MASSACHUSETTS

By Gerry Chervinsky

It was only two short years ago that taxpayers in Massachusetts were enthusiastically celebrating The Massachusetts Miracle, and uniformly embracing the notion that The Miracle's architect, Governor Michael Dukakis, would soon do for the country as president what he had done for the state. Now the only notion that Bay State taxpayers are uniformly embracing is that their state has become Taxachusetts again. The anger loosed by this sudden, unexpected transformation permeates the state's entire political landscape.

There are two reasons for the Massachusetts taxpayers' revolt. The most prominent derives directly from the failed Dukakis presidential campaign. Not only were state residents embarrassed by the unchallenged portrayal of their commonwealth as out of the nation's mainstream, with harbor water fouled and furloughed prisoners running amok, they were angered to learn that the governor whose campaign cornerstone was nine successive balanced budgets had apparently looked the other way while his administration spent the state into a huge deficit during the campaign year. Additionally, the pigeons of Proposition 2 1/2, a California Proposition 13-style property tax limitation measure passed in 1980, were coming home to roost. While once the state, awash in revenues, could make up the difference to municipalities which otherwise would have faced serious service cutbacks due to the proposition, state funding was no longer forthcoming.

So Michael Dukakis, fresh from his defeat on the national campaign trail where he had pushed tax increases only as a last resort, came home and immediately proposed broad tax increases as the first and only resort to deal with the burgeoning state deficit.

The outcry was immediate. Proponents of the original 1980 anti-tax legislation galvanized their followers and used radio talk shows and angry newspaper columnists to send a strong tax protest message to the governor and legislature. This revolt paralyzed state legislators, who feared that the response to their voting new taxes would be their constituents' voting them out of office. At this writing, over one year and over one billion dollars in deficits later, no consensus has emerged on a new tax package.

Why the sustained revolt? Over two-thirds of Massachusetts voters believe their state government is an overblown bureaucracy out of touch with the constituents it serves. While cuts have been made, voters do not believe they have gone far enough. Voters feel overtaxed, and believe that new tax revenues will only go toward sustaining the patronage haven they perceive state government having become, not toward maintaining services they are willing to pay for. Indeed, the concept of earmarking state revenues for specific programs is accepted by a majority of the state's voters, and seems to be the only palatable way for the legislature to raise money for popular programs in education, the environment, human services, and infrastructure repair. Yet legislative leaders decry earmarking as impractical and debate whether to raise the state income tax, or raise or broaden the state sales tax — measures overwhelmingly opposed by taxpayers and by business leaders who fear that corporations will be driven into tax-friendly New Hampshire.

It's likely that the legislature will ultimately formulate a tax package that taxpayers will, in resignation, accept. Still, it's conceivable that the new governor charged with calming the tax waters will be for the first time in twenty years that scarcest (15% of registered voters) of political animals in Massachusetts, a Republican.

Gerry Chervinsky is director of KRC Communications Research, Cambridge

CONNECTICUT

By G. Donald Ferree, Jr.

Taxes are now a major issue in Connecticut. To begin with, the state has been in a fiscal mess for several years. A huge (three quarters of a billion dollars) tax increase in 1989 was accompanied by service cuts. Then, the 1990 budget was balanced with what many politicians, experts, and the public at large perceive as "gimmicks" — and it's likely the new governor in 1991 will face a monumental revenue/expenditure gap.

The political impact of all this has been sharp and clear. After months of low approval in statewide surveys (between one-quarter and three-tenths rate the incumbent's performance excellent or good, while two-thirds to three-fourths call it fair or poor), Governor William O'Neill declined to run again. When the public is asked about the biggest issue facing the state, or what they most fault in the Governor's performance, they overwhelmingly cite fiscal matters.

The Connecticut Poll, conducted by the Institute for Social Inquiry at the University of Connecticut, and co-sponsored by ISI and the Hartford Courant, finds widespread concern over the state's record in using tax resources. On each of the five occasions we have asked the question since April 1989, at least eight in ten have said that the state's fiscal problems "could have been avoided with good political leadership;" only about one in ten felt they "were beyond anyone's power to prevent."

