



June 26, 2020

Senate President Spilka, Senate Ways and Means Chair Rodrigues, Senate Transportation Chair Boncore, Senate Revenue Chair Hinds, and members of the Massachusetts State Senate,

Thank you for your hard work managing the Commonwealth's response to the COVID-19 crisis, and for recognizing the economic and health impacts it is having on working families.

As community groups, faith-based organizations, and labor unions, we strongly believe that the intersecting crises of public health, economic disruption, and systemic racism we are facing must be met with a government response that rises to the needs of our communities, which are greater than ever. We also know that an adequate response from state government will require significant new revenue.

We write today to urge you to advance the transportation revenue bill passed by the House in March, and to build on it with additional progressive revenue sources so that Massachusetts can avoid destructive budget cuts, and instead invest in healthcare, transportation, education, safety net programs, and other critical areas of the state budget.

When the House passed its transportation revenue package, including a tiered increase to the corporate minimum tax, we said "the legislation passed by the House today puts Massachusetts on the road to both a better statewide transportation system, and a more equitable approach to transportation funding. We hope the Senate will pass a progressive revenue bill, including significant corporate taxes, that continues to raise substantial revenue for much-needed investments in transportation." While the COVID-19 crisis has created new challenges for state government, **we continue to stand by those words today.**

We know that large corporations make massive profits by using our transportation infrastructure to move their goods and customers, and strongly believe that they must pay their share to help fund transportation improvements. Especially at a time when traditional sources of transportation revenue have dried up, and when the good-paying jobs created by transportation investments are sorely needed, **we urge you to move forward with raising transportation revenue this legislative session.** Our public transportation systems need resources to run frequent service that allows for social distancing, and investments that will prevent traffic congestion from returning.

We also urge you to build on the revenue package passed by the House and take this opportunity to pursue the progressive revenue options, such as increasing the tax rate on corporate profits, taxing GILTI (Global Intangible Low Taxed Income), and increasing the tax rate that investors pay on unearned income, that are necessary to maintain adequate levels of state spending and invest in healthcare, transportation, education, safety net programs, and other critical budgetary priorities. Communities that have been devastated by the public health and economic crises, especially Black, Brown, and immigrant communities that have been disproportionately harmed by COVID-19 because of the effects of systemic racism, need more support now, not less.

Massachusetts has the ability to raise significant new revenue now, without putting the burden on those most affected by the pandemic. Many large, profitable corporations that do business in Massachusetts use loopholes to hide their profits. Some exploit tax breaks to avoid paying their fair share of taxes. Many take advantage of weak corporate disclosure laws to keep the public in the dark about just how little they contribute. **And throughout the economic crisis we're facing, many large corporations continue to generate enormous profits that flow to their extremely wealthy shareholders.**

During each of the last three recessions, the Legislature raised \$1.1 billion to \$2.5 billion in new revenue, delayed planned tax reductions, and/or reduced tax breaks for corporations, helping to prevent or reduce budget cuts that otherwise would have been necessary to achieve a balanced budget. By increasing the tax rate on corporate profits, taxing GILTI (Global Intangible Low Taxed Income), and increasing the tax rate that investors pay on unearned income, Massachusetts can raise significant new revenue from profitable corporations and their shareholders this year.

The economic facts are clear: raising progressive revenue to avoid budget cuts is the best way to avoid prolonging a recession. State budget cuts hurt economic growth by removing money from our local economy – money that would otherwise be spent at local businesses and recirculate in the local economy. Progressive tax increases affect consumer spending much less, because a significant portion of dollars collected in additional taxes from high-income individuals and profitable corporations would have gone to savings, trust funds, stock buybacks, or investments in other states or countries. And due to the enormous racial wealth disparities that exist in Massachusetts, progressive tax increases reduce racial inequality, especially when the new revenue is used to invest directly in Black and Brown communities.

We hope you will see the intersecting crises we face as an opportunity to move forward with investments that improve public health, grow our economy, and tackle racial inequalities. **We urge you to seize this opportunity by advancing the transportation revenue package and building on it with additional progressive revenue sources, in order to build a stronger, more equitable Commonwealth.**

Sincerely,

Raise Up Massachusetts Steering Committee

1199SEIU United Healthcare Workers East

Massachusetts Jobs with Justice

AFT Massachusetts

Massachusetts Teachers Association (MTA)

Coalition For Social Justice (CSJ)

Massachusetts Voter Table

Jewish Alliance for Law and Social Action
(JALSA)

Progressive Massachusetts

Massachusetts AFL-CIO

SEIU Local 509

Massachusetts Communities Action
Network (MCAN)

SEIU Massachusetts State Council