

## Talking Points: The Tax Hike Ballot Question

The key arguments set forth by proponents of the constitutional amendment to add a 4% tax on income over \$1 million (the tax hike amendment) misrepresent the facts. Below are the factual counterpoints to each of their three key arguments followed by a set of proactive talking points.

### Revenue Estimates

---

**Proponents' Talking Point:** "The state Department of Revenue estimates that the Fair Share Amendment would raise approximately \$2 billion a year, entirely from the top 1% of taxpayers."

#### Counterpoints:

**The revenue estimate is overstated by more than \$500 million.** The DOR's unpublished estimate did not account for lost revenues from people who choose to leave the state or otherwise plan to reduce their tax burdens. A more recent [study](#) from the independent Center for State Policy Analysis at Tufts University estimates that actual revenue will be \$1.3 billion.

**Revenue will be raised from a revolving door of taxpayers, many of whom usually earn less than \$1 million.** A [report](#) released earlier this year from the Pioneer Institute, used historical IRS data to document that the majority of taxpayers subject to the surtax will be one-time millionaires. These are taxpayers who experience an event or windfall in a single year, like selling a business or property, that temporarily raises their income above \$1 million.

### Dedicated Funds

---

**Proponents' Talking Point:** "the Fair Share Amendment creates an ironclad dedication that the funds raised by the amendment must be spent on those two areas [public transportation and education]."

**Counterpoint: Claims that funds must be spent on education and transportation are simply wrong.** There is no ironclad dedication. This is supported by the Attorney General's [brief](#) during the state's Supreme Judicial Court proceedings last spring, which notes that "expenditures are **contingent** on future legislative action" (emphasis added). The Legislature ultimately decides how to spend all revenues, including from the tax hike.

### Progressivity

---

**Proponents' Talking Point:** "... right now, the richest people are paying **less** of their income in taxes than the rest of us. "

**Counterpoint:** Those with income over \$1 million already pay more of their income to state income taxes than all other taxpayers: [4.7% versus less than 4% for the majority of](#)

[Massachusetts taxpayers](#). They account for 24% of the state's total income tax collections, and \$2 billion more than the total revenues from nearly 2.4 million other taxpayers combined.

### Proactive Talking Points

---

- **This amendment will not reduce anyone's taxes.** The proposal is to add to the state's existing record-high revenues, not to replace revenues from a different source.
- **Massachusetts is the only state in the nation considering a tax increase this year.** Choosing to raise taxes during a time when the state is flush with revenue risks returning to the "Taxachusetts" label and sending a negative message to current and future job creators: if you generate too much profit, we'll place a punitive tax on you.
- **The state has the highest levels of revenue and rainy day savings ever.** Tax revenues are at historic highs and the state has allocated more than \$6.5 billion to its rainy day fund. Tax revenues for the fiscal year that ended on July 1 are so high that state law requires taxpayers be refunded nearly \$3 billion.
- **We risk losing jobs because remote and hybrid work makes jobs more mobile than ever.** Companies and workers can move easily and quickly - and they will. Plus, we've already seen hybrid work's impact on downtown Boston, and if more employers or employees move it will devastate local small businesses.
- **The state's nonprofits - including many that supplement the state's education system - rely on high income earners for funding.** IRS data from 2019 shows that Massachusetts taxpayers with more than \$1 million in adjusted gross income reported more than \$3 billion in charitable contributions. All other Massachusetts filers combined reported \$2 billion in contributions.
- **Small businesses will be negatively affected.** Of the nearly 21,000 tax filers with federal AGI over \$1 million, 13,000 report partnership/S-corp income which includes small businesses. There are also 90 farm returns with income over \$1 million.
- **Education funding disparities risk being exacerbated, not relieved.** This amendment is likely to infuse additional funding into a K-12 funding formula that includes structural disparities between wealthy and needy communities. A 2020 [report](#) from the Chamber documents the disparities that will worsen with the amendment.
- **Joint filers are penalized.** The constitutional amendment does not distinguish between individual versus joint income tax filers. A couple earning \$1 million would be taxed the same as an individual earning \$1 million. The federal income tax, and other progressive tax structures, shift tax brackets to recognize the impact of a two-person filing versus an individual filing. Nearly 90% of taxpayers affected by the tax are joint filers.