While the governor's personal visibility means that he bears the brunt of tax dissatisfaction, the public thinks there's plenty of blame to go around. In fact, when the Connecticut Poll asks who's most at fault, those expressing a choice between the governor and the legislature actually cite the latter about twice as often as the former (in May 47% to 26%). A fifth blame both equally.

There has long been a generalized resistance to taxes. Whenever Connecticut residents have been asked whether state taxes are too high, too low, or about right, they have said taxes are higher than they should be. But over the past year and a half the proportion has climbed significantly, to the 70% range. The proportion saying state spending is too high has soared even more sharply, thus gutting the only real argument for tax increases — that additional revenues are needed to support state expenditures. As a result, with the exception of taxing "the other guy" (for instance, out of staters working in Connecticut), no tax can be said to be popular. Everytime we've asked whether specific taxes should be used as sources of new revenue, we've found that increasing the take of *every* broad based tax is strongly opposed. In that sense, one can clearly say the public opposes an income tax, or an increase in the sales tax, or increased property taxes, and so on. The April CONNPOLL found only one in four (26%) favoring an income tax, down substantially from the highest percentage ever recorded in favor (41% in February 1989). Only 27% would raise the sales tax, and 16% supported a special tax on utility bills. The message, absent strong argument for why additional revenues are needed and would be used well, seems clearly to be "enough is enough."

The big, as yet unresolved question in the 1990 Connecticut gubernatorial campaign — a 3-way race between likely nominees Bruce Morrison (Democrat) and John Rowland (Republican), and independent Lowell Weicker — is how the surge of tax dissatisfaction in the state will get connected to the candidates. As noted, the incumbent isn't running for re-election, and the three major candidates are scrambling to avoid being associated with a "new taxes" position.

	Are state taxes:				Is state spending:		
	Too High %	About Right %	Too Low %		Too High %	About Right %	Too Low %
Sept. 1981	61	32	2		44	31	6
Nov. 1981	64	27	2		49	29	7
March 1982	62	30	1		47	29	7
Jan. 1983	—	—	—		41	30	12
March 1983	59	30	3		47	29	5
May 1983	60	25	4		46	24	9
Jan. 1984	57	34	3		42	34	7
Jan. 1985	67	28	1		32	38	9
Feb. 1985	60	33	1		33	39	11
Feb. 1986	61	32	1	(low)	25	42	14
Feb. 1988	53	41	1		34	44	7
Nov. 1988 (low)	51	42	2		45	32	4
Feb. 1989	55	35	5		59	22	7
May 1989	62	30	4	(high)	65	18	3
June 1989(high)	76	19	1		62	20	5
Setp. 1989	69	25	1		52	25	3
Jan. 1990	73	22	1		60	20	3
April 1990	67	25	2		60	18	8
May 1990(latest)	70	23	2	(latest)	62	19	3

G. Donald Ferree, Jr. is associate director of the Institute for Social Inquiry, University of Connecticut, and director of the Connecticut Poll

NEW JERSEY

By Janice Ballou

While no one likes new taxes, in New Jersey the Governor is required by the state constitution to have a balanced state budget. Therefore, Jim Florio, in his first year of office, proposed a number of tax hikes. How does the public feel about these proposals?

Although 6 New Jersey residents in 10 say that state and local taxes are too high, they don't reject new taxes categorically. A March 1990 telephone survey of 800 New Jersey residents found solid majorities approving three of the six tax hikes backed by the governor. Strong majorities approved of raising "sin" taxes on alcohol, cigarettes, and tobacco (79%); increasing the income tax for people earning over $55,000 (65%); and imposing a new tax on oil companies (60%). However, about two-thirds of state residents opposed the more broad-based tariffs: an increase in the state sales tax from 6 to 7 percent (70% opposed); a sales tax on cable TV services and telephone toll calls (68%); and new taxes on paper products, soaps and non-prescription drugs (66%).

