

## **EDITORIALS OPPOSING THE SALES TAX INCREASE**

### **Senate Gamble**

Worcester Telegram and Gazette

Updated: 05/21/2009

Tuesday's Senate vote to raise the state's sales tax to 6.25 percent — by a veto-proof margin of 29-10 — makes it all-but-certain that consumers and businesses will be digging deeper this summer. What is far from certain is how much additional revenue they will be able to provide, and whether local communities will see any of it.

Senate backers of the increase asserted this week that it will garner an additional \$633 million in fiscal 2010. But less than a month ago, House legislators touted \$900 million in new revenue.

No one lost \$267 million in the last month. It's just that lawmakers have no firm idea what effect the tax hike will have, because changes in consumer and business behavior as a result of any tax hike are never fully calculable in advance. Some will take their business to New Hampshire; others will turn to online commerce; still others will reduce their consumption, forcing businesses to reduce employment and output.

A report by The Beacon Hill Institute this month estimates that the sales tax hike to 6.25 percent will reduce net employment by more than 6,500 jobs, and lead to a decrease of \$51.35 million in investment.

No one on Beacon Hill is asserting that the new revenue — whatever it proves to be — can bridge a multibillion-dollar shortfall. But supporters do claim the new revenues will help blunt the impact of cuts on social service programs and local aid.

Even that claim is suspect. While the Senate did set aside a portion of the new revenue for transportation, it did not follow the House in designating any portion for local aid. Cities and towns will remain at the mercy of the Legislature.

More generally, the entire "restoration" of services depends upon funds that have not yet been collected and may never be, depending upon the course of the economy and the unpredictable nature of consumer spending and business activity in response to tax hikes. The Senate's action represents a multi-part gamble, of the kind that makes economists blanch: that the national economy will improve, that the governor will be unable to make good on his veto threat (if he issues a veto at all), and that Massachusetts residents won't take even more of their dollars to cyberspace and the Granite State.

With stakes like those in play, who needs a casino?

### **Senate disservice**

The Lowell Sun

Updated: 05/21/2009 08:30:35 AM EDT

The Senate made a major misstep by voting Tuesday for hefty tax increases a day before even beginning debate on reform measures. We find it particularly egregious that, despite the dire fiscal forecast, there have been no real reductions to state government itself, including positions and benefits.

Shouldn't legislators have approved pension reform, privatization measures, wage freezes and health-insurance reductions before placing a heavier burden on the backs of struggling taxpayers, small-business owners and local government?

Nothing has been done to repair the structural flaws in state government. Formulas regarding education aid and charter schools have not been revised, the Quinn Bill remains in place and state workers are still slated to receive salary increases.

Currently, Massachusetts' monthly payroll is approximately \$268 million. If the state cut 10 percent of its workforce, it would save nearly \$27 million a month. That's about \$324 million a year. A 5 percent reduction in the state payroll would net about \$162 million a year. Shouldn't at least some employee cuts occur at the state level?

Instead, Senate lawmakers joined their House colleagues in approving an increase in the sales tax to 6.25 percent, garnering a veto-proof majority that renders meaningless Gov. Deval Patrick's repeated threats to reject it.

Instead of making the truly tough decisions, the ones that could anger union leaders, lawmakers have placed the burden solidly on the backs of taxpayers and local government. Residents will not only have to pay the increased taxes approved by lawmakers, they will also have to suffer reduced municipal services necessitated by local-aid cuts and, quite possibly, pay higher property, meals and hotel taxes that may be raised to offset the state's cuts to local aid.

Small businesses will also suffer. The higher sales and alcohol taxes will divert millions of dollars in sales from Bay Staters to tax-free New Hampshire, resulting in more job losses. The Retailers Association of Massachusetts estimates the sales-tax increase will result in the loss of 12,000 jobs.

State lawmakers did their constituents a grave disservice by not making substantial reforms before raising taxes. It's an injustice that may well be remembered on Election Day.

### **EDITORIAL ; Denial on the Hill**

4 May 2009

Boston Herald

At the start of last week the House voted to take an additional \$900 million a year out of the pockets of state taxpayers by raising the **sales tax** 25 percent.

