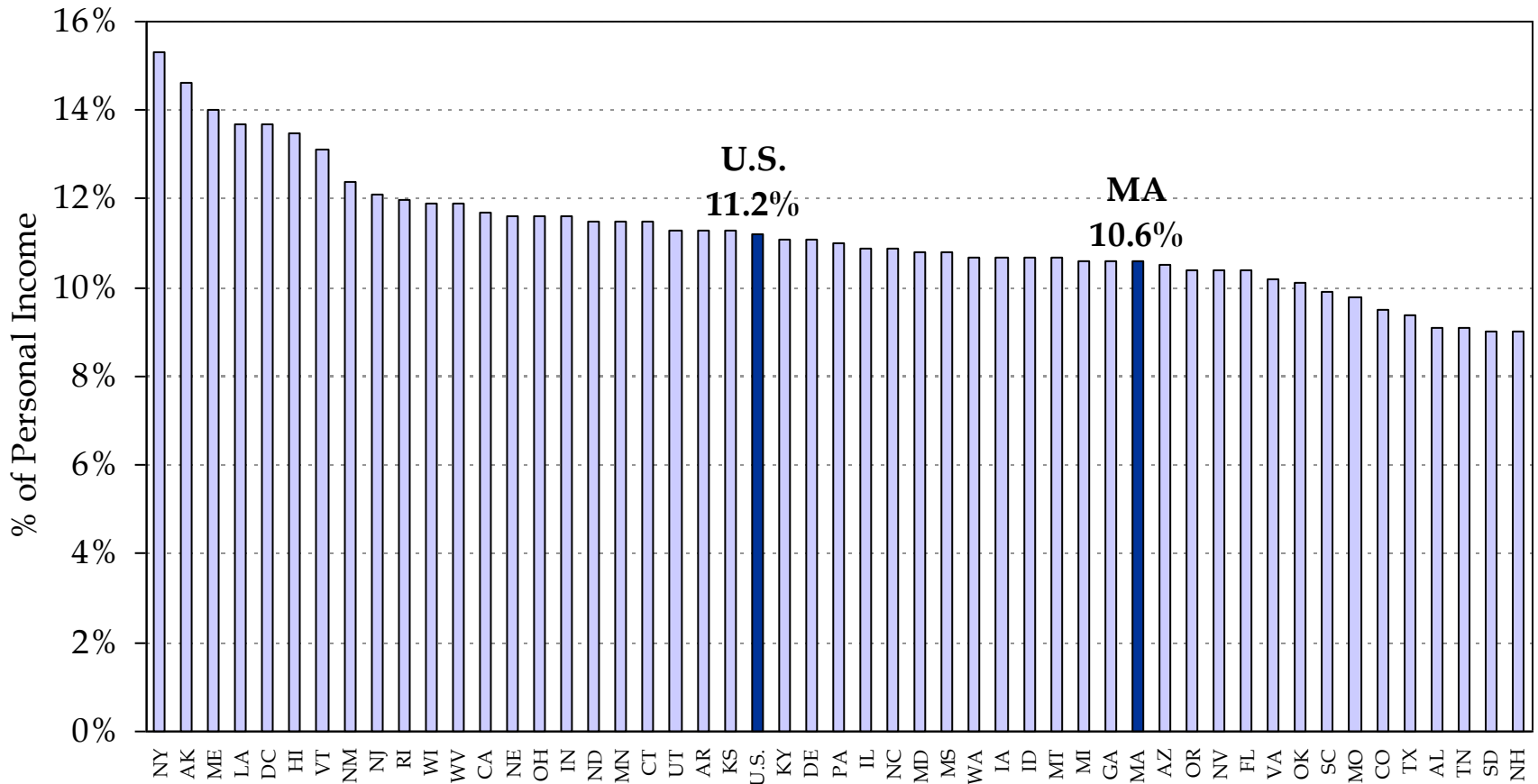

State Fiscal Conditions & Our Future



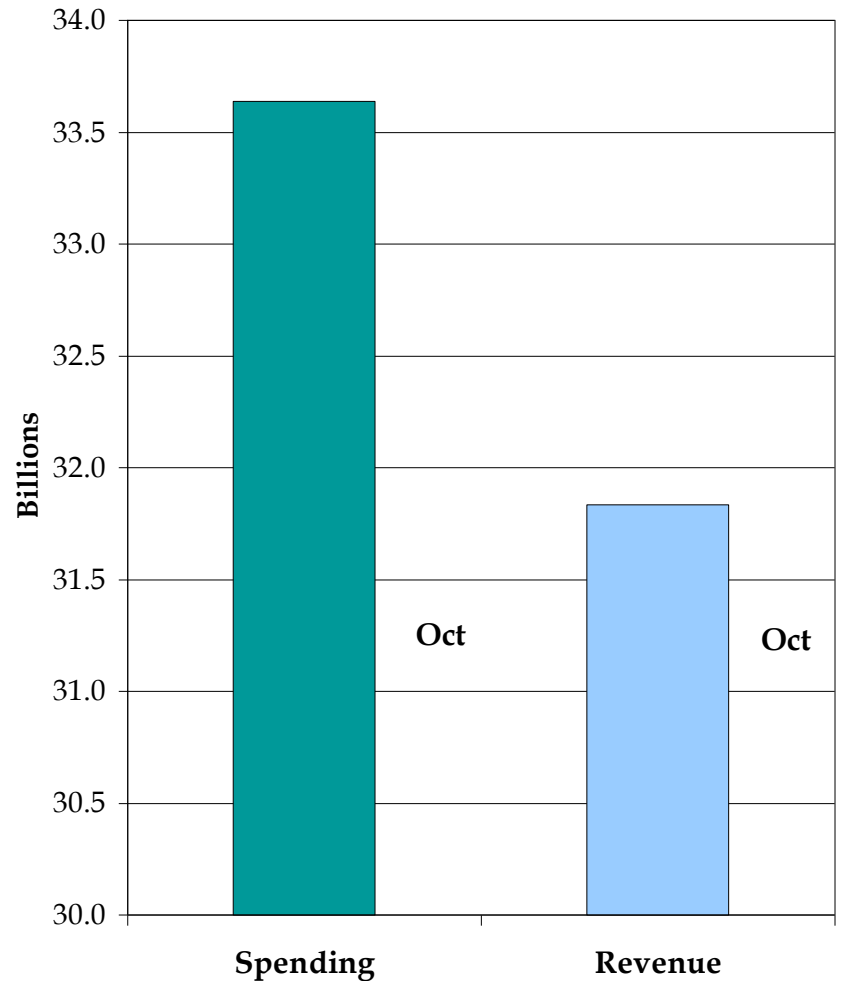
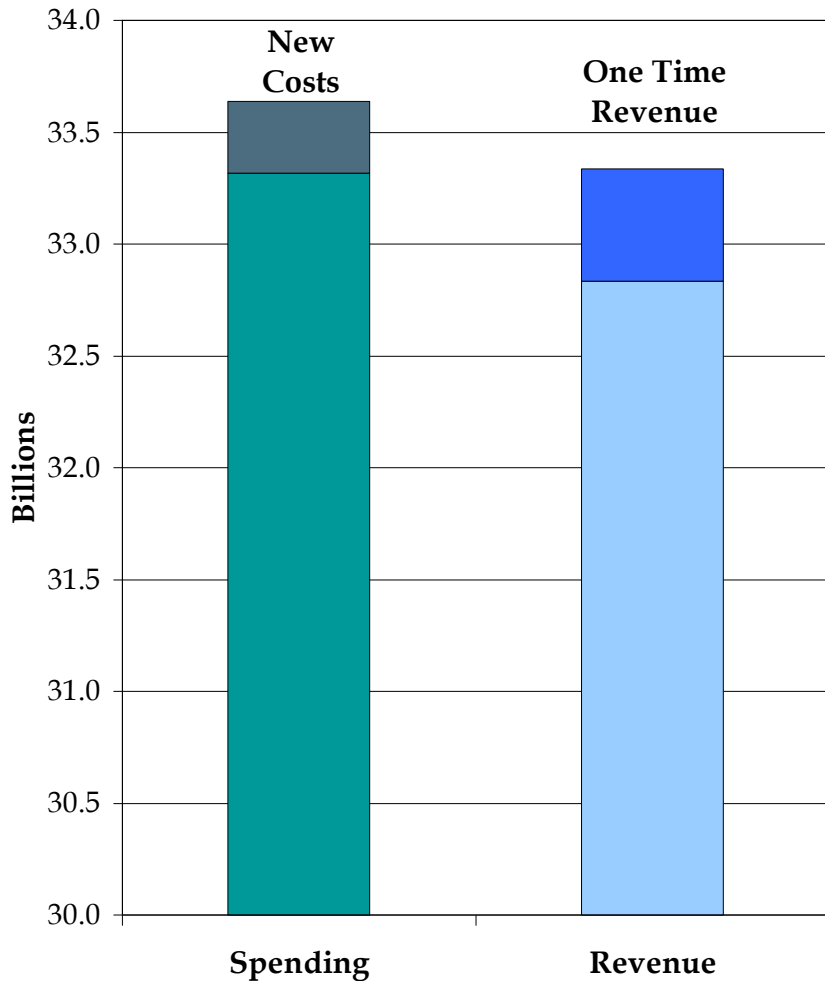
Massachusetts Budget and Policy Center
15 Court Square, Suite 700, Boston, MA 20108
617.426.1228
www.massbudget.org