Groups differ in their responses to the proposed tax increases. As might be expected, people who have incomes over $50,000 are less likely to back increasing income taxes for persons earning over $55,000 — 44% of them say they approve — than are people with family incomes of $30,000-$50,000 (70% approval), $20,000-$30,000 (81%) or less than $20,000 (69%). More females (74%) than males (58%) oppose extending the sales tax to paper products, soaps, and non-prescription drugs. The increase in the sales tax from 6 to 7 percent is rejected by more state residents who are 18-29 years old (81%) than those who are 30-49 years old (69%) or over 50 years old (62%).

As elsewhere, the key in New Jersey is finding the balance between acceptable levels of government spending and taxation. Residents think the state's financial problems are the product of overspending by the government: 65% say the state's current budget problems are the result of too much spending, while 70% maintain they pay too much in state and local taxes for what they get. A solid two-thirds majority of New Jerseyans would rather have a reduction in state spending than an increase in taxes.

Janice Ballou is director of the Eagleton Poll, Rutgers University

"Governor Florio has also proposed various tax increases or sources of new revenue for the state. For each one I read, please tell me whether you approve or disapprove."

	Approve %	Disapprove %	DK/Depends %
Raising taxes on alcohol, cigarettes and tobacco	79	20	1
Increasing the income tax for people with incomes of over $55,000	65	32	3
Imposing a new tax on oil companies in New Jersey	60	37	4
Extending the sales tax to paper products, soaps, and non-prescription drugs, which are not now taxed	33	66	1
Raising the state sales tax from 6 to 7 percent	30	70	0
Imposing the sales tax on cable TV services and telephone toll calls	30	68	2

Source: Star-Ledger/Eagleton Poll conducted between March 22 and 26, 1990. A random sample of 800 New Jerseyans, 18 years and older, was interviewed by telephone.

A DIFFERENT LOOK FROM THE SOUTH

By Claibourne Darden

Some feel that whether a tax increase passes depends upon whether the voters are in a "tax revolt" mood or a "progressive" mood during the time the tax is voted upon. The voters' state of mind is indeed important. But work of the Darden Research Corporation — done primarily for clients who had a vested interest in seeing tax referenda pass — indicates a different, more complex dynamic.

1. All of our polls conducted at the beginning of a tax increase referendum campaign have shown a significantly higher percentage of the voters favoring a tax increase than actually vote for it at election time. You can count on some support falling off the fork between the plate and the mouth. If an early poll indicates a 55% vs 45% favorable ratio for a tax increase, expect the referendum to fail. The amount of loss from the initial polls to the actual election is dependent, of course, upon the effectiveness of the pro-tax and anti-tax campaigns, as well as the natural fall off in support as the time to pay for the tax increase gets closer to one's pocketbook.

2. It's tough to sell a general tax increase. Ones earmarked for specific purposes are, as a rule, much easier to get passed.

3. The most critical factor in getting a tax increase passed is the strategy and execution of the pro-tax and anti-tax campaigns. These factors completely dwarf the overall mood of voters. Like it or not, tax referendums are largely marketing jobs.

The following referendum campaign on which we worked illustrates the importance of good marketing. A county was trying to pass a $65,000,000 referendum to build a new jail. Through our polling, we found that the people would *not* vote for a tax increase for a new jail. So, we turned the jail referendum into a crime referendum, with emphasis on crime towards children and the elderly. Who could be against this? It flew through 65% to 35%. Vince Lombardi won with solid execution. A tax referendum is won the same way. To execute well you need money, and lots of it. I still see in my mind those TV ads of innocent children happily playing at the playground with a menacing thug looking over the fence. I saw that ad many times, at a cost of $2,200 per airing. That's the way you get a 65% vs 35% favorable verdict on an "unpassable" tax increase.

Claibourne Darden is president of Darden Research Corporation, Atlanta

ILLINOIS

by Richard Day

Always among the most volatile issues in politics, taxes take on a new dimension in Illinois in 1990. Republicans felt that they were given a strong message in the March 21 primary, especially in heavily Republican DuPage County. The 12-year incumbent county board president was defeated by a challenger who ran on the single issue of an anti-tax platform. The only Republican state legislator from DuPage who, in 1989, voted for a two-year temporary increase in the state income tax, earmarked for education and local governments, was also defeated. In the most populous county, Cook, all four Democratic candidates for county board president pledged that there would be no new taxes.