By the end of the week the already gloomy revenue news was getting worse. Phrases like "free fall" were being used on Beacon Hill. Revenue collections for the current fiscal year (ending June 30) had fallen by ANOTHER \$300 million. Last Thursday Senate leaders met and decided that THEIR budget would have to assume at least \$1 billion LESS in revenue than both the governor and the House had originally assumed in their respective budgets (\$18.5 billion instead of \$19.5 billion).

So how did the House react? Well even as the revenue news grew increasingly grim, they remained in a budget bubble - working overtime INCREASING the once responsible House budget. They continued to vote overwhelmingly on amendment after amendment to throw money at programs and special interest groups.

By the end of Thursday, more than \$530.6 million had already been added back into the budget. Friday they continued on that path for a total of at least \$600 million.

There were items like \$1.7 million for a loan repayment plan for primary care physicians who agree to work in community health centers for two to three years. A nice idea? Certainly. But essential to the delivery of state services? Hardly.

More than \$8 million was added for regional transit authorities. And state employees, who under the original House budget were to pick up 30 percent of their health insurance costs, will be picking up only 20 percent (25 percent for new hires).

As for reform? Well, a move to allow the Registry of Motor Vehicles to use private vendors, like AAA, to help serve customers - gone! Just thank Rep. Frank Smizik (D-Brookline). But thank goodness those Asian longhorn beetles plaguing Worcester will be studied to death.

Fiscal crisis? What fiscal crisis - as long as the taxpayers can be tapped until they run dry.

### **Move those reform bills**

Cape Cod Times, Hyannis, Mass.  
McClatchy-Tribune Regional News  
3 May 2009  
Cape Cod Times (MCT)

The times are too tense and the problems of governance too great for a personal squabble between Gov. Deval Patrick and leaders of the state Legislature. The governor is out and about promoting public pressure on the leaders, and they're digging in their heels. The public would rather see them dig into real issues: the longstanding, self-serving, dysfunction on Beacon Hill, and a huge budget deficit.

Laws to fix some of the dysfunction have been moving through the Legislature but can't get to the finish line. Legislators can act when they want to -- the House, with no public discussion, pulled a big **sales tax** increase, from 5 to 6.25 percent, out of the hat. The process was more like black magic than transparent legislating.

The governor is incensed. The House is putting the cart before the horse, he says. "How can you argue for more money for the same old thing?" he asked when he visited the Times editorial board on Thursday.

In a stiff letter to legislators, he promised to veto the **sales tax** if reform measures remain in limbo. Then he called in the reporters, put out a video and told the public to contact their legislators.

It's just politics, legislators said. "He's responding to bad poll numbers," said Senate President Therese Murray, D-Plymouth.

Sure it's politics, but politics at the service of governance. Yes, the governor sees an opportunity to push for action on his agenda. Yes, calling the public down on legislators offends them and he knows it. And yes, his current impatience would be better received if he hadn't stumbled over a patronage appointment not long ago.

What reform does the governor want?

First, bills to consolidate transportation agencies to save money and improve accountability linger in conference. Patrick has repeatedly called for "reform before revenue" for the embattled transportation

sector. Neither House or Senate version save "anywhere near enough" to get the agencies back to pay-as-you go status, he said.

Also, both houses have enacted bills to reform the pension outrages that so enrage taxpayers -- the year's credit for one day of work, the bulking up of pensions by counting library board service, housing allowances and such, the double-dipping. The Senate has passed a good bill, Patrick acknowledged, but the House bill -- get this! -- would apply only to future employees. What possible explanation is there for that?

Finally, bills to tighten the rules for lobbying, conflicts of interest, ethical lapses and similar recent legislator scandals have passed the House but languish in the Senate.

Meanwhile, the governor and legislators are wrangling about **sales tax** vs. other tax increases. Patrick wants to raise the gas tax from 21 to 40 cents; he says that would increase jobs while the **sales tax** increase would cost jobs. The legislative leaders aren't explaining; they're just jumping to conclusions. The issue deserves a lot more analysis than it's getting.

But the governor is right. Commonwealth residents are really fed up with the self-serving machinations on Beacon Hill. Change the way of doing business, then raise revenue -- carefully.

### **EDITORIAL ; Content in a crisis**

30 April 2009  
Boston Herald

Lawmakers love to toss around the word "crisis" but it's not entirely clear that they have the first clue what it means.