MA Taxes Lower Than U.S. Average

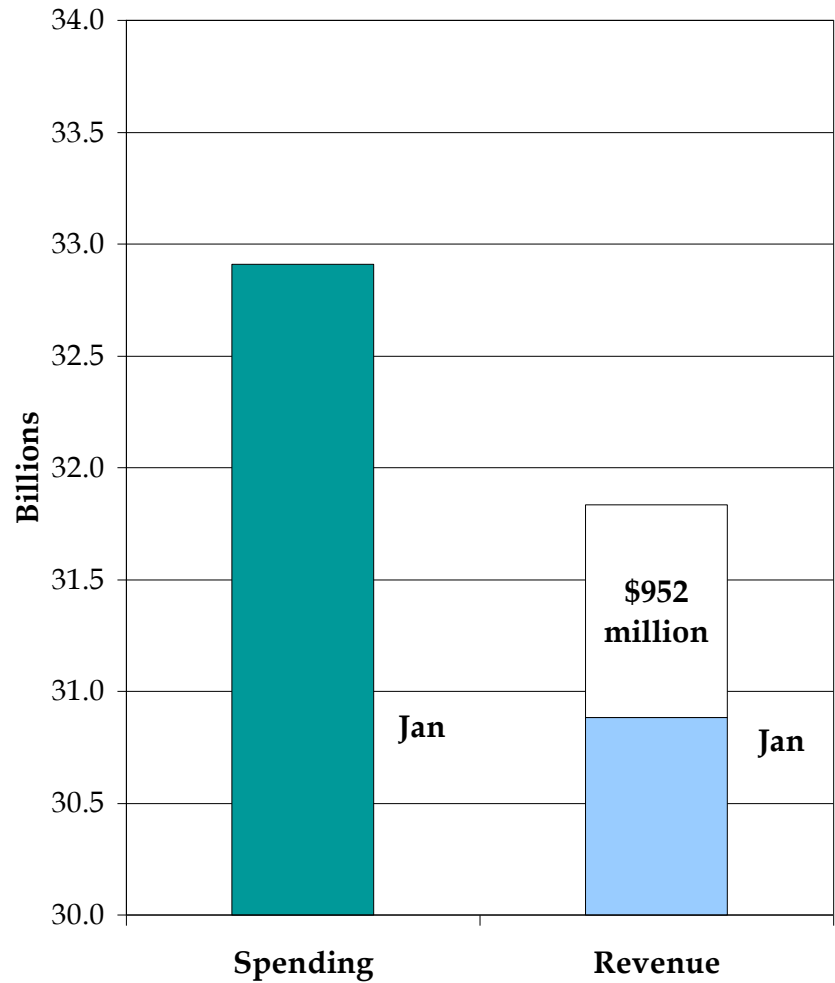
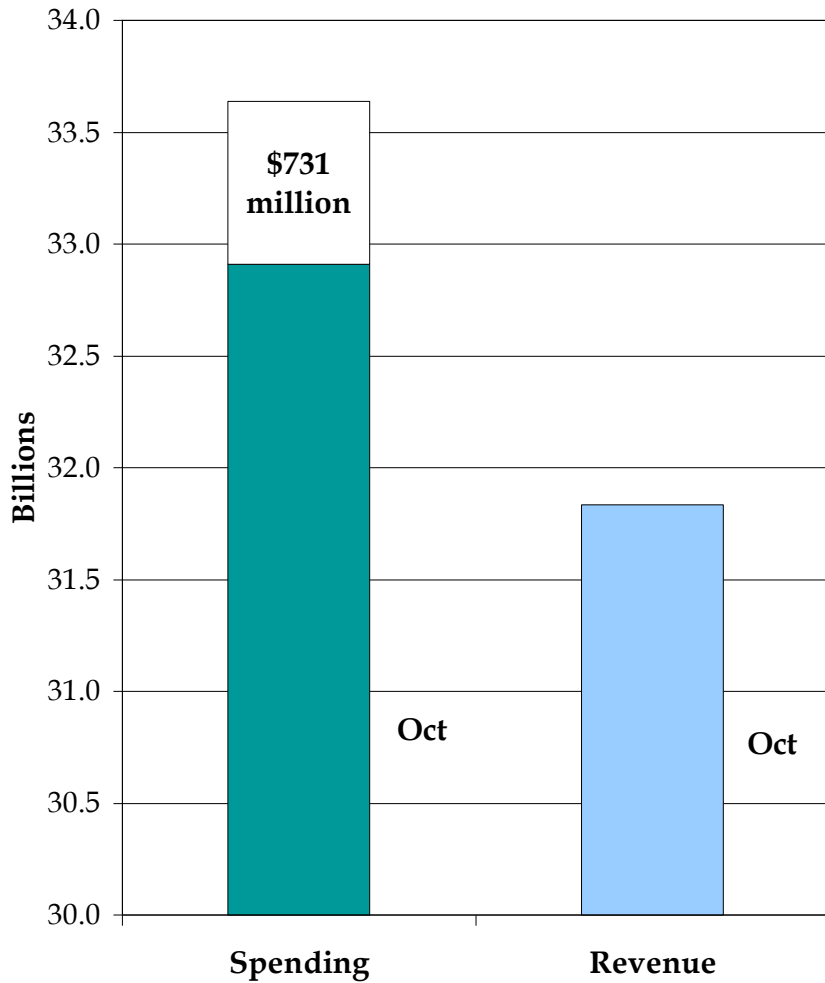