In 1990, the major competition in the General Assembly is over who can introduce more tax abatement and restriction bills (none of which are expected to pass). Some seek to restrict the amount of tax that local governments can levy. Others would require a super majority (60%) to pass tax increases. Both candidates for governor are on record supporting the latter measure, which was defeated in the state legislature but will reappear on the ballot as a constitutional amendment.

The tax issue has a central role in the upcoming gubernatorial election. For the first time in 14 years, the office will not be occupied by an incumbent. Jim Thompson, who is stepping down, was recently roasted at a press dinner in a song which said that there would be a real Republican next time. This alluded to the Thompson era, when taxes on virtually everything and everyone were raised time and again. His last budget include a slew of tax increases, none of which are expected to pass. The major focus, of course, is on the two candidates this year, Republican Jim Edgar and Democrat Neil Hartigan. Edgar, loyal to his mentor Thompson, said he supports making permanent the 2-year income tax increase for schools and local governments. He also supports an increase in the gas tax for roads. Hartigan, sounding more like a Republican, has come out against an increase in the gas tax. Initially, he also made vague noises that he would not support the income tax extension, then said he would have to study the effects of the increased tax revenue on governmental performance. Next, he indicated he would support the education portion of the extension but not the local government portion. The latter puts him at odds with Chicago Mayor Rich Daley, who is key to Hartigan's chances in November. Hartigan is reportedly now reviewing his position on the entire matter.

The issue is, however, more complex than whether a candidate supports or opposes taxes. It involves a general frustration of voters with the political status quo. They're in a mood to throw incumbents out, and taxes have become a focus for this impulse. Voters feel that as they pay more and more in taxes, they gain few if any benefits. Their tax dollars buy more government, but not more value.

Richard Day is president of Richard Day Research, Evanston

MINNESOTA

By Robert P. Daves

In the early 1970s, the Minnesota legislature passed a sweeping tax revision — employing state property and income taxes to help local governments, particularly local school districts. It was hailed as the "Minnesota Miracle." The Minnesota Poll, however, is finding that people think state taxes are just Minnesota millstones around their necks.

A May 17-24 poll of adults statewide looked at attitudes about issues facing the state at the beginning of the 1990 political season. It found taxes the most frequently mentioned problem. It also found that Minnesotans could carry those concerns to the polls this year when they elect a new state legislature, a governor, and a U.S. senator. Taxes ranked second, trailing only education, as an issue very important "when it comes to voting for a particular candidate."

Is this, in a state where good government until now has been taken for granted and citizens cheerfully pay some of the highest taxes in land, a budding tax revolt? Steve Frank, a political scientist at St. Cloud State University, suggests that things may be changing. He and others have described the state's climate as a "moralistic political culture" where people have backed tax programs even when they don't benefit personally, so long as things are done honestly. "This moralistic culture may be declining," Frank says. Minnesota's reputation for good government has suffered recently with the Senate ethics committee's investigation of David Durenberger, and the state's largest newspaper's report of cheating, skimming, and the lack of enforcement of the charitable gambling industry.

There are rumblings of discontent about property taxes. For example, a grassroots organization has sprung up in the Twin Cities suburb of Eden Prairie, complaining that suburban homeowners pay more taxes than are returned in services. It claims the state gives back too much money to rural areas, particularly in the depressed northern part of the state. Even the legislature's auditor recommended that the Legislature reduce state aid to municipalities — on grounds that aid is encouraging spending among cities that already spend considerably more than the national average.

Still, a word of caution is in order. While a high proportion of the Minnesota public says the level of taxes is the state's biggest problem, the proportion has in fact changed little over the past five years. It's arguable that the number should have grown if a tax revolt were in the making.

"What do you think is the single most important problem facing the state today?"