A crisis, according to our American Heritage dictionary, is "an unstable condition in political, international or economic affairs in which an abrupt or decisive change is impending."

A global financial collapse and a loss of billions in taxpayer revenue qualifies as an "unstable condition."

And a House vote this week to saddle taxpayers with a \$900 million **sales tax** increase certainly qualifies as an "abrupt or decisive change."

But too many rank-and-file House members think that even in a crisis, the same level of government service ought to be provided, the same special interests (including their own) protected.

Too many reps just don't "do" change - abrupt OR decisive.

On Tuesday, for example, the House rejected a Republican amendment that would eliminate a \$400,000 line item for Gov. Deval Patrick's Washington, D.C. office - a duplicative, wholly unaffordable luxury. A mere 49 House members saw the wisdom in "making do" with a 12-member congressional delegation to protect the Bay State's interests at the Capitol.

And yesterday we were struck when Registrar Rachel Kaprielian said if the House budget stands she will have to close 11 Registry branches (temporarily we assume) and that lines will grow longer. Don't we EXPECT longer lines in a "crisis?"

Meanwhile revenue from that tax hike would be used in part to offset deep cuts in local aid and for transportation projects.

But if some of these reps have their way it will ALSO be used to pay police officers bonuses for going to college. Yes, to restore funding for the Quinn Bill you'd pay a higher **sales tax** on your trash bags and your toilet paper.

Meanwhile the army of state employees who pay 20 percent toward their health insurance premiums may be shielded from the 30 percent contemplated in the original House budget, if that effort is successful.

Sacrifice? What sacrifice?

House leadership generated much good will by laying out an honest, if honestly painful, spending plan to guide the commonwealth through this crisis.

But too many representatives see in it their own opportunity - to serve the special interests, and themselves.

### **EDITORIAL ; It's just a `penny'**

18 April 2009  
Boston Herald

Don't you just love the way tax hike proponents always refer to it as "just a penny" on the **sales tax**? Of course, "a penny" is actually a 20 percent hike in the state's 5 percent tax. Sounds considerably more onerous that way, doesn't it?

And what we also know is that "the penny" would add up to about \$750 million taken from the pockets of state taxpayers. That's a helluva lot of pennies.

This week the Beacon Hill Institute at Suffolk University ran the numbers through its rather sophisticated model for measuring the broader economic impact of such tax hikes. The result was not pretty.

That 20 percent increase in the **sales tax** no doubt will be filed as an amendment to the House budget on which debate is expected to begin April 27. That's because for many lawmakers hitting up the taxpayers is easier than saying no to public employee unions (who would be asked to pay a greater portion of their health insurance under the proposed House budget) or cops (who would lose Quinn Bill pay hikes for college degrees).

But the Beacon Hill Institute study found that the 20 percent **sales tax** hike would "destroy 10,182 private sector jobs and reduce investment by \$41.31 million per year. The average person would lose approximately \$369 a year in wages."

The tax, of course, is the most regressive and would hit low income families hardest. Also bearing the brunt of the impact would be small retailers along the New Hampshire border - already an endangered species - as Massachusetts residents head north to avoid taxes on computers and a host of high-ticket electronics.

The Institute noted that the state was already losing about 2.2 percent to 3.5 percent in sales taxes to Internet sales. And that Amazon.com's 2008 holiday season sales increased by 16 percent over the previous year, while Massachusetts' **sales tax** revenue dropped 8.6 percent for the same period.

There may be nothing that can be done to stop that kind of bleeding, but there's no need to make it worse either. And that's what a **sales tax** hike would do.

Eagle Tribune

**Our view: Valley reps abandon sales tax opposition**

April 29, 2009 03:51 am

Once, Merrimack Valley legislators could be counted on to oppose any increase in the sales tax. Once, they understood that, with sales-tax-free New Hampshire so close, the tax is damaging to the local economy.

Once, voters could depend on Merrimack Valley legislators to serve the interests of their communities. No more. Now they serve only the leadership on Beacon Hill. Few dare question the commands of their political masters.

The Massachusetts House voted 108-51 for a 25-percent increase in the state sales tax from 5 percent to 6.25 percent. The margin is more than enough to override any promised veto from Gov. Deval Patrick.

