



Invest in Our Recovery, Invest in Our Future

It's Time for Multi-Millionaires and Large Profitable Corporations to Pay Their Fair Share!

To recover from the COVID-19 pandemic, relieve the economic damage it has caused for workers, families, and businesses, and tackle racial inequities, **we need a government response that rises to the needs of our communities, which are greater than ever.** This will require significant new state revenue, and the best and most popular way to raise it is by taxing multi-millionaires and profitable corporations.

We need new revenue to invest in the public services needed to recover from the effects of the COVID-19 pandemic, like **emergency paid sick time, food assistance, and eviction prevention.** Even before the pandemic, we needed new investments in our **public education, child care, and transportation systems,** and now those investments are needed more than ever to lift our economy into an equitable recovery.

During each of the last three recessions, Massachusetts lawmakers maintained investments in public services by raising \$1.1-\$2.5 billion in new revenue. **Budget cuts and delayed investments would only worsen the effects of this downturn** and further harm the people and communities who are already disproportionately impacted by the pandemic, especially people of color, immigrants, and low-income communities.

For years, multi-millionaires and large corporations have used low rates, tax breaks, and loopholes to avoid paying their fair share of taxes. **And while countless people and small businesses suffer during this crisis, many large corporations are making record profits, and multi-millionaire investors have seen their net worth skyrocket.** It's time that they pay their fair share to support our economic recovery.

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.



Invest in Our Recovery with Corporate Fair Share Policies

For decades, profitable Fortune 500 companies have manipulated the tax system to avoid paying even a dime in federal tax on billions of dollars in U.S. profits. And just **in the last four years, large corporations have received federal tax cuts worth billions of dollars a year** in Massachusetts alone. A recent [ITEP report](#) found that in 2018, 60 of America's biggest corporations paid zero federal taxes on \$79 billion in U.S. pretax income. 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.**

During the COVID-19 public health and economic crisis, 17 out of America's top 25 corporations are still [making](#) extraordinary profits, and are distributing 99 percent of their net profits to their wealthy shareholders, even as many small businesses and families struggle to get by. This year, Massachusetts legislators should adopt two policies that ask profitable corporations to contribute more to our economic recovery:

- **Increase the Tax Rate on Corporate Profits (HD.1020 / SD.428)** – 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 \$375 to \$500 million annually from profitable businesses.* Independent [polling](#) conducted by MassINC in December 2020 found that 68 percent of MA voters support this policy.
- **Tax Profits Shifted Overseas by Increasing the Tax Rate on GILTI (Global Intangible Low Taxed Income) (HD.452 / SD.173)** – 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. However, the federal government has found a way to identify this income and now allows states to tax a portion of it. *Joining other states in taxing GILTI could generate \$200 - \$400 million annually.* [Polling](#) conducted by Echo Cove Research in July 2020 found that 84 percent of MA voters support this policy.



Invest in Our Future with the Fair Share Amendment

For years, the highest-income households in Massachusetts – those in the top 1 percent – have paid a smaller share of their income in state and local taxes than any other income group. They've also benefited from repeated federal tax cuts: 83 percent of the 2017 tax bill's benefits [went to](#) the top 1 percent, and last year, the federal CARES Act [included](#) \$135 billion in tax breaks for wealthy business owners.

Several months into the COVID-19 public health and economic crisis, thousands of Massachusetts families and small businesses are struggling just to get by. But the stock market has continued to soar, and **multi-millionaire investors have seen their net worth skyrocket**. The 19 billionaires in Massachusetts saw their wealth [increase](#) by a total of \$17 billion during the first three months of the COVID-19 pandemic.

The Fair Share Amendment is a proposal to amend the Massachusetts Constitution, creating an **additional tax of four percentage points on the portion of a person's annual income above \$1 million**. The new revenue, approximately \$2 billion a year, would be spent on **quality public education, affordable public colleges and universities, and the repair and maintenance of roads, bridges, and public transportation**. To ensure that the amendment continues to apply only to the highest income taxpayers, who have the ability to pay more, the \$1 million threshold would be adjusted each year to reflect cost-of-living increases.

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. Independent [polling](#) conducted by MassINC in December 2020 found that 72 percent of MA voters support the Fair Share Amendment.

Our wealthiest residents can clearly afford to pay a little more to fund the investments we all need. In order to meet the long-term revenue needs of the Commonwealth in an equitable way, it is essential that the Legislature act this year to place the Fair Share Amendment on the 2022 ballot for the voters to decide.