Total State and Local Taxes, FY 2006

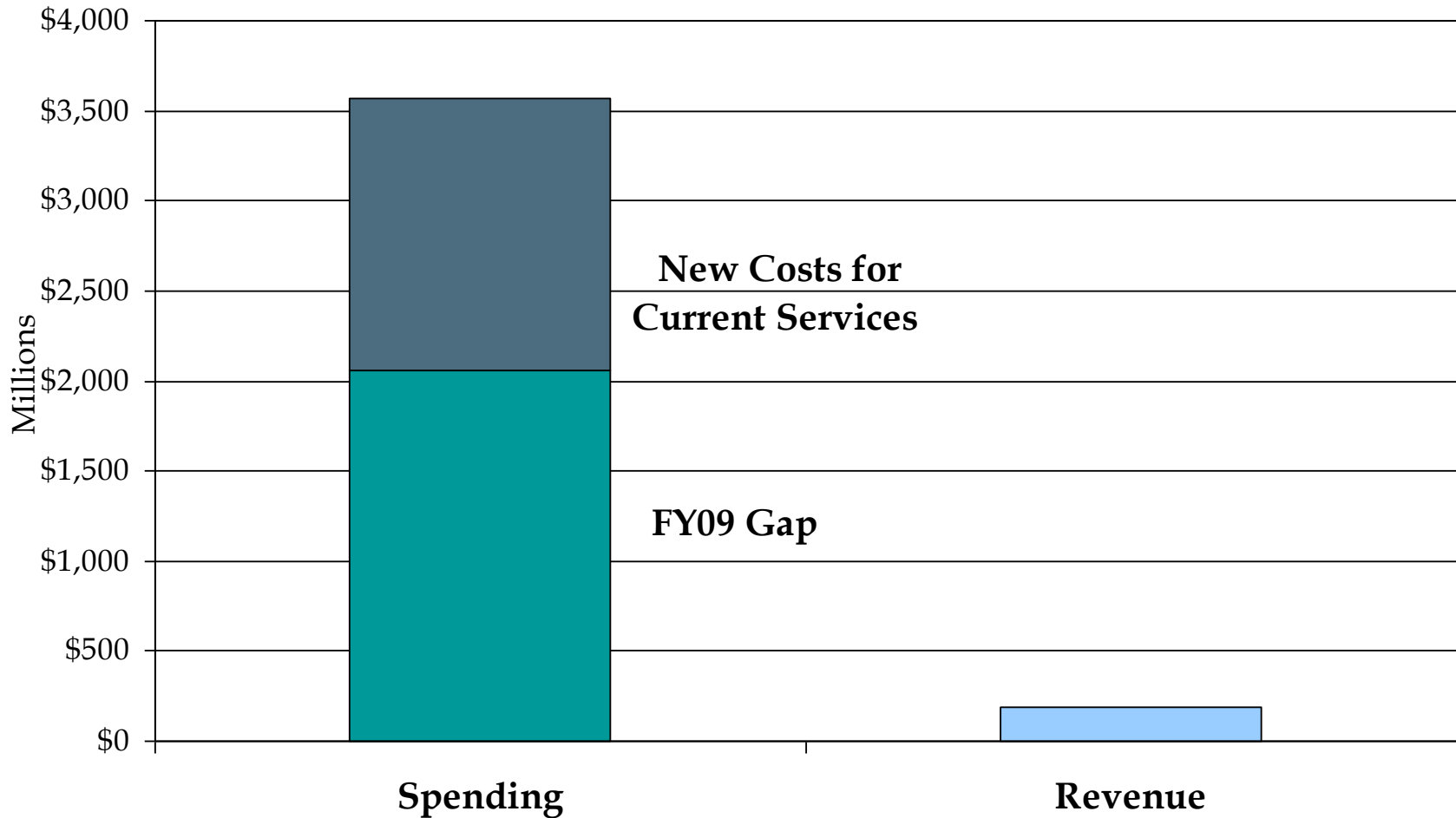
FY 2009: Initial Budget Gap



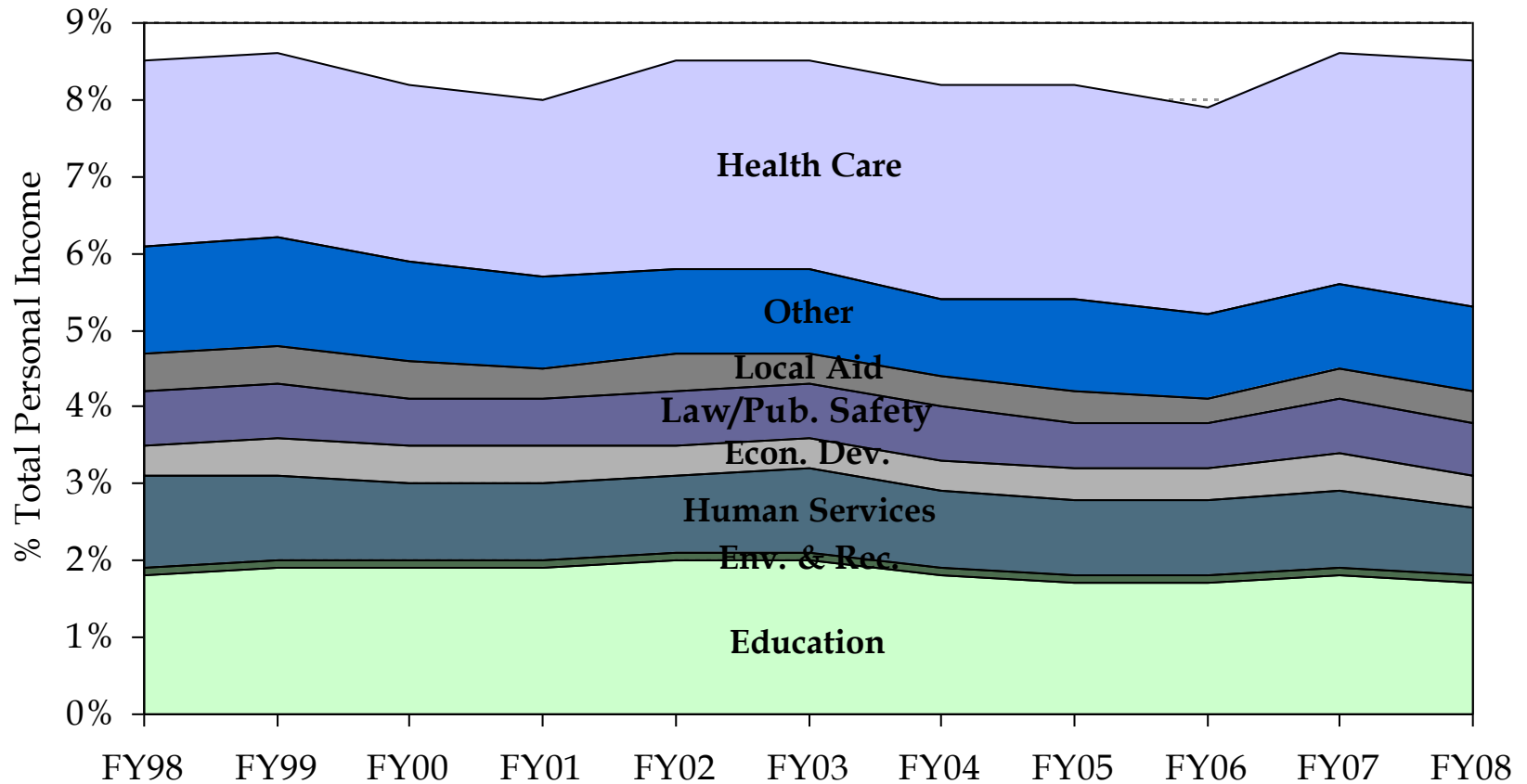
The Governor's 9C Cuts



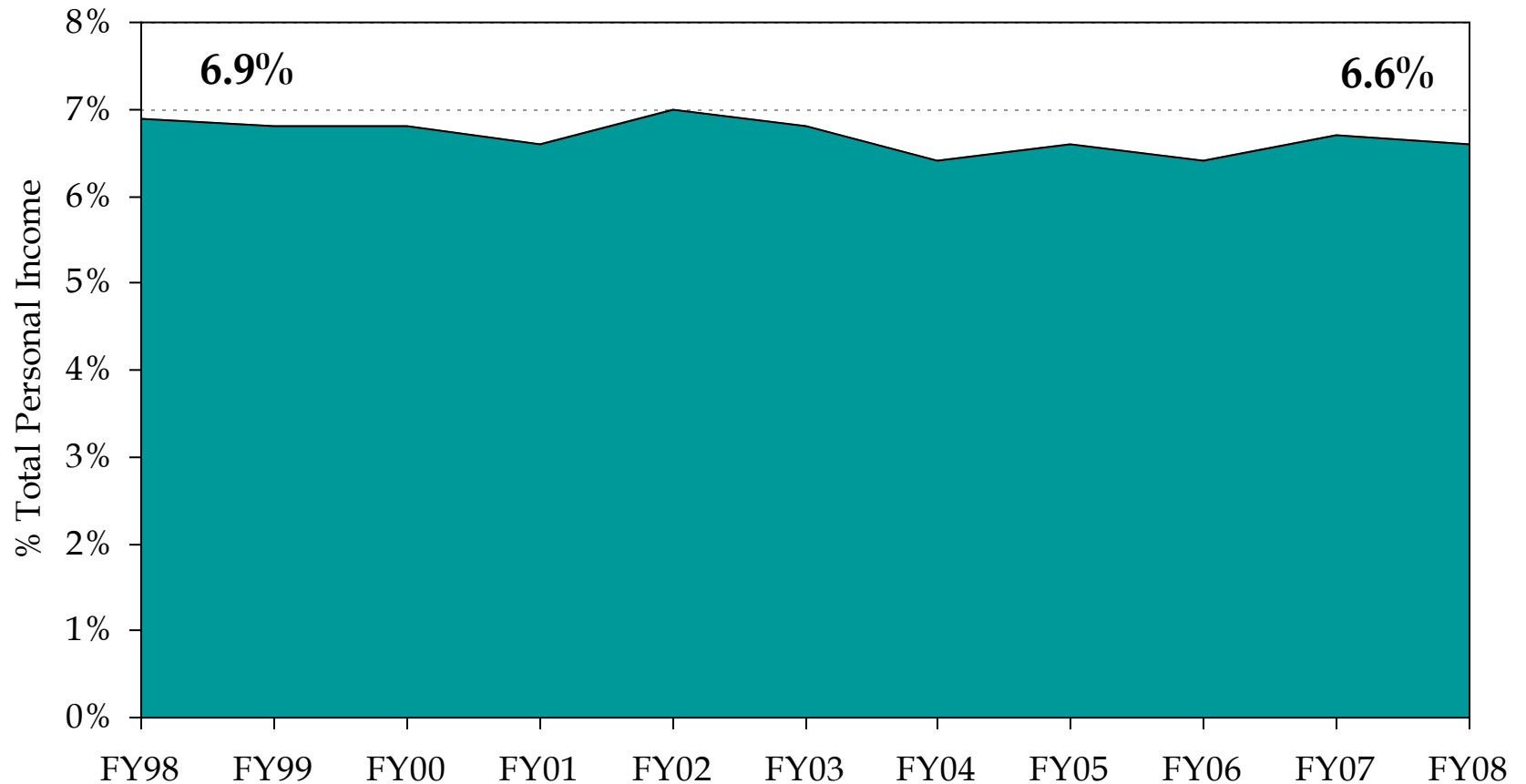
FY2010 Preliminary Budget Gap



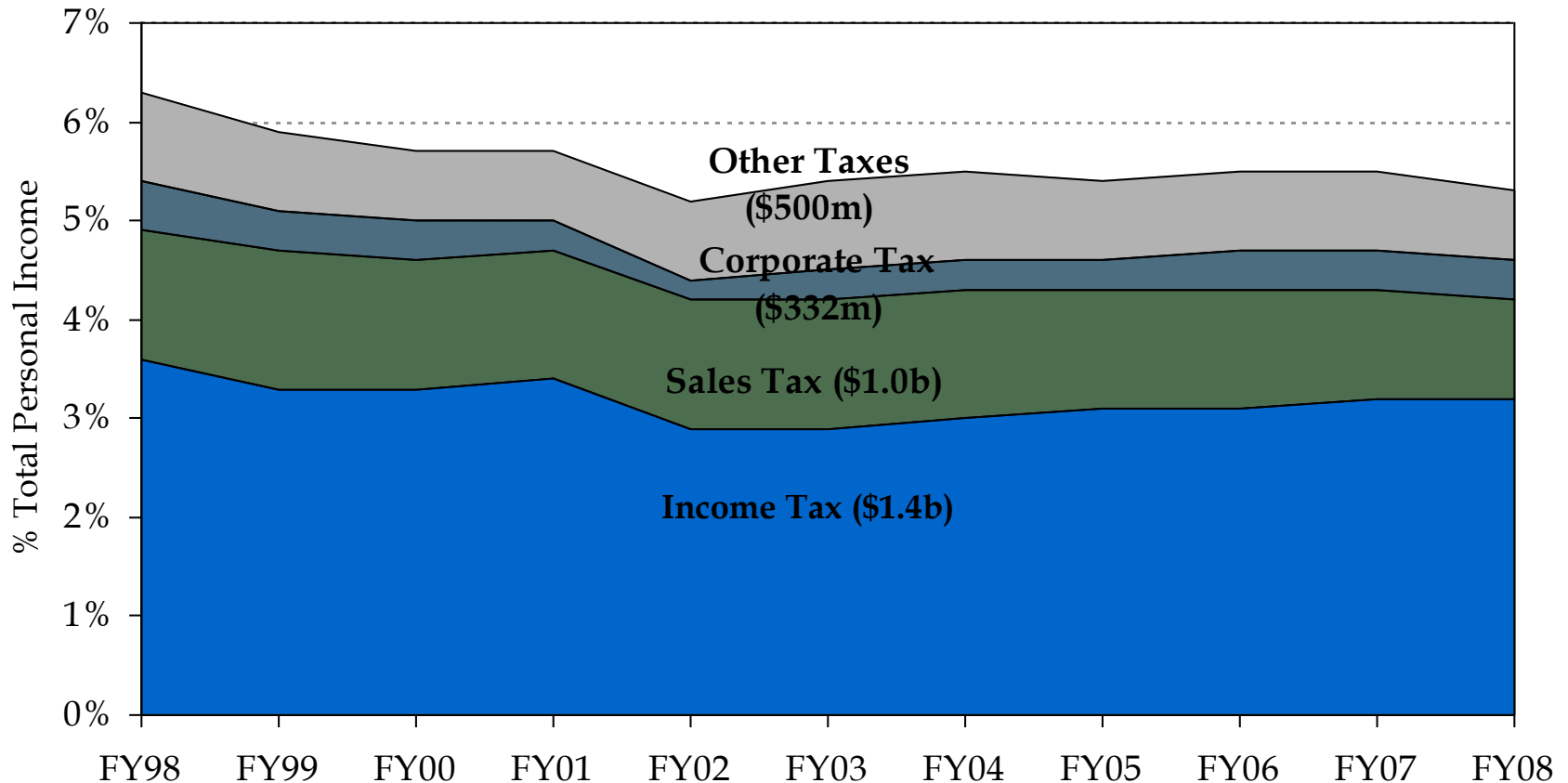
Spending Has Mostly Stayed Constant



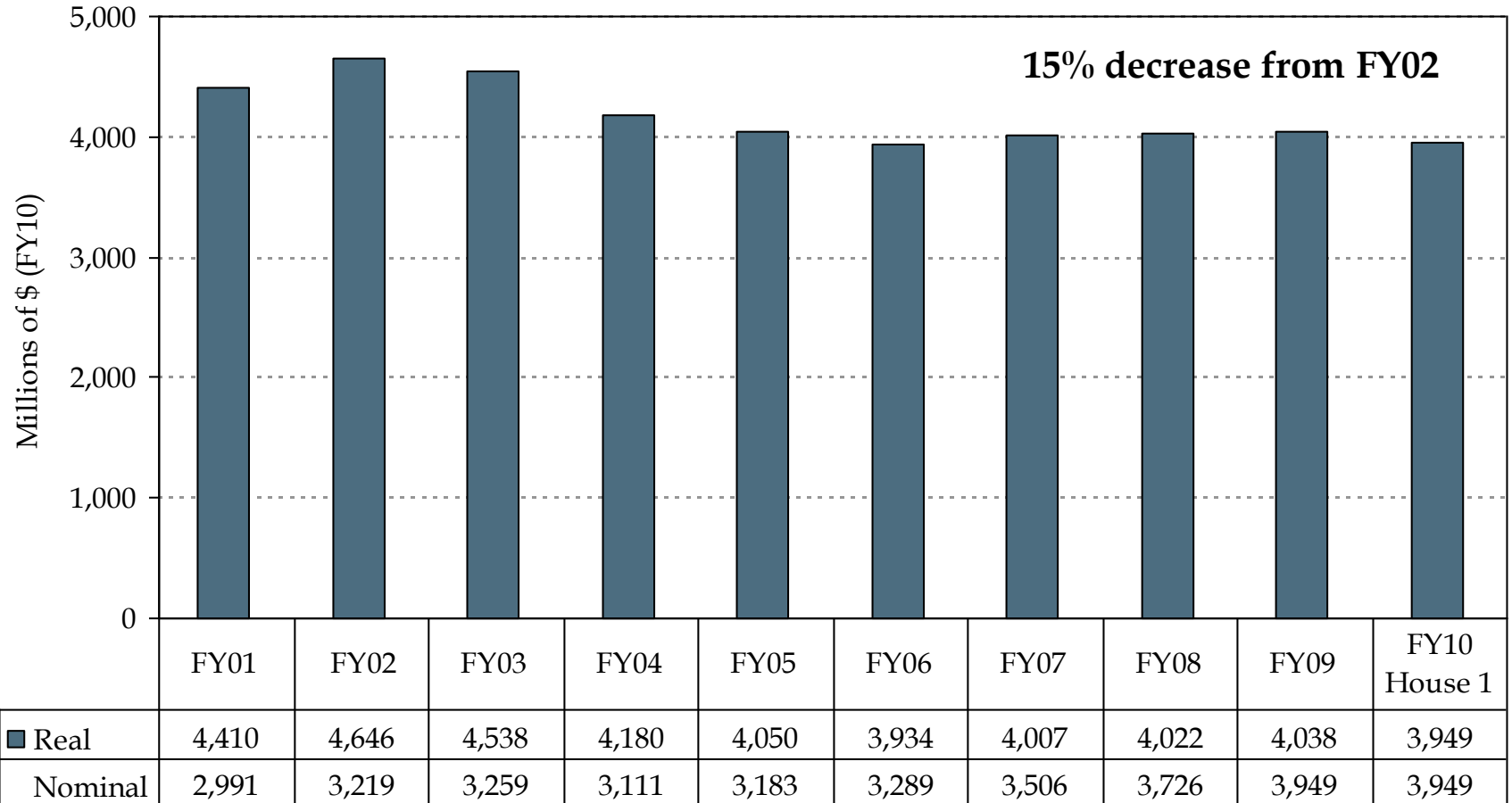