Methuen Mayor William Manzi rightly said hiking the sales tax will be "a job killer and an economic development killer" in communities close to tax-free New Hampshire.

Look at the shameful roll call of local legislators in favor of increasing the sales tax: Michael Costello, D-Newburyport; Brian Dempsey, D-Haverhill; Barry Finegold, D-Andover; Barbara L'Italien, D-Andover; William Lantigua, D-Lawrence; and Harriett Stanley, D-West Newbury.

Kudos to those who opposed the tax hike: Linda Dean Campbell, D-Methuen; Brad Hill, R-Ipswich; Brad Jones, R-North Reading; and David Torrisi, D-North Andover.

If only Democratic legislators were as willing to face down the public employee unions as they are to kowtow to the leadership.

Unfortunately for the beleaguered citizens of the commonwealth, however, members of the majority party in both chambers have been long on rhetoric and very short on actual results when it comes to reform and cost reduction.

Even as the gap between those in the public and private sectors continues to widen, legislators have been shamefully timid at taking the tough measures needed to get personnel costs under control.

The sales tax increase would raise an additional \$900 million in revenue. But without real reform, much of that money will go towards funding those expensive collective bargaining contracts at the state and local level — which is also what happens with most of the additional money taxpayers shell out in property taxes each year.

Even a penny and a quarter on every dollar spent is too much to prop up a system that is fraught with waste and abuse. Yet at the end of the day most Democrats found it easier to go along with a tax increase rather than demand real change.

Why? Well, you get a hint of the attitude on Beacon Hill these days from this State House News Service report on Monday's debate:

"Members joked about the electoral risks in backing higher taxes. Endorsing the tax hike in his maiden speech, Rep. Jonathan Hecht (D-Watertown) said he had been elected last September without facing a Republican opponent. 'Perhaps that will change after this vote,' Hecht said, drawing laughs from colleagues."

They're laughing at you.

### **Our view: Tax vote shows lack of respect for governor; and you**

April 29, 2009 03:59 am

Newburyport News

If only Democratic legislators were as willing to face down the public employee unions as they are to take on an unpopular governor.

Late Monday night, the state House of Representatives voted 108-51 to raise the state sales tax from the current 5 percent to 6.25 percent. The margin is sufficient to override a threatened veto by Gov. Patrick, who has insisted reforms must precede any effort to raise new revenues.

Unfortunately for the beleaguered citizens of the commonwealth, however, members of the majority party in both chambers have been long on rhetoric and very short on actual results when it comes to reform and cost reduction.

Even as the gap between those in the public and private sectors continues to widen, legislators have been shamefully timid at taking the tough measures needed to get personnel costs under control. You might recall how quickly many, including those in the local delegation, capitulated to police officers' demands that they retain money for educational bonuses. (What many viewed as a bold move by the House leadership to save \$50 million by eliminating the subsidy, was also deficient, however, in that while it eliminated the money for city and town cops, state police troopers would have retained their Quinn Bill money.)

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Even a penny and a quarter on every dollar spent is too much to prop up a system that is fraught with waste and abuse. Yet at the end of the day, every Democrat within the local delegation found it easier to go along with a tax increase rather than demand real change.

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## **Taxing sense**

### **More taxes could erode current take**

Worcester T&G

Apr 27, 2009

Each budget season, and particularly when money is tight, it becomes painfully obvious that some state lawmakers simply don't think the way average families do. While families respond to hard times with creative ways to economize and make do with less, lawmakers react by seeking ways to expand the size, scope and reach of government.

Ahead of what is expected to be a flurry of budget amendments and debates this week, state Rep. Peter Kocot, D-Florence, suggested last week that the state is missing out on some \$6.5 billion in tax revenue by not taxing hundreds of services now exempt from taxation. Rep. Alice Peisch, D-Wellesley, suggested that subjecting gasoline to the state's 5 percent sales tax could raise \$509 million a year, and would be in place of the dreaded 19-cent-per-gallon gas tax that Gov. Deval Patrick has been pushing for weeks. And Rep. Robert Spellane, D-Worcester, spoke of House colleagues being receptive to a "modest sales tax increase, of 1 or 2 cents."

