



## **Invest in Our Recovery, Don't Cut Public Services! It's Time for Large, Profitable Corporations and Their Wealthy Shareholders to Pay Their Fair Share!**

To fight COVID-19, relieve the economic damage it is causing for workers, families, and businesses, and tackle racial inequalities, **we need a government response that rises to the needs of our communities, which are greater than ever.** As Massachusetts responds to the COVID-19 pandemic and resultant state revenue shortfall, we must not default to severe budget cuts that would only worsen the effects of this downturn, impair our economy's recovery, and further harm the people and communities who are already disproportionately impacted by the COVID-19 pandemic, especially people of color, immigrants, and low-income communities.

Lawmakers have a choice: **we can let deep budget cuts drive us deeper into a recession that deepens racial and economic inequities, or we can invest in public services that improve public health, grow our economy, and reduce racial inequality.** We need Emergency Paid Sick Time to protect the health and safety of workers. Healthcare, transportation, education, safety net programs, and other critical areas of the state budget need more support now, not less.

Large corporations and their wealthy shareholders have used loopholes, tax breaks, and weak corporate disclosure laws to avoid paying their fair share of taxes for years. Just in the last four years, large corporations have received federal tax cuts worth billions of dollars a year in Massachusetts alone. **And throughout the economic crisis we're facing, many large corporations continue to generate enormous profits that flow to their extremely wealthy shareholders.** It's time that they pay more to support our economic recovery.

**Massachusetts can raise significant new revenue from profitable corporations and their shareholders this year, avoid destructive budget cuts, and instead, invest in our recovery!**

*[raiseupma.org/invest](https://raiseupma.org/invest)*

## Invest in Our Recovery With Corporate Fair Share Policies

During each of the last three recessions, MA lawmakers avoided deeper budget cuts by raising \$1.1 billion to \$2.5 billion in new revenue. Raising progressive revenue to avoid budget cuts is the best way to avoid prolonging a recession, and reduces racial inequality, especially when the new revenue is used to invest directly in Black and Brown communities. Legislators should adopt policies that ask profitable corporations and their wealthy shareholders to contribute more to our economic recovery:

- **Increase the Tax Rate on Corporate Profits** – Like most states, Massachusetts taxes corporate profits. Businesses that are turning a profit should be expected to contribute more to support the public goods on which their profits are based, especially during a public health and state fiscal crisis. *Raising the current rate of 8.0% to the pre-2009 rate of 9.5% could generate \$450 million to \$525 million annually from profitable businesses, even during a recession.*
- **Tax Profits Shifted Overseas by Increasing the Tax Rate on GILTI (Global Intangible Low Taxed Income)** – Many multinational corporations that do business in MA dodge taxes by using complex accounting schemes that make their MA-based profits appear to have been earned in offshore tax havens. This “income shifting” often places these profits beyond the reach of US tax authorities. Massachusetts should do the same as many other states and the federal government, and couple to a federal provision that identifies this shifted income and allow states to tax a portion of it. *Could generate \$200 - \$400 million annually.*
- **Increase the Tax Rate that Investors Pay on Unearned Income** – Over the last several decades, Massachusetts has reduced the tax rate on most types of unearned income (income from investments and other forms of asset ownership, such as stocks, bonds, and dividend and interest income). Today, most unearned income is taxed at the same rate as earned income (income from wages and salaries). Unearned income goes overwhelmingly to corporate shareholders and other high-income individuals, who currently pay a smaller share of their income toward state and local taxes in MA than the rest of us do. These high-income investors should be expected to contribute more to support the public goods on which we all depend. *Each percentage point increase from the current rate of 5.0% could generate \$400 to \$500 million annually.*

### **About Raise Up Massachusetts**

*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.*