State's Own Spending Has Declined



State Tax Revenues Have Declined

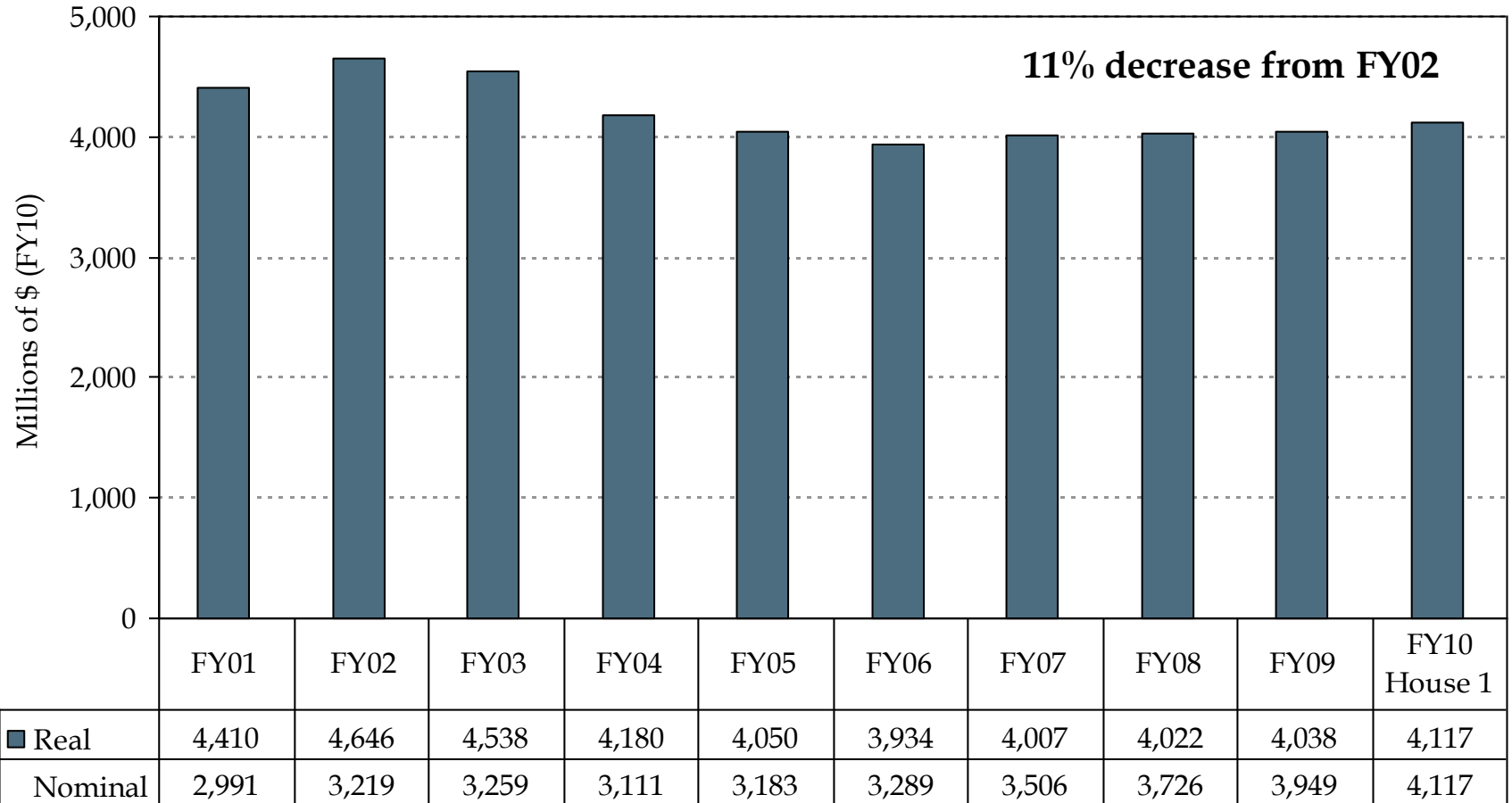


Chapter 70 Education Aid



Adjusted Using the Inflation Factor Identified in Chapter 70

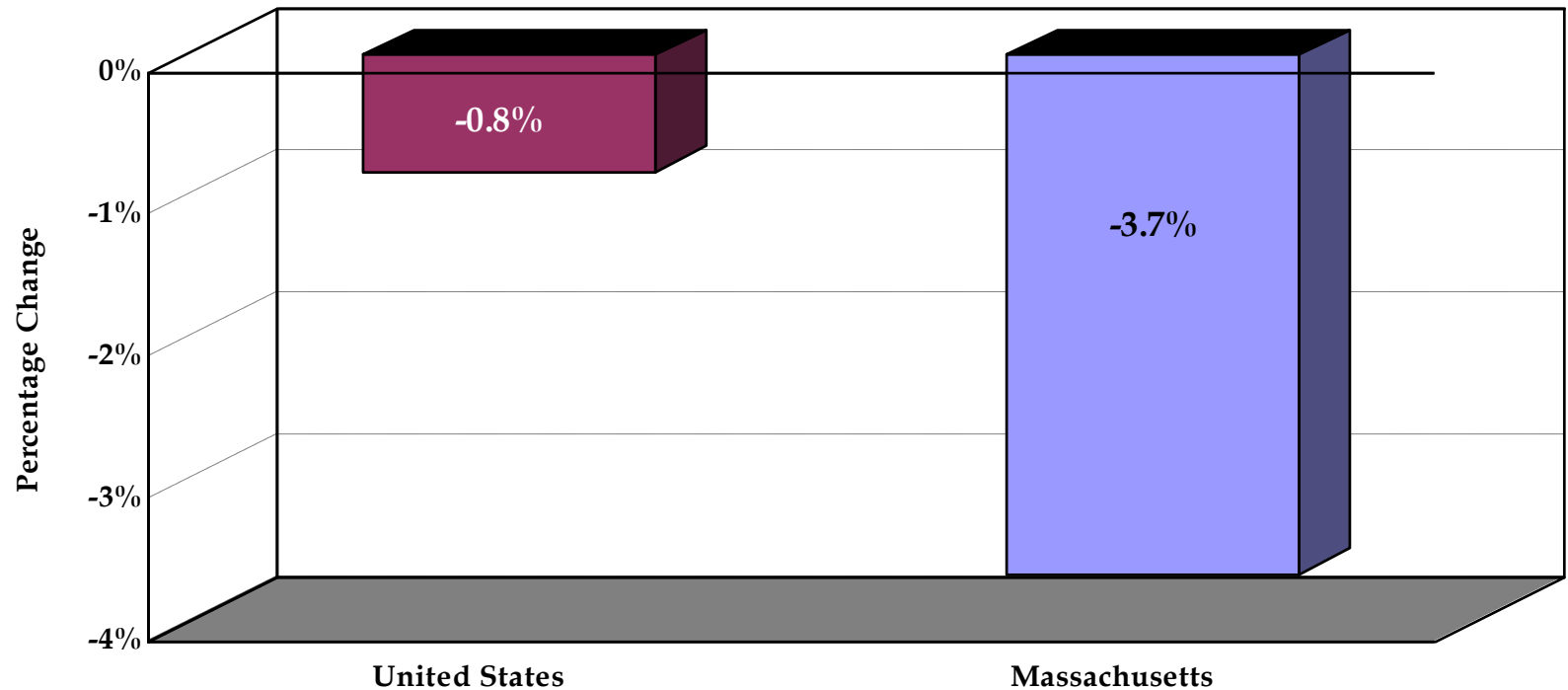
Chapter 70 Education Aid



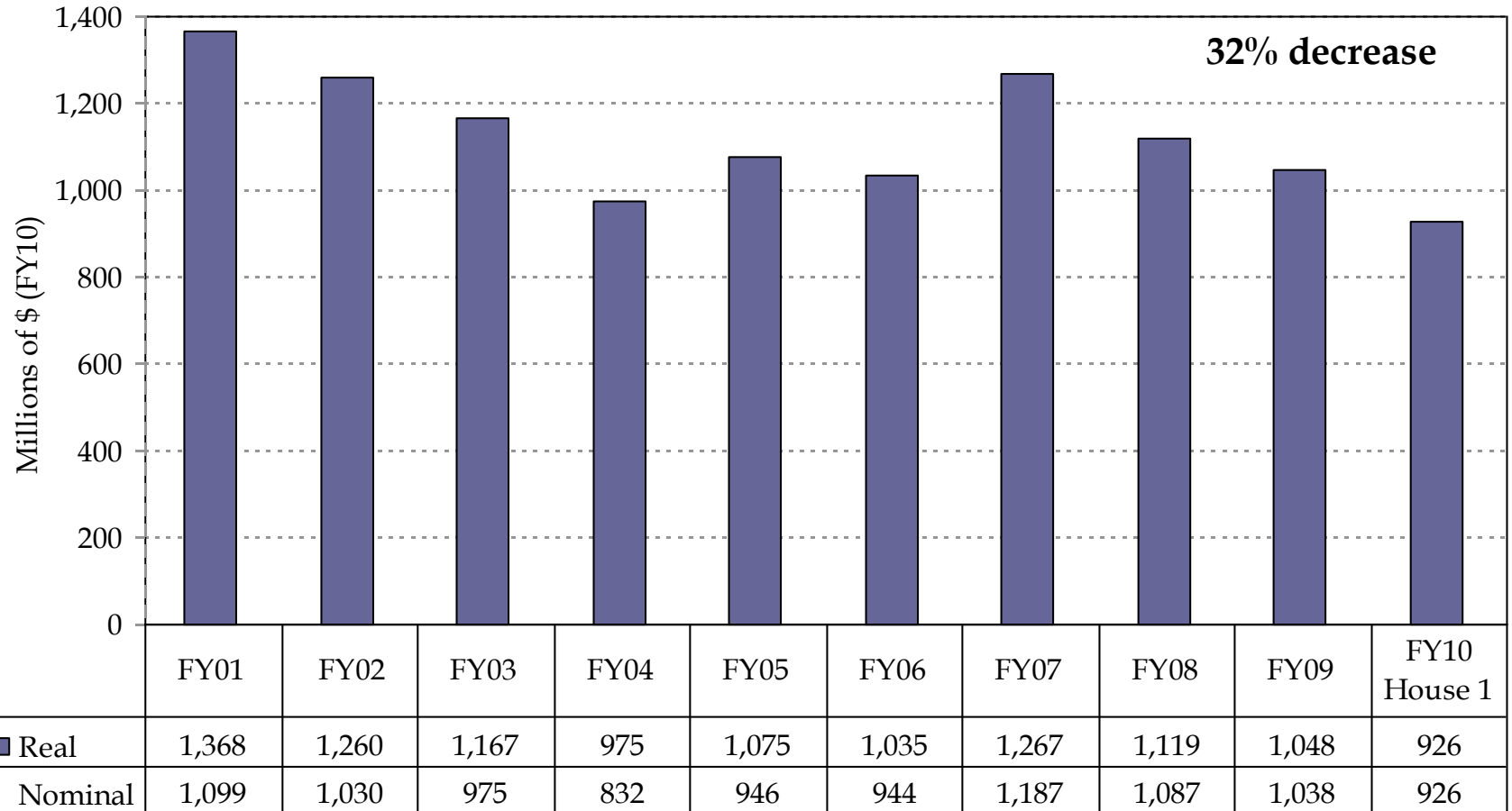
Includes ARRA funding
Adjusted Using the Inflation Factor Identified in Chapter 70