	December 1985 n=612	May 1986 n=609	December 1986 n-1,005	June 1988 n=805	May 1990 n=800
Level of taxes	24	11	21	22	21
The environment	1	—	—	1	13
Drugs	2	—	—	1	9
Health, welfare, abortion	2	—	5	5	8
Business climate	3	13	10	11	7
Unemployment	20	12	23	8	5
Drought	—	—	—	16	1
Farming & farm economy	27	35	13	10	1
All others	15	22	20	18	23
No opinion	6	7	8	8	12

SOURCE: Minnesota Poll of 800 adults statewide, latest that of May 19-27, 1990.

Robert P. Daves is assistant managing editor/research, Star Tribune, Minneapolis

COLORADO

By Floyd Ciruli

In November 1990, Colorado voters will face the third tax limitation initiative in as many general elections. Tax proposals lost in 1986 and 1988 by large majorities. While the initiatives have varied in detail, they include specific limits on revenue and require voter approval of further tax increases.

Colorado Tax Limitations Voting Results

Year	% Yes	% No
1986	38	62
1988	42	58

In each of the last two elections, advocates of tax limitation gained initial voter support only to see it erode by election day. In mid October 1988, voters polled statewide by Ciruli Associates for the ABC affiliate 9-KUSA News and the Rocky Mountain News showed 66% in favor of the tax limit proposal, only 20% opposed. But three days before the election, late polls gave the initiative a mere 33% approval, compared to 54% opposed. The initiative lost with 42% of the vote.

Early voter support cut across group lines. The October survey showed, for example, narrow differences between Republicans and Democrats and none between younger and older voters. After a late media barrage by the opposition and daily attacks from the state's political and business establishment, opinion shifted strongly negative. The support which remained in November came disproportionately from voters over 45 years old and from Republicans.

Colorado isn't fertile ground for anti-tax activists. The state is politically moderate, with a fiscally conservative Republican majority in both houses of the state legislature and a business oriented Democratic governor. Colorado politicians are very tax conscious — and Colorado isn't a high-tax state. It has one of the lowest tax rates in the country (43rd in state per capita taxes). It does, however, have one of the highest local tax rates (sixth overall). When state and local taxes are averaged together, Colorado taxes are at the national mean.

The tax opposition movement is largely based on aggravation with local government, special and school district taxes. And it refuses to go away. As noted, it's back with a new initiative for the November 1990 ballot. And, 1990 may be different. First, the latest initiative has removed several aspects that made it vulnerable to previous attacks. For example, necessary voter approval for tax increases has been reduced from two-thirds to a simple majority. Second, business and educational interest groups that have raised hundreds of thousands of dollars in opposing the earlier measures appear exhausted and reluctant to raise funds for yet another campaign. There is a growing sense that some initiative is inevitable. In addition, the popular governor, Roy Romer, who campaigned vigorously against the previous ballot proposal, is engaged in his own reelection effort in which higher taxes will be an issue. His involvement this year on tax limitation will be limited. In addition, tax limitation's chief advocate has brought suit against the governor to stop him from using any resources of his office to campaign against the initiative. The case is now in court. Lastly, voters, especially in the Denver area, have been hard-hit by tax increases recently. While most of these increases won majority backing, there is a general perception that local taxes have risen too rapidly.

Voters have rejected initiatives in the past when told of their dire consequences for popular programs. But the Colorado petition process makes ballot access quite easy for objectives, like tax limitation, that are backed by committed groups of grassroots activists. If the tax limitation advocates can reduce their attrition among younger, more moderate voters and hold on to older more conservative voting blocks, constitutionally mandated tax limitation may come in November.

Floyd Ciruli is president of Ciruli Associates, Denver

CALIFORNIA

By Mervin Field

On June 5th, California voters approved Proposition 111, an initiative which called for doubling the state's gasoline taxes and relaxing the restrictions on government spending which were originally imposed by a 1979 initiative. Voters also approved a series of bond initiatives amounting to more than $5 billion to pay for a wide variety of the state's infrastructure needs. These results have caused a wide flurry of speculation as to whether they signal the end of the "tax payers' revolt" said to have begun following landslide passages in 1978 and 1979 of two other California initiatives — Proposition 13, the property tax reduction measure, and Proposition 4, the Gann spending limitation.

