housing units, many of them to be subsidized, in the state.

The legislation contains three bond authorizations—$100 million for elderly housing, $35 million for family housing, and $75 million for public housing modernization.

Another section would help establish and fund neighborhood housing services (NHS) corporations. The local NHS's would have revolving funds for housing rehabilitation loans for unbankable homeowners.

Citizens Housing and Planning Association (CHAPA) is excited about the entire bill. It is especially pleased with a section allowing local non-profit organizations to contract with the Office of Communities and Development to develop and manage low income family housing through the state's Chapter 705 rental assistance program.

Prospects for the bill's passage are good. Secretary of Communities and Development Byron Matthews filed several of the bill's provisions and backs the package. It is expected out of Senate Ways and Means soon and advocates are turning to House Ways and Means to encourage the legislation through.