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

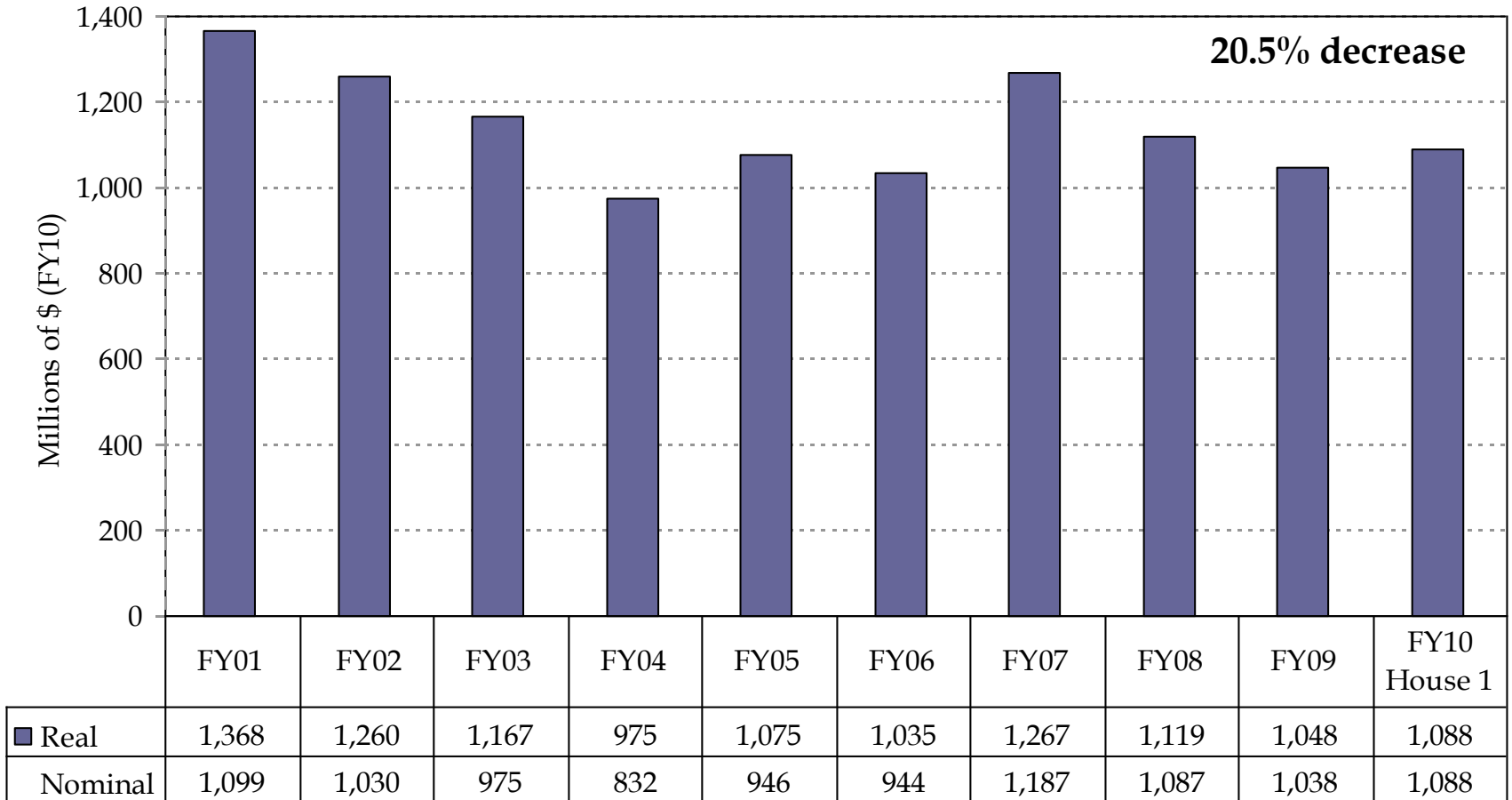
Change in Real Per Pupil State Revenue
for Primary and Secondary Education, FY02 to FY04



Higher Education

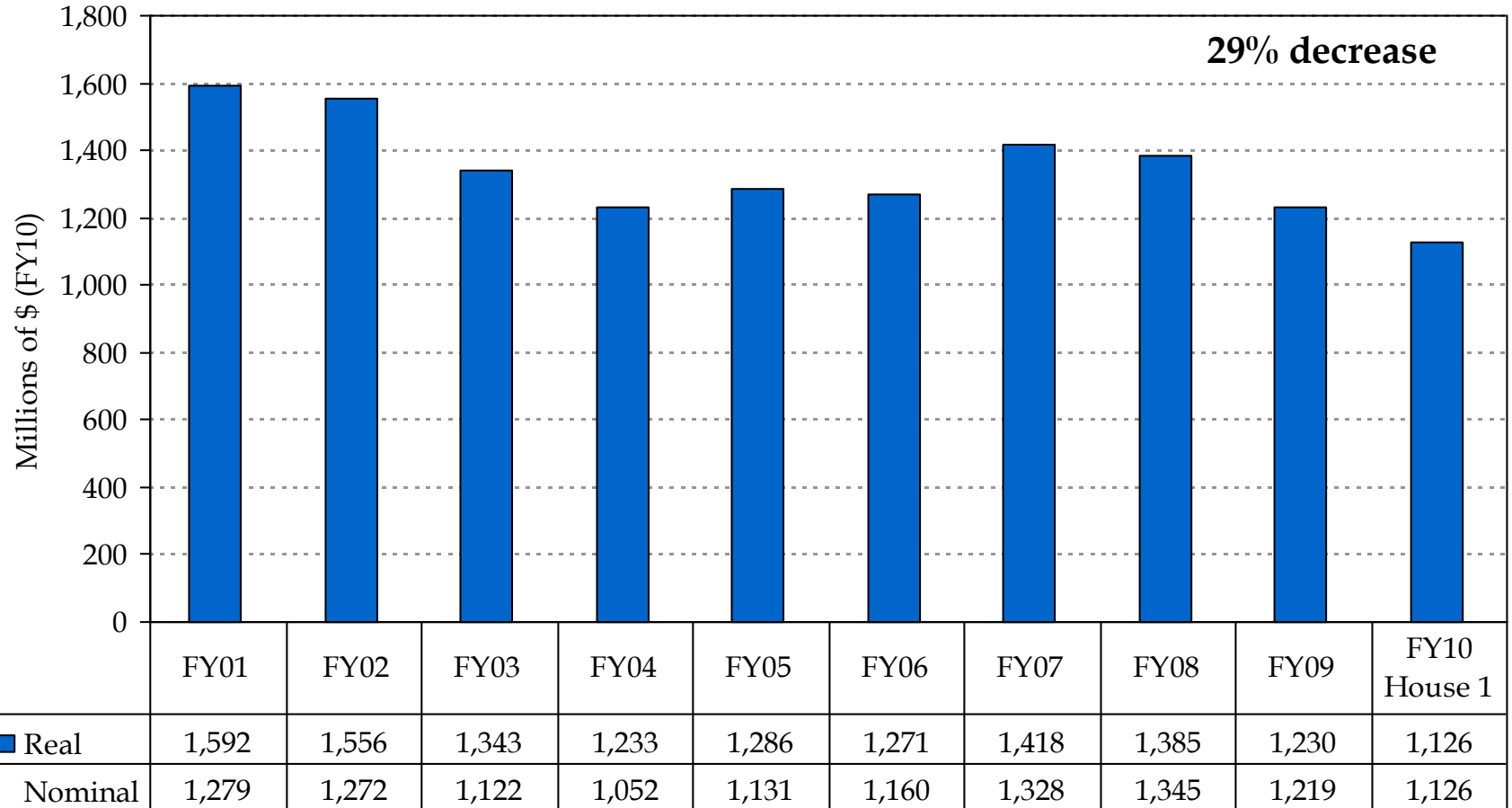


Higher Education

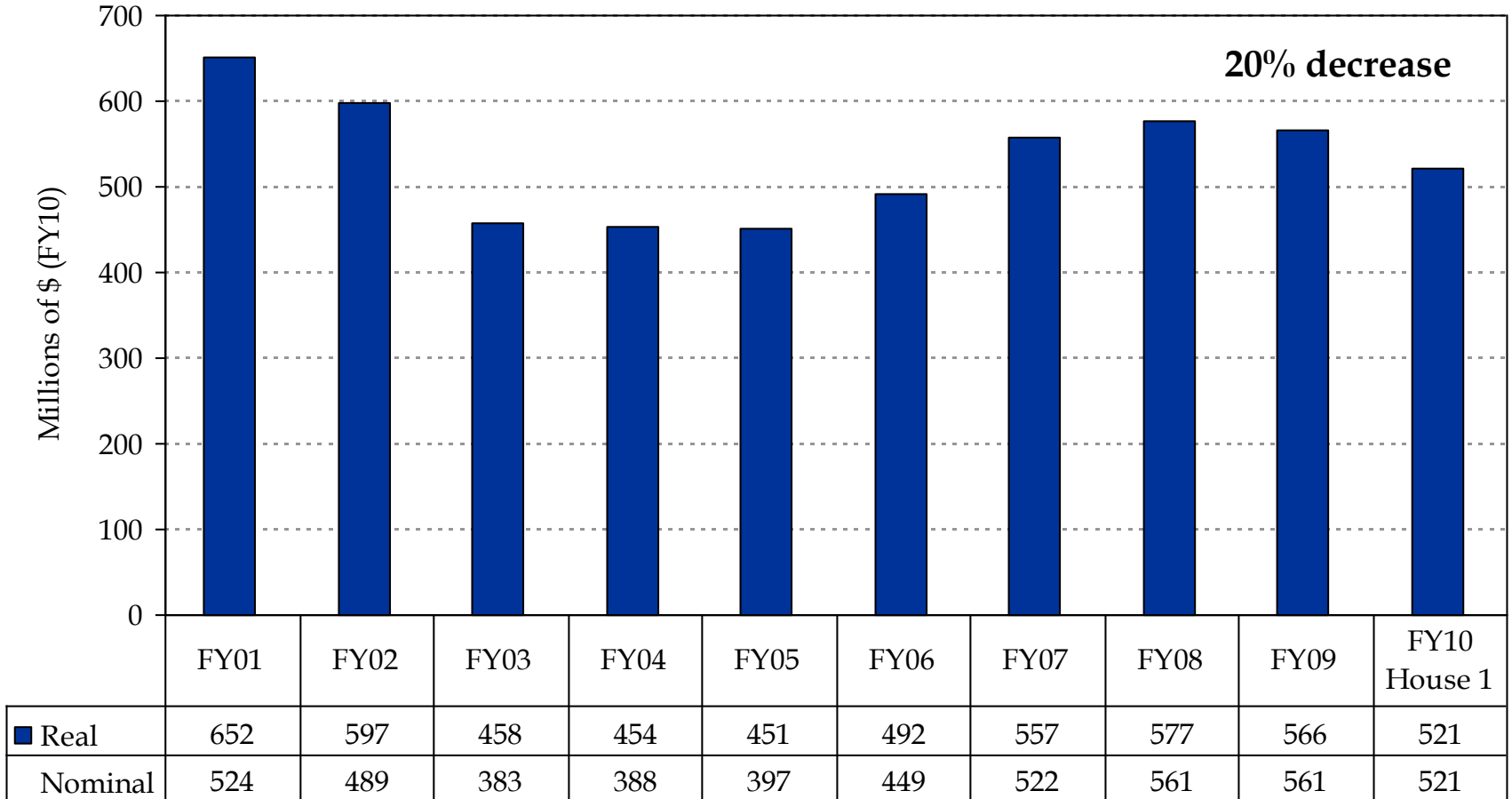


Includes ARRA funding.

