

Beacon Hill Byline – By Rep. Mary Rogeness

July 22, 2001

Tax Help Is Coming

Can our government afford tax cuts? That is the question that was asked last autumn in Massachusetts, and voters answered with a resounding “Yes” at the ballot box. When the question was asked in Washington this spring, Congress voted early in the session to reduce income taxes for all taxpayers. The resulting tax cuts are now law. Here is a summary of their effect on our own personal tax liability.

Massachusetts taxes were the first to go down. The passage of referendum Question 4 means that state income taxes will be reduced over three years to the state's traditional 5% rate. In January they fell to 5.6%, a reduction that is reflected in withholding from your paycheck. A reduction from last year's 5.85% may not sound significant, but the overall tax burden will fall by 17% when the tax cut is fully phased in.

State taxes may be the first to drop, but federal tax cuts are the ones in the spotlight this summer. President Bush campaigned with a pledge to cut taxes “for anyone who pays taxes,” so tax reductions were at the top of his legislative agenda. Passage by Congress of a \$1.35 trillion tax cut makes our Massachusetts three-year phase in look very short. The federal tax cuts will not be fully in place for ten years. They do, however, begin immediately, and that is why federal taxes are in the news.

The showpiece of the federal tax package is a rebate provision that sends a \$300 check to every taxpayer. The check represents a tax cut on an earner's first \$15,000 of taxable income that went into effect retroactive to January 2001. Political opponents of the law have made dismissive comments about the value of the rebate checks. They say that the amount is insignificant or nonexistent, and only the receipt of a check will settle that question. That answer should arrive soon in your mailbox.

The IRS will mail the checks over the next two months according to the last two digits of your Social Security number. Weekly mailings will follow this schedule:

Numbers 00 to 09, July 23
Numbers 10 to 19, July 30
Numbers 20 to 29, August 6
Numbers 30 to 39, August 13
Numbers 40 to 49, August 20
Numbers 50 to 59, August 27
Numbers 60 to 69, September 3
Numbers 70 to 79, September 10
Numbers 80 to 89, September 17
Numbers 90 to 99, September 24.

This is the first time in my memory that it has been important to have a low Social Security number. My best wishes to those of you in the July and August range. I'll have to wait until September.