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## **Close Corporate Tax Loopholes to Invest in Transportation, Says New Report**

*Raise Up Massachusetts & Green Justice Coalition Offer Transportation Spending Priorities, Proposals to Ensure That Corporations Pay Their Fair Share*

**BOSTON** – In a new report released today, [Raise Up Massachusetts](#) and the [Green Justice Coalition](#) outline a set of priorities for transportation spending and propose specific revenue policies that could immediately be used to fund major investments in transportation. The two coalitions joined together to call for major new investments in the Commonwealth’s transportation systems, funded by closing corporate tax loopholes and ensuring that large, profitable corporations are paying their fair share.

The report (view it [here](#) or [here](#)) proposes tax policy changes that would immediately infuse hundreds of millions of dollars into the Commonwealth’s transportation systems by taxing offshore corporate profits, increasing the \$456 annual corporate minimum tax for large companies, and ending a lucrative tax giveaway for mutual fund companies.

“In recent years, the only group that has done more to pay for our transportation systems is public transit riders,” said **María Belén Power, Associate Executive Director of GreenRoots, Inc., a member of the Green Justice Coalition**. “Massachusetts residents are willing to pay our fair share to invest in our commonwealth’s transportation infrastructure, but it’s long overdue for corporations to do the same. We need corporate fair share policies now.”

“Other proposals to address this crisis would only add to the burden that struggling commuters already face. We need major investments to fund a transportation system that creates broadly shared prosperity, but we cannot balance our budgets solely on the backs of working people!” said **Cindy Rowe, Executive Director of the Jewish Alliance for Law and Social Action (JALSA), a**

**member of the Raise Up Massachusetts Steering Committee.** “Large corporations generate immense profits for their shareholders by using our publicly-funded transportation systems to transport their workforce and customers, and to deliver their goods to market. We think it is only just that corporations contribute a fair share of those profits to make the transportation investments we all desperately need.”

Copies of the report are being distributed to every member of the Massachusetts legislature on Wednesday. As the legislature considers a transportation revenue package this year, the report lays out the position of the two coalitions, which collectively represent more than 100 community, faith, environmental, and labor organizations:

*“The Green Justice Coalition and Raise Up Massachusetts believe that any transportation revenue package considered by the Legislature this year must move us toward a more equitable and sustainable transportation system, and toward a more progressive tax system that reduces economic inequality. To do so, we support an economically progressive transportation revenue package that balances any regressive ‘user taxes’ with revenue generated by ensuring that large, profitable corporations are paying their fair share.”*

The report lays out five principles for transportation spending:

- **Transportation should be sustainable:** New investment should help reduce the state’s greenhouse gas emissions and increase the climate resiliency of our communities.
- **Transportation investments should be statewide:** Transportation spending should address the unique needs of residents in every region of the Commonwealth.
- **Public transit should be public:** Public ownership, operation, and management should form the baseline of our transit systems.
- **Public transit should be affordable:** Lower-income people, who are more likely to depend on public transit, should have access to affordable discounted fares.
- **Public transit should be equitable and accessible:** New investment should prioritize service to those historically left out of the full benefits of public transportation: people of color and working-class communities.

“Our transportation system is in a crisis, and we need major investments to support those historically left out of the full benefits of transportation investment, especially people of color and working-class communities,” said **Andrea Nyamekye, Campaign & Policy Director at Neighbor to Neighbor, a member of the Green Justice Coalition.** “We need affordable, equitable public transit. Reduced fares for low income people who ride the MBTA and RTAs across the state should be a priority for legislators who want to support working families who rely on the T and struggle to make ends meet.”

“Decades of neglect have left us with crumbling roads and bridges, and transit and rail systems that can’t keep up with demand or weather; while low and-middle income people pay their fair share into the system and corporations contribute next to nothing,” said **Steven Tolman,**

**President of the Massachusetts AFL-CIO, a member of the Raise Up Massachusetts Steering Committee.** “Too often we see corporate think-tanks push privatization as the answer – but the result is always the same: little or no cost savings for the public, diminished public services, loss of transparency and oversight, significantly diminished job quality, and dwindling resources into our communities. We need corporations to pay their fair share to support the transportation infrastructure our economy depends on.”

The report also lays out principles for transportation revenue, and proposes five specific revenue policies. One long-term policy, **the Fair Share Amendment**, is an additional tax of four percentage points on the portion of a person’s annual income above \$1 million, dedicated to transportation and public education, which would generate approximately \$2 billion/year. In June 2019, the Legislature advanced the Fair Share Amendment one step closer to the ballot with a Constitutional Convention vote of 147 in favor to 48 opposed. The Amendment needs to receive another 50% vote of the constitutional convention during the 2021/2022 legislative session in order to be placed on the November 2022 ballot.