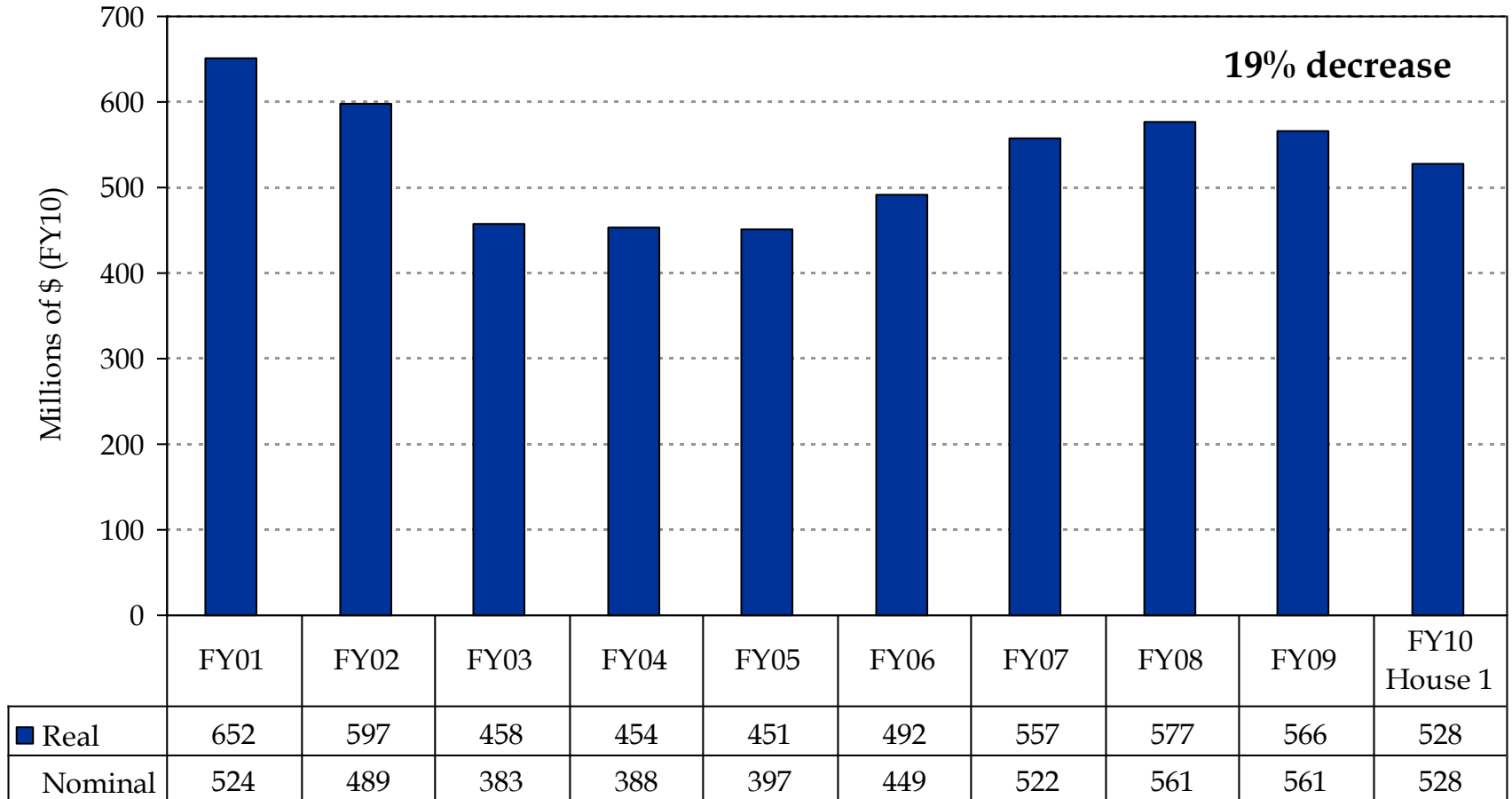
Local Aid



Public Health

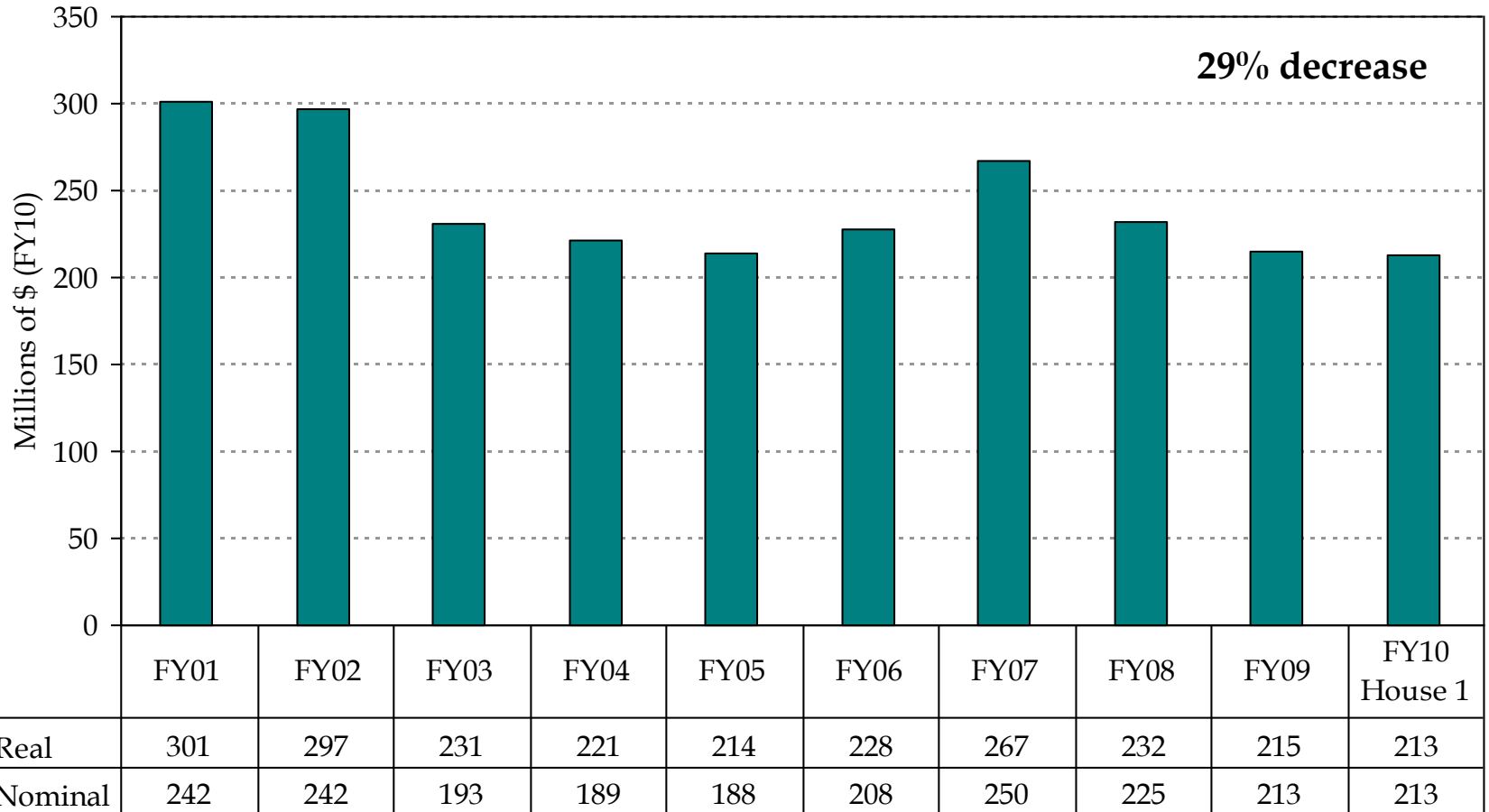


Public Health

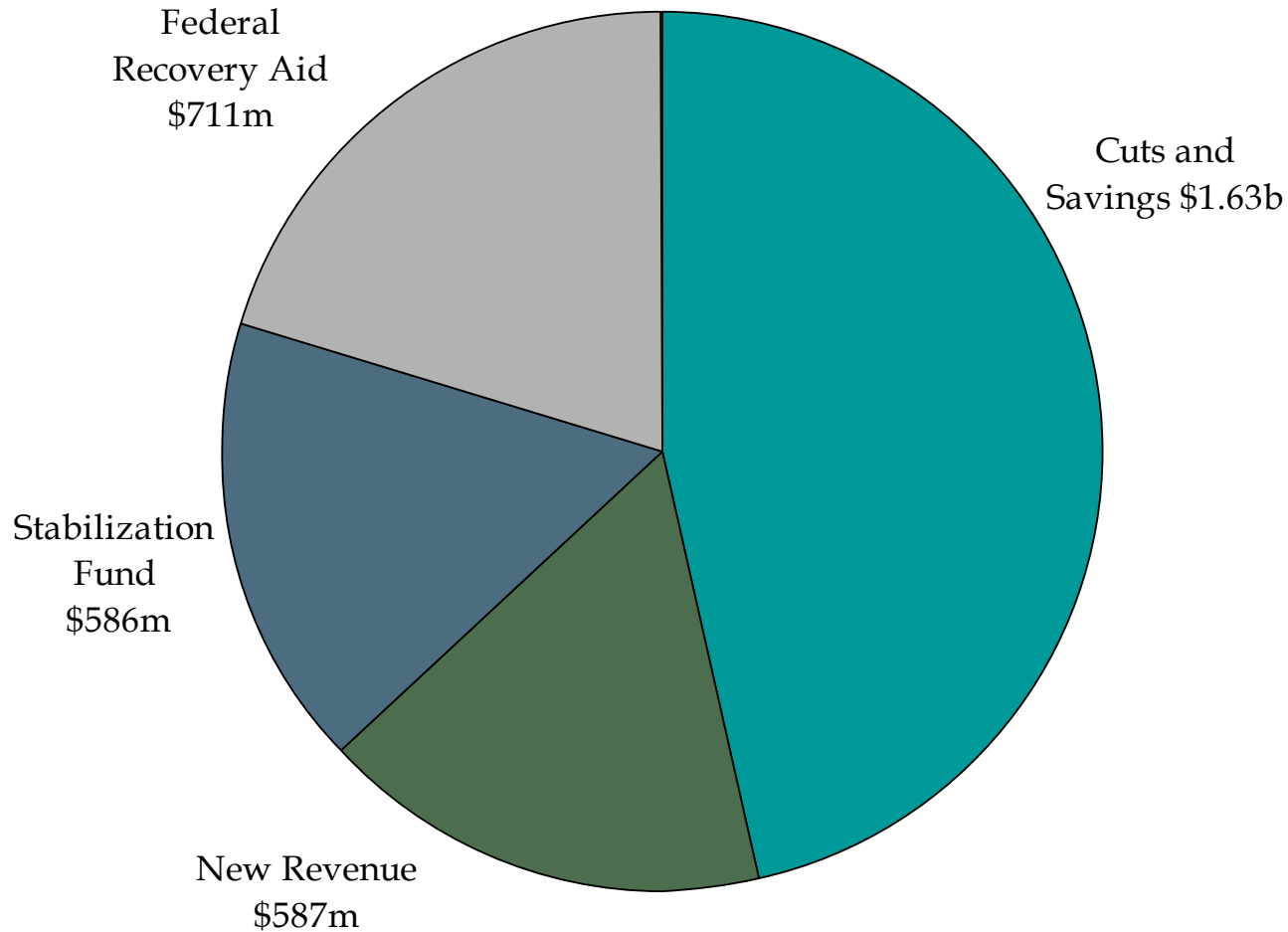


Includes ARRA funding.

Environment



Filling the FY2010 Budget Gap



A Tax System Should Be...