It doesn't take a degree in economics to understand that draining another \$6.5 billion or more from taxpayers through ubiquitous taxes on haircuts, candy, soda, Internet commerce, telecommunications services and goodness knows what else will mean that much less spending on other goods and services. Ms. Peisch can call her gasoline tax idea what she will, but it amounts to a five-cent hike in the gas tax. And Mr. Spellane's definition of "modest" needs revision — a penny increase in the state's 5 percent sales-tax rate is actually a 20 percent hike. Two cents, of course, is a 40 percent hike, and would make the state's rate among the highest in the nation.

Each "penny" could, by some estimates, yield another \$750 million in "new" revenue, which is another way of saying revenue that used to reside in the pockets of individuals and businesses and could be transferred to the coffers of the state. Assuming, of course, such tax hikes didn't send Bay State residents streaming to New Hampshire to do their shopping, or simply cause them to cut back their purchases still more, leading to still further erosion of state revenue collections.

What's needed at times of declining revenue is a corresponding restraint in state spending. It figures to be an extremely painful year, one full of difficult choices and a few, carefully targeted investments. Lawmakers must be made to understand that taxpayers are in no mood to renew the legislative credit card.

## **Senators Can Take Longer Furloughs**

Brockton Enterprise

*Last update May 02, 2009 @ 12:57 PM*

Are we supposed to be impressed that state senators have decided to take furloughs that will save taxpayers a whopping \$50,000 just months after they received big raises that will more than offset the pittance they will give up by taking a few days off?

Senate President Therese Murray of Plymouth, in a press release touting the financial savings, said senators should be “sharing in the pain” of other Massachusetts residents.

But few other Bay Staters got 5 1/2 percent raises — more than \$3,200 per senator — to start the year. The furloughs, three days for lower-paid senators, five days for those making \$75,000 or more, will cost top-paid senators \$1,440.

Color us underwhelmed.

Murray probably knows that taxpayers are angry at the Legislature for failing to produce meaningful reform. No other group in the state has a lower approval rating than the Legislature, which talks about both revenue and reform, yet in the end, will certainly raise taxes while any reform will be a token effort — and with plenty of loopholes.

To gain respect, there has to be rock-solid reform that applies to all current public employees — with no loopholes. That alone won't make up the billions of dollars the state claims it needs to balance the budget, but it will at least restore a modicum of trust in the people we elect to represent us.

Despite the rhetoric from Gov. Deval Patrick and legislative leaders, taxes are not inevitable. A sales tax increase such as the one approved in the House this week will do incalculable damage to struggling businesses. A massive gas tax hike, as proposed by Patrick, will hurt almost all families.

Why can't the state do what most families do when they run out money — simply cut spending?

We are cynical enough to believe that the politicians make the most painful cuts possible first — such as local aid and in human services — so they can justify tax increases. But there are countless other ways to reform and cut the budget. Furloughs of 50 days, instead of five, for state senators would be a good start — and would have no negative effect whatsoever on the legislative process.

### **Token gestures only work if mixed with real reform**

The Quincy Patriot Ledger

*Last update May 01, 2009 @ 06:11 AM*

Why do some of our biggest thinkers expect us to be awed by token budget-nicking when what we're really looking for are fundamental changes to the way business is done on Beacon Hill?

The question first crossed our mind when Alan LeBovidge, head of the bottomless money pit known as the Turnpike Authority, announced a month ago that he was shutting off the decorative lights on the Zakim bridge to save about \$5,000 per month. Were we expected to hoist him upon our shoulders?

Likewise, are we supposed to be impressed that state senators have decided to take furloughs that will save taxpayers a whopping \$50,000? Especially when the move comes just months after they received big raises that will more than offset the pittance they will give up by taking a few days off?

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To gain respect, there has to be rock-solid reform that applies to all current public employees – with no loopholes. That alone won't make up the billions of dollars the state claims it needs to balance the budget, but it will at least restore a modicum of trust in the people we elect to represent us.

The need for revenue for the most basic of public services may require some form of new or higher taxes, such as the House plan to increase sales tax by 25 percent.

But the experience is more painful when Beacon Hill digs deeper into our pockets without anything more than token gestures of reform.

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### **OUR VIEW: Reform first, revenue second**

April 29, 2009 6:00 AM

New Bedford Standard Times

Gov. Deval Patrick has it right this time: No sales-tax hike without reform. Unless the state enacts reforms in critical areas now, when public appetite may be at an all-time high, we'll never get them.

