

MASSACHUSETTS

2016 RANK
23rd



Population, 2017
6,859,819

Net Migration Rate
-5.9%



State Taxes, Percent
of Personal Income, FY 2017
6.05%

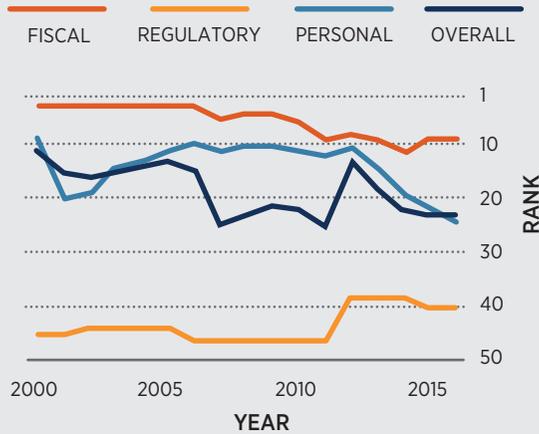
Local Taxes, Percent
of Personal Income, FY 2015
3.96%

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Real Per Capita Personal
Income, 2016, in 2009 \$
\$53,860

Real Personal Income
Growth, CAGR, 2000-15
1.9%



POLICY RECOMMENDATIONS

- **Fiscal:** Massachusetts spends more than twice the national average on housing and community development. It also spends a great deal on interest payments and miscellaneous commercial activities. Cut these areas and pay down debt.
- **Regulatory:** Repeal outdated and cronyist regulations, such as the price-gouging law, the sales-below-cost laws, moving company licensure, and the certificate-of-need law for hospitals.
- **Personal:** Make the civil asset forfeiture regime consistent with its top criminal justice score by requiring a criminal conviction prior to forfeiture and banning equitable sharing that does not comply with this standard.

ANALYSIS

Massachusetts has long had a better economic policy regime than one would expect given its strongly left-of-center electorate, and one of the better records on personal freedom, particularly for criminal justice. It suffers, though, from an onerous regulatory system and some relative decline on personal freedom that has harmed its overall ranking.

On fiscal policy, the nickname “Taxachusetts” is a bit of a misnomer. Massachusetts’s overall tax burden is just slightly higher than average, although individual income taxes are among the highest in the country. Massachusetts residents have ample choice of local government, more than four every 100 square miles. Government debt is high, at about 23 percent of personal income, but has fallen 9 percentage points since FY 2009. Government employment is among the lowest in the country, at 9.3 percent of the private workforce, and government consumption is also low.

On the most important category of regulatory policy, land-use regulation, Massachusetts is worse than average, although our two indicators of zoning stringency give somewhat conflicting judgments. Renewable portfolio standards have grown rather high. Eminent domain for private gain is completely unrestrained. The state has consistently had a higher-than-federal minimum wage, and that rate is now one of the highest in the country, at \$11 per hour in 2018. Worker’s compensation coverage mandates are extreme, though employers have great freedom of choice in funding them, and there is no right-to-work law. The state passed a telecommunications deregulation bill in 2013-14. Occupational freedom is about average in Massachusetts, although nurses enjoy little freedom in the state. Personal automobile insurance remains tightly regulated, and the state has a certificate-of-need law for hospitals, as well as an anti-price-gouging law, licensure of moving companies, and both general and

gasoline-focused sales-below-cost laws. The civil liability system is subpar but has improved over time, although not because of any particular statutory or institutional reforms.

Massachusetts is our top state for criminal justice. It has long locked up fewer of its residents than the vast majority of other states. It also arrests fewer people for drugs and other victimless crimes than most other places. It does not suspend licenses for nondriving drug offenses, and prison phone call rates are low (and went down in 2016). However, its asset forfeiture law is among the worst in the country, putting the burden of proof on innocent owners, giving proceeds to law enforcement, and requiring only probable cause for showing the property is subject to forfeiture. Massachusetts scores highly for cannabis freedom, with a comparatively liberal medical marijuana law enacted in 2011-12 and a recreational use law enacted in 2016 (but implementation was delayed until 2018). The Second Amendment is virtually a dead letter in Massachusetts: the state tries to make guns as expensive as possible (locking mandates; dealer licensing; license to purchase any gun, with safety training) and nearly prohibits carry in public. It is the third-worst state for tobacco freedom, with comprehensive smoking bans and punishingly high cigarette taxes (\$3.51 a pack after having been raised again in 2013-14). Local laws in many spots increase the minimum age of purchase to 21. Educational freedom is low. Homeschooling parents have to jump through many hoops and must meet detailed curriculum guidelines. Private schools are subject to government approval. Casino gambling has expanded, and with it the state’s gambling freedom score has risen. The state’s alcohol freedom score improved in 2013 because of the repeal of the direct wine shipping ban, but wine in grocery stores remains subject to mind-numbingly complex rules undoubtedly designed for some obscure political purpose. Alcohol taxes are lower than average.