

## The Commonwealth of Massachusetts



### THE COMMONWEALTH OF MASSACHUSETTS EXECUTIVE DEPARTMENT

STATE HOUSE • BOSTON 02133

EDWARD J. KING  
GOVERNOR

June 30, 1982

To the Honorable Senate and House of Representatives:

I have today disapproved five items in House Bill No. 6161 entitled "AN ACT MAKING APPROPRIATIONS FOR THE FISCAL YEAR NINETEEN HUNDRED AND EIGHTY-THREE, FOR THE MAINTENANCE OF THE DEPARTMENTS, BOARDS, COMMISSIONS, INSTITUTIONS AND CERTAIN ACTIVITIES OF THE COMMONWEALTH, FOR INTEREST, SINKING FUND AND SERIAL BOND REQUIREMENTS AND FOR CERTAIN PERMANENT IMPROVEMENTS."

When the fiscal 1983 budget cycle began last fall, I went before municipal officials gathered at the annual "Cherry Sheet" conference on September 25, 1981, and announced our goal:

"It is our aim to stop in every place possible the growth in the state budget. To the extent that we can succeed in this, and we dedicate ourselves to that effort, any surplus we are able to generate will be dedicated to income tax reduction."

I reiterated that goal on October 5, 1981, when I called all state managers into Gardner Auditorium to receive their budget instructions:

"We want to do more than hold a finger in the dike. We want to make every effort to put more money into the pockets of the working men and women of the Commonwealth. If it is at all possible, I am determined to reduce the personal income tax."

On January 27, 1982, when I filed House No. 1, I announced that we had met this goal in preparing our budget:

"Neither state agencies...nor municipalities...will get all that they want. But they will get all that they need, and all the taxpayers can now afford..."

"The \$85 million fiscal 1983 surplus contained in House No. 1 can be returned to the taxpayers..."

"Tax reduction is what this budget process will be all about."

Five months later, as a result of the tremendous cooperation between the branches and without the histrionics of payless paydays, I sign into law a fiscal 1983 budget that is less than one-half of one percent above my recommended spending level as formally amended by agreement on items such as local aid.

With the items I disapprove here, some have shown the ending balance for fiscal 1983 to show a surplus of some \$80 million. The target we established in September, October and January is well within our grasp.

With the items I disapprove here, all that we have left to do is to pass the law that returns this surplus to the people of Massachusetts.

Accordingly, I disapprove the following five items:

Item 0612-1550, item 0680-0001 and section 39, and item 6005-0022; which seek to establish certain reserve funds; and section 15, which seeks to cap reimbursements to medical practitioners.

The three reserves I disapprove here, seek to set aside \$50 million; a sum which is not needed for state operations in fiscal 1983.

No one can deny that a good business likes to have a little cash in reserve. But while we want the state to operate in a businesslike manner, it is not a business.

Money the state sets aside in reserve is not retained earnings. It is not undistributed profit.

Money the state sets aside in reserve is taxpayer dollars. And as we fight to forever bury the Taxachusetts label, as we pursue the taxcutting momentum, we must not collect tax dollars we do not truly need to meet the state operating obligations.

There are many people with good ideas as to how to spend tax dollars. If we pursued every good idea, the budget would not be \$6.8 billion, but \$68 billion.

It is not that these three reserves are flawed in concept, but rather, that there are more important priorities.

The underlying argument for these reserves is a string of ifs, coulds and maybes. For too long Massachusetts government has kept taxpayers pockets half-empty to protect against contingencies.

For three years we have held the line against those who used tax reform as a code word for higher taxes. Now, while we propose an income tax reduction the new code word is tax stability.

But if the state of Massachusetts needs money in reserve, let the taxpayers hold it.

If there is to be a windfall, better it go to the taxpayer than the state treasury.

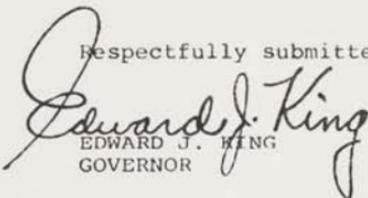
The money belongs to the people of the Commonwealth.

With respect to the non-reserve item I today disapprove, section 15 creates an arbitrary ceiling on reimbursements to medical practitioners, based upon rates charges in 1975. There is little question but that we need to bring greater controls to spiraling health care costs. But the long term solution must be a reform of the entire system so that patients receive the appropriate level of care in the appropriate setting. Secretary of Human Services William Hogan has been actively negotiating with the many providers and interest groups on just such a proposal. Singling out one segment as proposed in this section provides little relief and may, in fact, jeopardize a more comprehensive solution.

The fiscal 1983 budget process has been remarkably smooth. I commend the leadership and membership of your Honorable Bodies for working in such a harmonious spirit. The April 27 Local Aid resolutions have established a precedent which will long serve the best interests of the Commonwealth and the cities and towns.

I urge your continued cooperation in concluding the budget cycle by providing the income tax reduction which was our earliest stated goal.

Respectfully submitted,



EDWARD J. KING  
GOVERNOR