In fact, the story is more complex, as a review of what actually happened in the June voting shows. For one thing, the public consistently differentiates between tax and bond issues. In recent years, most California state bond issues, typically requiring only a simple majority to prevail, have been approved by voters. Bond issues are viewed as "easy pay," long term obligations which effect future generations much more than today's taxpayers. Then, Proposition 111 was approved only narrowly, 52% - 48%. It carried in the heavily gridlocked large cities and counties, but lost in the majority of more suburban and rural counties.

Voter turn-out was extremely low. Only about 40% of the state's registered voters turned out. That is, only 28% of the state's 19.1 million adult citizen taxpayers voted. The low participation rate raises the question of its representativeness. Here, however, the California Poll found in its pre-election surveys that the large middle class of people, who spent inordinate amounts of time commuting and traveling on crowded repair-needy roads and freeways, were more likely to be in favor of Proposition 111. Had turn-out been larger, it's probable Proposition 111 would have still won.

Most of the publicity and advertising about Proposition 111 focused on the gas tax provision — and much less on the more far reaching aspect of loosening stringent spending restrictions. We don't know how voters would have reacted had they been more fully aware that passage of Proposition 111 would affect state and local spending far beyond gasoline taxes. Still, poll results in recent years have shown the public shifting away from a "less taxes — less government spending" mood to one where more taxes and more spending would be allowed. Two years ago, Proposition 71 which would have relaxed the Gann spending limit came within one point of being approved in a statewide vote. Another modification of the Gann spending limit appearing on the November 1988 ballot, Proposition 98, was narrowly approved. During the latter 1980s, voters in scores of California localities approved tax increases for police, schools, fire, sewers and other demonstrated needs. The voters seemed to be saying that we will approve a tax increase if it truly will go for a manifest need and not in the general fund.

The interests supporting Proposition 111 comprised a vast array of individuals and organizations representing all facets of the state's leadership. The coalition was headed by George Deukmejian, a Republican governor who during his two terms in office was as firmly opposed to increased taxes as is George Bush. Backing Proposition 111 were bipartisan interests in the legislature, in the vast educational establishment, big and small businesses, all the leading media and other prominent interests. Up until the closing days of the campaign there was no highly visible organized resistance. Yet, the proposition carried only narrowly.

The story of what the vote signals is further complicated by the fact that Proposition 111 was also linked to the controversial "growth" issue. Many people who may have favored a general loosening of government spending limitations saw passage of Proposition 111 as another step in the cycle of more people, more cars, more roads, and more pollution. Conservatives wanting better roads could back Proposition 111, while liberal environmentalists could oppose it.

Regardless of whether passage of Proposition 111 in fact signals much of anything, many state and national leaders want to *believe* it marks the demise of the state's tax revolt. Had the proposition lost, it would have been more difficult for them to argue that the public was now ready to pay more taxes for needed government services.

Support for Prop. 111 (Traffic Congestion Relief and Spending Limit Act)

California Poll Findings

	Total Registered Voters			Likely Voters	Election
	April	**May**	**June**	**(June)**	**Results**
	%	%	%	%	%
Have heard	**19**	**30**	**58**	**66**	
Would vote YES	8	16	28	32	
Would vote NO	4	7	18	21	
Undecided	7	7	12	13	
Have not heard	**81**	**70**	**42**	**34**	
(After Summary Read)*					
Would vote YES	47	49	47	46	52
Would vote NO	39	36	39	40	48
Undecided	14	15	14	14	

***Text of Prop. 111 summary read to voters: "Proposition 111 calls for enacting a statewide traffic congestion relief program and updating the limit on state and local government spending. It would provide money to reduce traffic congestion by building state highways, local streets, and public mass transit facilities. To help pay for these, it would enact a 55 percent increase in truck usage fees and a five cent per gallon increase in the state fuel tax in August 1990 followed by one cent per gallon increases in each of the next four years."**

Mervin Field is director of the California Poll, Field Research Corporation, San Francisco