How Has the Level of Taxes in Massachusetts Changed Compared to Other States?

State and local taxes — in Massachusetts and in states throughout the nation — are the primary way people fund education, transportation, public safety, economic security programs, and other public services and investments. Overall, the level of combined state and local taxation in Massachusetts is average when compared to the rest of the country. Total state and local tax collections, as a share of total personal income, was 10.2 percent in Massachusetts in Fiscal year (FY) 2016 (the most recent year for which nationwide, state-level data are available). That places Massachusetts 18th among the states and at the U.S. average of 10.2 percent (see chart below).1 While the current level of taxation in Massachusetts is unexceptional compared to tax levels in other states, the degree to which Massachusetts taxes have been cut in recent decades is extraordinary.

Beginning in the late 1970s, voters and elected officials chose to cut taxes in the Commonwealth multiple times. The approval of Proposition 2 1/2 in 1980 reduced property taxes (a tax levied at the local level in Massachusetts) and then, particularly in the late 1990s, the Commonwealth significantly reduced state taxes — primarily the income tax.2 As a result, between 1977 and 2016, Massachusetts reduced taxes more than all but two other states, as the following figure shows:
In terms of tax levels, Massachusetts is an average state, with levels below many other states in the Northeast. This is the result of a decades-long trend of state and local tax cuts in the Commonwealth. Not surprisingly, these tax cuts played a major role in reducing the revenue available to fund state and local government budgets, limiting our collective ability to invest in a range of public programs and services, including education, transportation and more.
