

Beacon Hill Byline by Mary Rogeness

July 31, 2008

Sales Tax Holiday

Summertime Quiz

Question: What State Holiday comes in August?

Answer: The Sales Tax Holiday

You can easily celebrate the weekend of August 16th and 17th -- Just go shopping!

In 2004, Massachusetts first offered all of us the chance to shop tax-free during an August weekend. Each succeeding year, residents have waited for the government to repeat that designation. And each year they have been kept in suspense as the months pass. This year is no different. The legislature waited until last week to authorize the holiday. But it did, and Gov. Patrick has now signed the bill into law.

This year's "holiday" has been a long time coming. I joined other Republicans in proposing it during the April budget debate. But speaker DiMasi didn't approve, and the house voted against it. House leaders said the state could not afford the loss of sales tax dollars for those two days. Republicans agree that the state is short of money. We just believe it's a good idea to give our constituents a little break on their living expenses.

Republicans argued that residents need the assistance that a simple 5% reduction affords, and that retailers can boost sagging sales during that weekend. Our arguments for the tax-free weekend have only grown stronger as the summer progressed. Gasoline prices have exploded over \$4 per gallon, adding heavy costs to family budgets. The economy continues to struggle, affecting both individuals and businesses.

A couple weeks ago the speaker of the house agreed with our arguments. Then the president of the senate agreed. The governor is also on board. So a bill resurfaced to establish the third weekend of August as tax-free. It passed quickly with the support of all but 15 members of the house. Six senators voted in opposition. It's surprising how quickly the legislature can do business when we want to.

This makes the fifth consecutive year for a summer tax-free weekend in Massachusetts. If you have taken advantage of earlier weekends, you know the drill. Retail purchases up to \$2500 per item are exempt from the state's 5% sales tax both Saturday and Sunday. You can't buy a car or motorboat tax-free, even if it costs under that limit. Tobacco and food purchases are other items are also excluded.

Prior purchases cannot access the exemption, nor can it be applied for layaway items. Aside from those exemptions, all retail sales are included.

School will open in a few weeks, so you may need school supplies. New electronics are often on our household wish lists, and retailers may advertise sale prices that add to your weekend savings.

I do not advise you to shop till you drop, but to use the weekend to stretch your shopping dollars by 5%. We are all going to need those August dollars come December.