

June 2010

## Potential Ballot Initiatives for November Election

*Steep reduction of sales tax and curb on affordable housing may appear on the ballot*

A cut in the Massachusetts sales tax that could total \$2.5B in FY12 and the elimination of one of the state's most valuable affordable housing tools are two issues that may be decided by voters in the state's November election. Sponsors of these two initiative petitions are seeking certification of additional signatures to ensure placement on the state ballot. A similar effort is underway for a few other petitions.

### Sales Tax Reduction

The most concerning ballot question proposes a reduction of the state sales tax from 6.25% to 3.0%, effective January 1, 2011. The sales tax was raised in August 2009 from 5% to 6.25% in order to generate additional revenue and protect services. In FY10 the sales tax is expected to generate \$3.6B and lowering it to 3.0% could reduce revenues by \$958M in FY11 and \$2.5B in FY12. A revenue cut of this magnitude would result in a significant reduction in local aid, drastically affecting city services in this third year of local aid cuts.

### Alcoholic Beverages Tax Cut

A related question would impact state revenues by reinstating a sales tax exemption for alcoholic beverages. Filed by the Massachusetts Package Stores Association, this question, if enacted, would reduce sales tax revenue by \$48M in FY11 and \$100M in FY12.

### 40B Affordable Housing

A petition to repeal Chapter 40B, a law that facilitates the building of affordable housing units, may also be placed on the state ballot.

40B allows housing developers rebuffed by local permitting rules to seek a comprehensive permit from the state but must make 20-25% of the units affordable. Between 2002-06, 34% of all new housing in the Greater Boston area, outside the city itself, was built with a comprehensive permit.

### Other Petitions

Another initiative would greatly restrict the use of wood burning power plants. A petition to abolish the cap on the amount of charter schools will likely not progress further since this issue was addressed in the Education Reform Act that was enacted in January 2010.

### The Process

For a petition approved by the Attorney General to be placed on the November ballot, the following steps must be taken.

- Supporters must secure 66,593 signatures (3% of the number of voters in the last Governor's election)
- Petition is submitted to the Legislature
- Legislature has until May 5 to pass it in its original form
- If Legislature does not act, proponents must gather 11,099 additional signatures by July 7
- To be approved, the initiative requires at least 30% of those voting to answer the question with the majority of those voting affirmatively