In the report, Raise Up Massachusetts and the Green Justice Coalition propose four near-term policies for inclusion in a transportation revenue package this year:

- **GILTI (Global Intangible Low Taxed Income) Tax:** A tax on a portion of corporations’ US profits that are shifted to offshore tax havens. In a little-noticed move last year, lawmakers exempted 95% of this income from taxation, shielding offshore tax dodgers. *Would generate approximately \$250-350 million/year.*
- **Tiered Corporate Minimum Tax:** A tiered tax to ensure that larger corporations pay a minimum corporate tax bill in proportion to the size of their business in MA, while small businesses continue paying the current corporate minimum tax of \$456 per year. *A revenue estimate is unclear due to a lack of adequate corporate disclosure, but the current corporate minimum tax generated \$55.9 million in 2015.*
- **End the Single Sales Factor Tax Cut for Mutual Fund Service Companies:** This tax cut was instituted to promote financial sector employment in Massachusetts but has failed to stop recipients from transferring jobs out of state. *Would generate approximately \$140 million/year.*
- **Corporate Disclosure:** Laws to measure the effects of existing corporate tax loopholes, giving advocates and policymakers the information needed to identify corporate bad actors and generate additional future revenue by closing corporate tax loopholes.

“By focusing on proven strategies to close tax loopholes that are used by multinational and multistate corporations, these policies will immediately generate significant and sustainable revenue for investment in transportation,” said **Harris Gruman, Executive Director of the SEIU Massachusetts State Council, a member of the Raise Up Massachusetts Steering Committee.** “They’ll generate this revenue while also helping to close the enormous gap that exists between the top 1 percent and everyone else in Massachusetts. That’s how we ensure that economic growth in our Commonwealth is broadly shared.”

The report recognizes that after years of underinvestment, Massachusetts' transportation systems are at a crisis point. From Greater Boston, which faces the worst traffic congestion in the country and a transit system plagued with delays, overcrowding, and safety problems, to other regions of the state with limited access to public transportation options and decaying roads and bridges, our transportation systems are functioning as a barrier to opportunity, rather than supporting working families and lower-income people.

"Because of our past failures to invest in transportation, working people all across Massachusetts are forced to deal with lengthy commutes, high transportation costs, and a lack of opportunity," said **Lee Matsueda, Executive Director of Community Labor United, a member of the Green Justice Coalition**. "If we want equitable, modern, climate-friendly transportation options and good jobs in every community across the Commonwealth, we need to raise major new revenue for investment in transportation."

The report also explains how the benefits of economic growth in Massachusetts have increasingly gone only to the very wealthy, and how our state tax system is making things worse. Low- and moderate-income households in Massachusetts pay a larger share of their income in state and local taxes than households with higher incomes do. The Fair Share Amendment, which would tax annual incomes over \$1 million to generate \$2 billion dollars each year for investments in transportation and public education, would go a long way toward making our tax system more fair.

"The Fair Share Amendment should be in effect today, but five corporate lobbying organizations chose to finance a million-dollar lawsuit that removed it from the ballot and delayed the revenue for four years," said **Beth Huang, Director of the Massachusetts Voter Table, a member of the Raise Up Massachusetts Steering Committee**. "We're going to pass the Fair Share Amendment on the 2022 ballot, but their lawsuit cost Massachusetts \$8 billion in revenue we could be using right now to invest in roads and bridges, public schools and colleges, and public transportation infrastructure."

And while large, profitable corporations move their goods on our publicly-funded roads and bridges and bring their employees to work on our public transportation systems, too many of these corporations pay only minimal taxes in Massachusetts, because they exploit loopholes, tax breaks, and offshore tax havens. A 2018 report by the Council on State Taxation (COST), a corporate trade association, ranked Massachusetts in the bottom fifth of all states in terms of overall business tax levels, and found that there are only eight other states in which businesses pay a smaller share of total state and local taxes. In Massachusetts, corporate tax payments have dropped significantly as a share of total state tax collections, even as corporate profits have risen nationally. And corporations just received a massive federal tax cut, which is likely worth around \$4 billion each year for just Massachusetts businesses, from Republicans and the Trump Administration.

The report reveals that thousands of large corporations doing business in Massachusetts pay only \$456 each year in state taxes on their profits, less than a Massachusetts resident would

pay for a year of bus passes for the MBTA (\$660) or for regional transit systems in Worcester (\$684), the Pioneer Valley (\$648), or Brockton (\$480); for 5 months of turnpike tolls driving from Framingham to Boston (~\$462); or for 2 months of commuter rail travel from Lynn or Dedham to Boston (\$464).

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*Raise Up Massachusetts is a coalition of community organizations, religious groups, and labor unions committed to building an economy that invests in families, gives everyone the opportunity to succeed, and creates broadly shared prosperity. Since our coalition came together in 2013, we have nearly doubled wages for hundreds of thousands of working people by winning two increases in the state's minimum wage, won best-in-the-nation earned sick time and paid family and medical leave benefits for workers and their families, led the campaign for the Fair Share Amendment to invest in transportation and public education, and started to build an economy that works for all of us, not just those at the top. Learn more at [raiseupma.org](http://raiseupma.org).*

*The Green Justice Coalition is a partnership of community-based, environmental, and labor allies who lead campaigns that have a meaningful impact on working-class people and communities of color. Together, our members organize and advocate for a just transition to a sustainable economy that allows our communities to achieve environmental and economic justice. Learn more at [greenjusticecoalition.org](http://greenjusticecoalition.org).*