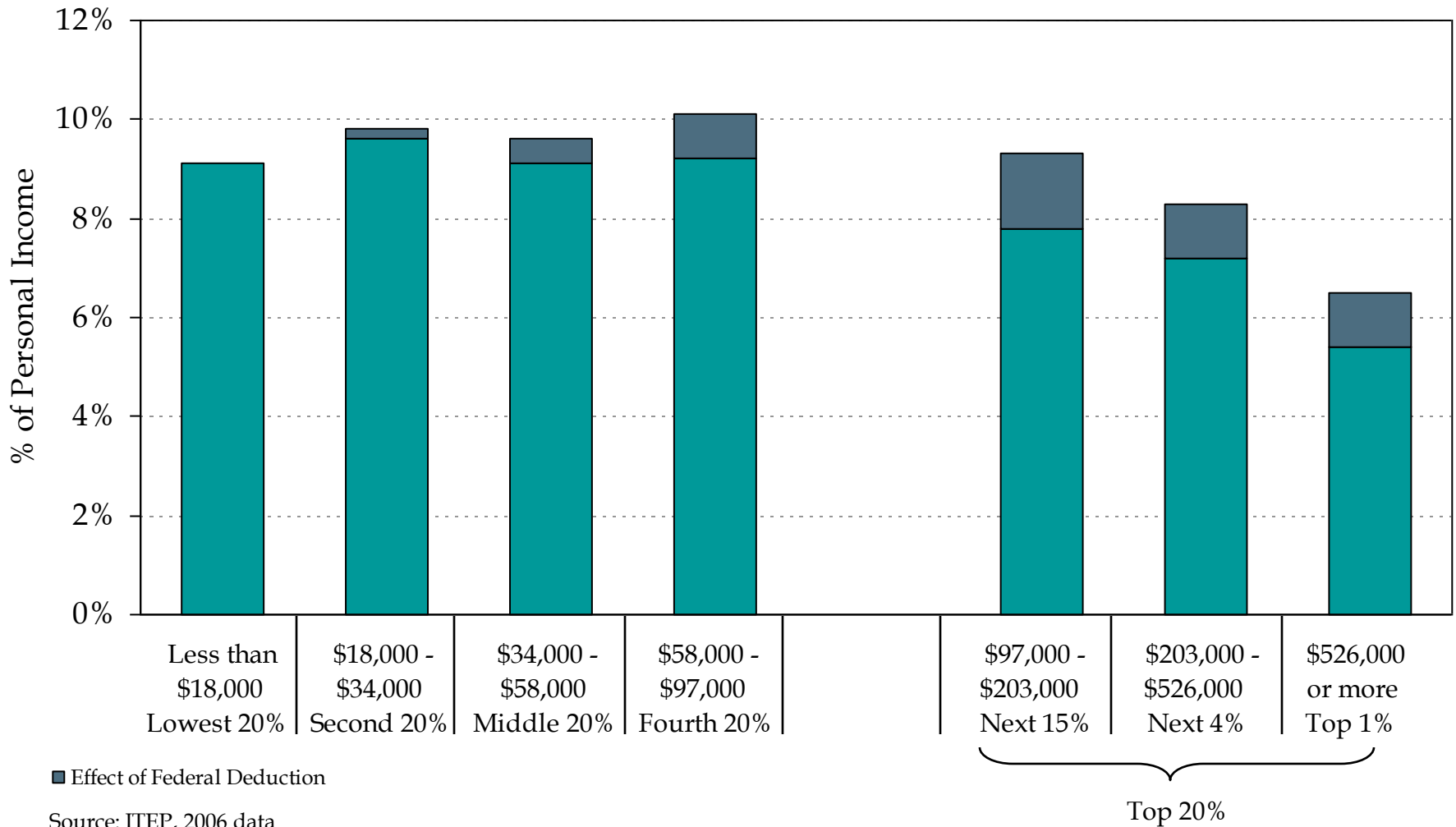
Adequate

Stable

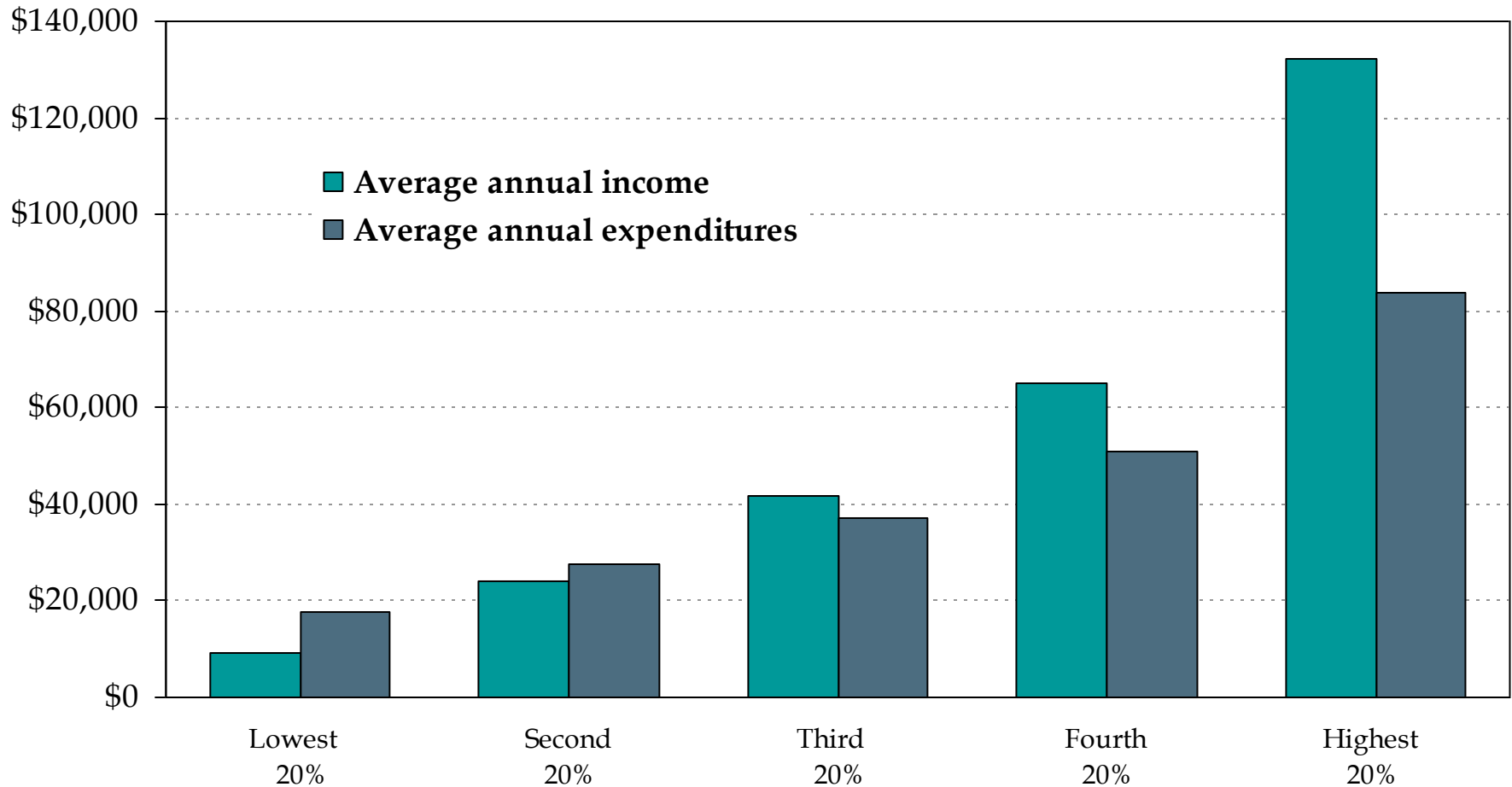
Simple/Efficient

Fair

MA State & Local Taxes are Regressive

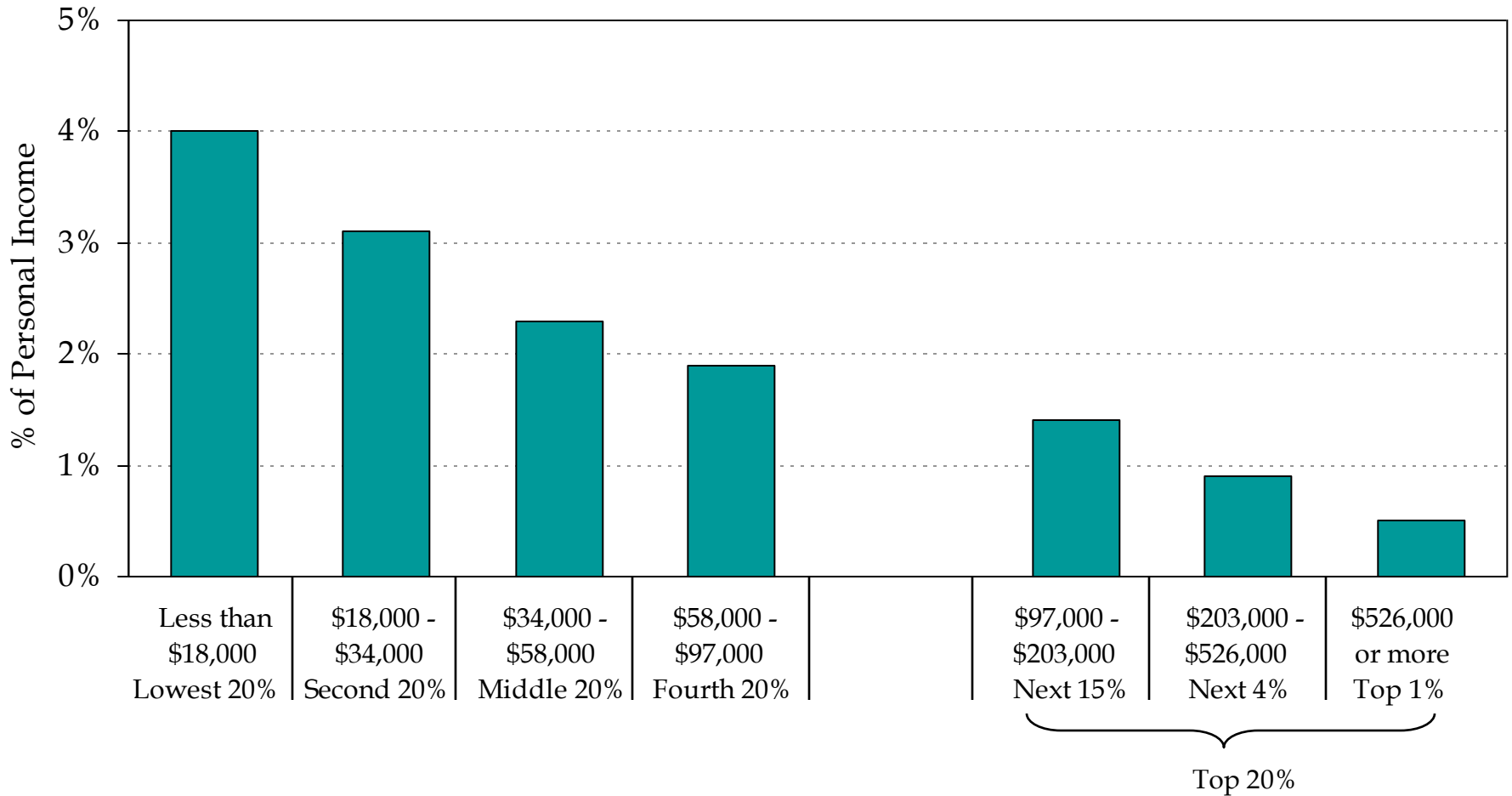


Sales Taxes are Typically Regressive



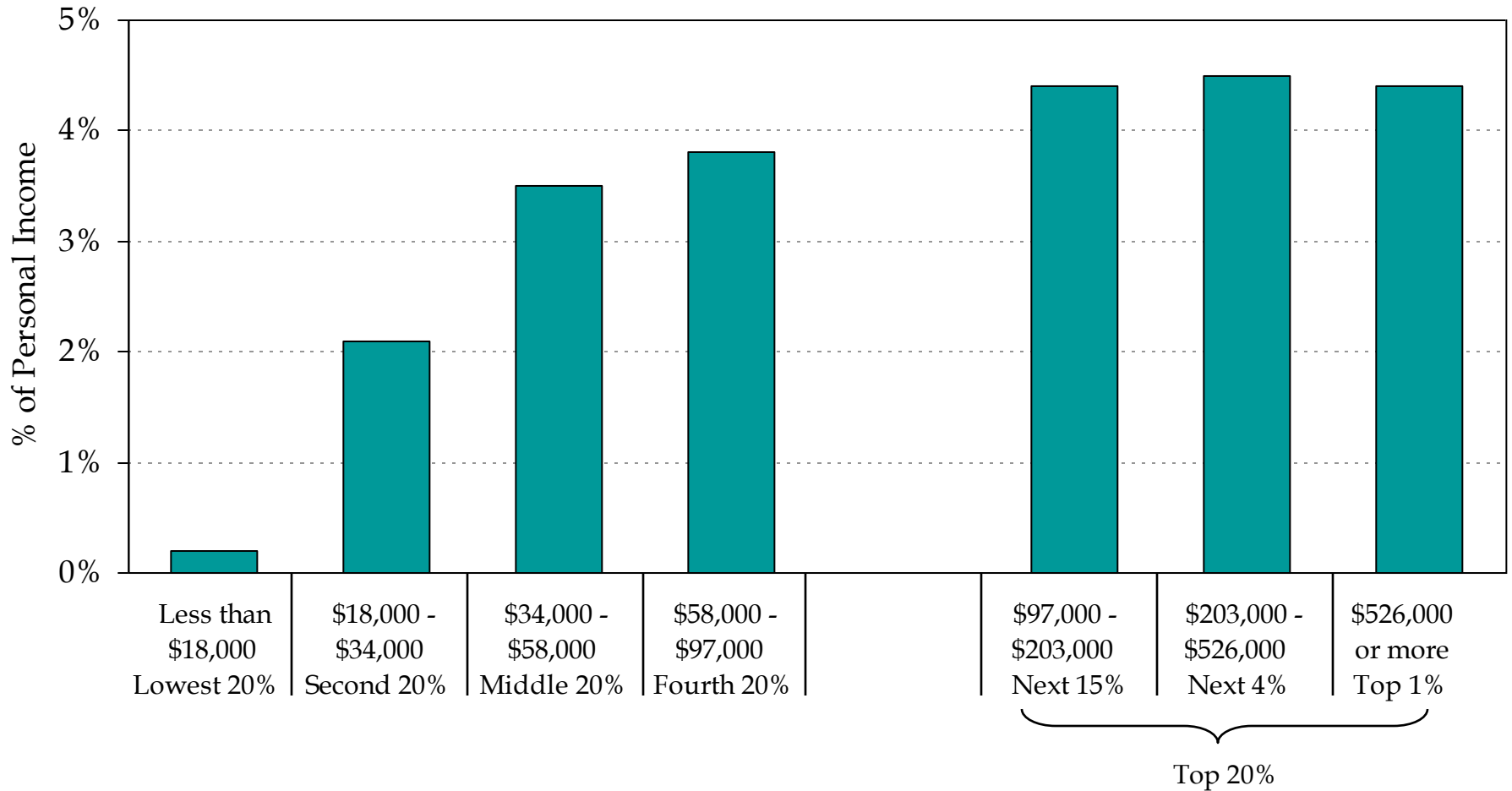
Source: Bureau of Labor Statistics, 2004 data