This issue is less about taxes than about strategy. While Gov. Patrick says he will veto the increase in sales tax from 5 to 6.25 percent without certain reforms, he has proposed his own tax increase on gasoline and proposed eliminating the sales-tax exemptions on alcohol, candy and soda.

The state needs money. Even with new taxes, it will have to cut billions from the budget — at least \$1.2 billion, even if stimulus money and the sales-tax increase are included, House leaders say.

If you believe Steve Crosby, secretary of administration and finance under governors Paul Cellucci and Jane Swift, writing yesterday on the Boston Globe's op-ed page, about \$3 billion in lost revenue can be attributed to tax cuts from 16 years of Republican governors. That's on top of the drop in economic activity that reduced what the state collects.

But don't discount the role of Democrats in decades of wasteful spending. From the Big Dig to a pension system notoriously too generous in certain agencies and circumstances, there's plenty of blame to go around.

If Massachusetts raises the sales tax now, before the Legislature has approved reforms in pensions, ethics, municipal workers' health insurance and the administration of the transportation system, some of the urgency will be gone. Before you know it, we'll be back to the status quo.

These goals are attainable. Reform bills on transportation and pensions are already in legislative conference.

New revenue may be essential, but how the state gets it — and what the public gets in return — are still in play. We cannot allow this opportunity for real reform to slip through our hands. It's the one positive thing to be gained from the recession.

Any SouthCoast legislator who votes for a sales-tax increase before reforms are complete is putting political considerations ahead of good judgment.

### **Bay State's tax trauma**

5 May 2009

The Providence Journal

The Massachusetts legislature threatens to further stress that state's economy by hiking the **sales tax** some 25 percent -- to 6.25 percent from 5 percent. Such taxes are deeply regressive, taking a bigger chunk out of the income of the poor than of the rich.

Thus, it's somewhat encouraging that Governor Patrick is threatening to lead a taxpayer revolt against the hike, unless it is tied to much-needed pension, ethics and transportation reform. In the end, though, it seems clear that tax hikes are unavoidable, given the state's fiscal condition.

Like Rhode Island, the Bay State faces a massive deficit in the new fiscal year: in Massachusetts's case, \$3.6 billion. This points toward deep cuts in local aid, possibly costing thousands of public employees their jobs. (As in Rhode Island, their wages and benefits considerably exceed those of people in the private sector.)

To limit the damage to this powerful constituency, and to squeeze another \$900 million a year from the taxpayers, the Democrat- dominated House passed the **sales-tax** hike by a margin of 108-to-51 - - seemingly veto-proof.

But Governor Patrick had made it clear he could use his bully pulpit to rally voters against their legislators. While saying he doesn't necessarily philosophically oppose boosting the **sales tax**, the governor argued that the legislature must first cut wasteful spending and toughen ethics laws.

"The people want change, and they deserve it," he said, in a reprise of his 2006 campaign, taking to the Internet in a four- minute video on YouTube.

"I have deep reservations about imposing a higher **sales tax** on people during these difficult economic times, especially at the risk of costing the commonwealth jobs and at a time when we can least afford that trade-off," Mr. Patrick added in a letter to the legislature.

All the same, the governor is pushing tax hikes of his own, though targeted ones that would not hurt the poor as much: He wants to boost the tax on gasoline by 19 cents a gallon, and to extend the **sales tax** to alcohol, candy and soda, while letting local communities raise hotel taxes.

People who own small businesses warn that the boost in the **sales tax** would slash their income, and potentially decrease tax revenues by depressing purchases and sending more Bay State consumers swarming over the border to New Hampshire, which has no **sales tax**. It may also make Massachusetts a less attractive destination to Rhode Island consumers, who pay a 7 percent **sales tax**, albeit on a much more limited range of items.

The Massachusetts economy is immensely important to all of New England, with the Boston area the region's prime economic engine. For years, Massachusetts has done a good job repairing its "Taxachusetts" image, moving more toward the middle of states in tax burden. That has helped keep it attractive to residents and investors, providing jobs that employ many Rhode Islanders.

Hard times call for sacrifice, but they also provide an opportunity to make long-needed reforms in how government does business. As Governor Patrick argues, now is a good time to start.