Who Pays the Sales Tax in MA?



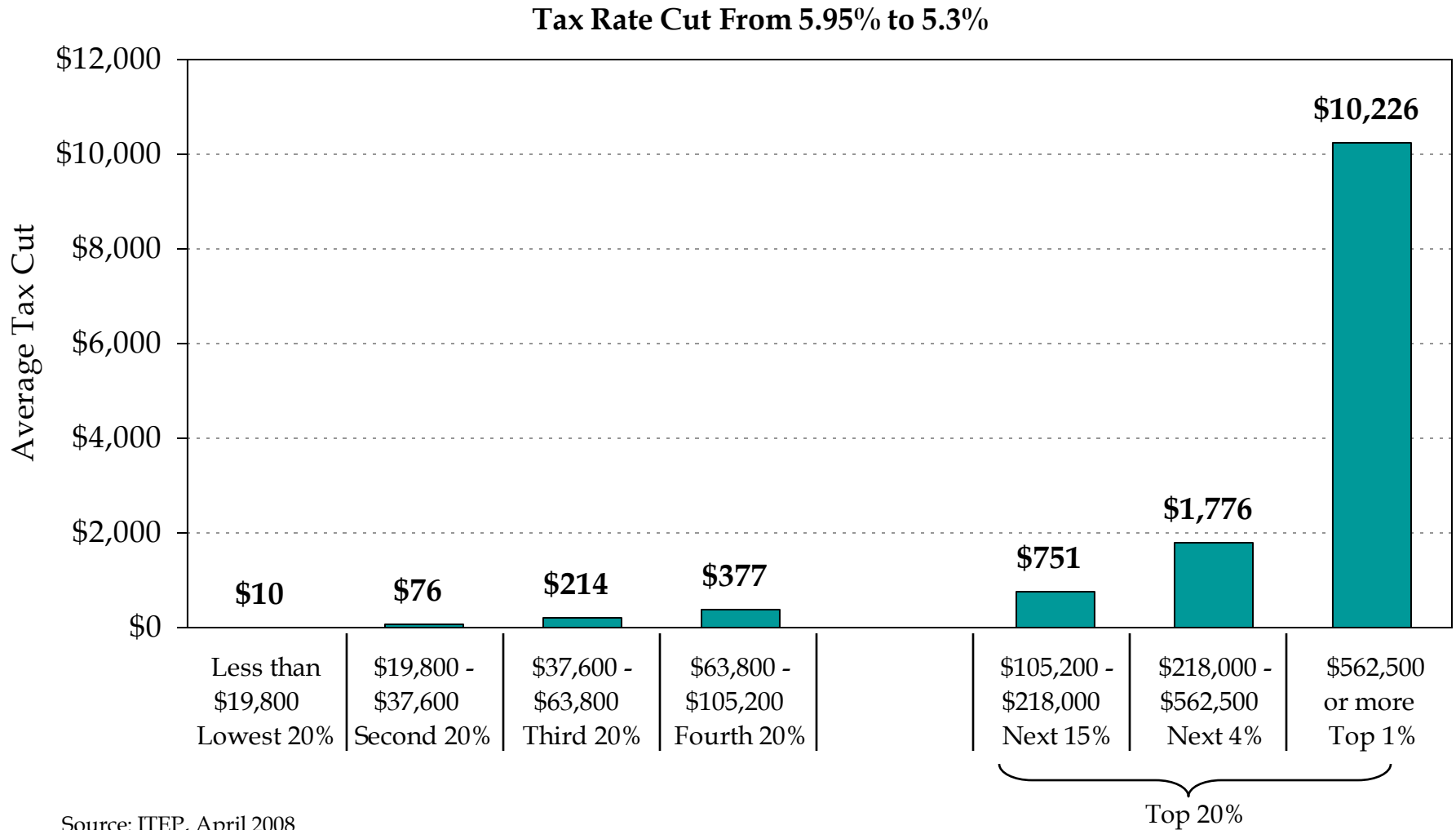
Source: ITEP, 2006 data

MA Income Tax is Progressive



Source: ITEP, 2006 data

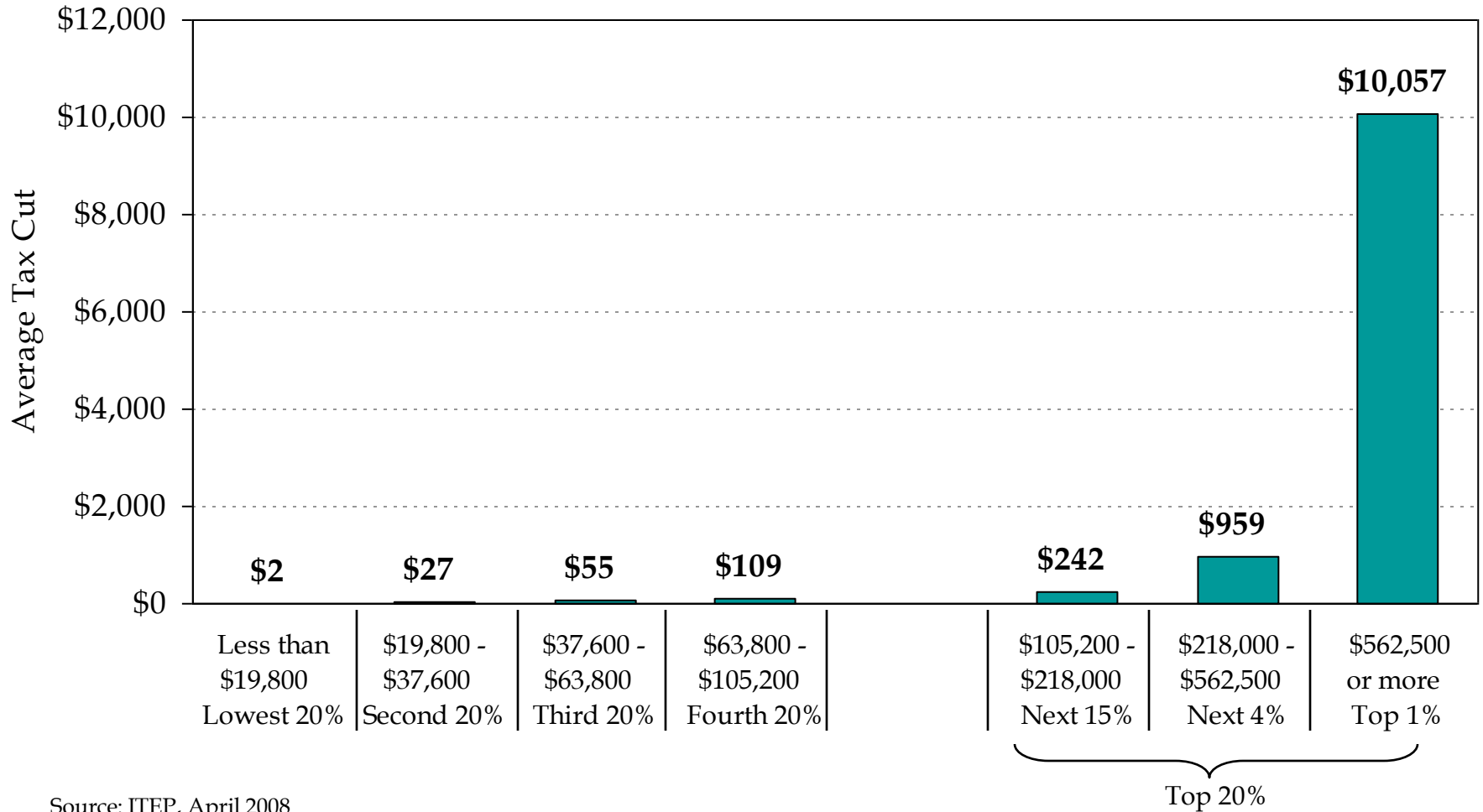
Who benefits from an Income Tax Cut?



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