



The Fair Share Amendment – FAQ

By becoming active in the fight for passage of the Fair Share Amendment, MTA members will play a vital role in securing a financially sound future for public education, from preK through college. The Fair Share Amendment will be on the Massachusetts ballot on Nov. 8, 2022. The MTA is a key member of the Raise Up Massachusetts coalition, which has long been advocating for the adoption of the measure. What follows are some of the most common questions about the campaign, along with answers developed by Raise Up Massachusetts. For information as the campaign progresses, visit massteacher.org/fairshare.

Page	Question
2	What is the Fair Share Amendment?
2	Why do we need it?
3	Why do our preK-12 schools need investment?
3	Why does our transportation infrastructure need investment?
4	Why do our public colleges and universities need investment?
4	How would the Fair Share Amendment help communities of color specifically?
5	How would the Fair Share Amendment help rural communities specifically?
5	How would the Fair Share Amendment help people with disabilities specifically?
6	How does the legislative Fair Share Amendment differ from the prior citizens' initiative? Is it constitutional?
6	How was the Fair Share Amendment placed on the ballot?
6	Why is a constitutional amendment needed at all?
7	Is it constitutional to dedicate funds to transportation and public education?
7	Is this just another attempt to create a graduated income tax?
7	Will the legislature still have flexibility to adjust tax policy without further constitutional amendments?
7	Who won't pay?
7	Who will pay? How much will they pay?
8	How many individuals would pay in my city or town?
8	Why should high-income individuals and households pay more?
8	How does it compare to other revenue sources?
8	How much revenue would be raised?
9	Why do we need that revenue?
9	How would we compare to other states?
9	What about changes in the economy post-COVID and the spread of remote work?
10	Isn't Massachusetts getting billions of dollars in federal aid? Why do we need more state revenue?
10	Don't we have an enormous state budget surplus? Why do we even need the money?
10	How would this affect businesses that are structured as S-Corporations or other "pass-through" entities?
11	Could somebody ever pay because of selling real estate?
11	Will \$1 million seem like a smaller threshold after many years?
11	Would millionaires move to other states to avoid this tax?
12	How does the Fair Share Amendment interact with the federal tax changes that occurred under the Trump administration?
	What about the reduction in the state and local tax (SALT) deduction?
12	Do we really need investments in transportation? Doesn't everyone telecommute now?
12	Will the money really go to transportation and public education?
12	Where does the public stand on the Fair Share Amendment?



What is the Fair Share Amendment?

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 and affordable public colleges and universities, and for 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.

Why do we need it?

To help working families, to ensure Massachusetts stays a great place to live, work, and raise a family, and to build a stronger economy for us all, **we need to make sure we have high-quality public schools and colleges and a transportation system that works.** Without investments in these common goals, working families fall behind and our communities suffer.

Even before the COVID-19 pandemic, Massachusetts' economy was working great for those at the top, but that prosperity wasn't reaching most of our people and communities. Our transportation infrastructure was falling apart. Our public colleges were underfunded and increasingly unaffordable, and our public education system wasn't providing equal opportunity to all students. For years, Massachusetts' communities of color have been harmed by inequitable and inadequate access to transportation and public education. Now, the pandemic has heightened these economic and racial inequities that prevent broadly shared prosperity.

No matter our race, our background, or our income level, most of us work hard for our families, and we want the same things: good schools and colleges, and a transportation system we can rely on. But today, a few of the highest-income individuals are hoarding incredible amounts of wealth and starving the public services we all depend on. **We need to come together with people from all walks of life to win better schools and transportation infrastructure, just like we won better wages and family-supporting benefits in the past.**

As we recover from the pandemic and in the future, **new revenue is necessary** to improve our public schools and preK programs; rebuild crumbling roads, bridges, sidewalks, and bike paths; make high-quality public higher education affordable; and invest in fast and reliable public transportation.

Long before the pandemic, we needed new investments in our transportation and public education systems, and **now those investments are needed more than ever** to lift our economy into an equitable recovery and tackle the longstanding racial inequities that hold our state back from its full potential. Massachusetts needs sustainable, long-term revenue for these investments that doesn't require low- and middle-income families to pay more.

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**, while benefiting from repeated federal tax cuts. Our wealthiest residents can clearly afford to pay a little more to fund the investments we all need.

And while countless people and small businesses suffered during the COVID-19 crisis, wealthy executives and investors saw their incomes skyrocket. **It's time for million-dollar earners to pay their fair share** to support our economic recovery and the public services we all depend on.



Why do our preK-12 schools need investment?

One of our Commonwealth's greatest strengths is our world-class education system, and the success of our entire economy depends on remaining an education leader. But many schools across the state face crumbling school buildings, large class sizes, and inadequate programming that is holding our students back. All students need a well-rounded education, founded on a rich and varied curriculum that includes science, technology, engineering, and math (STEM), music, art, and athletics, but many schools have been forced to cut these essential programs due to budget shortfalls.

Our state's high-quality vocational high schools have long waiting lists that lock out students who want a vocational education. School districts across the state have developed high-quality public preK programs that support working parents and pay off handsomely for students' future lives and livelihood, but districts don't have the funding they need to serve all families who want access to public preK. Additional state revenue is necessary to continue investing in our public schools and give all of our students access to a complete education.

Low-income students need the hundreds of millions in state education funding that was promised to them in the Student Opportunity Act this year. Now more than ever, students need the smaller classes, social-emotional supports, and additional counselors, nurses, and social workers the Student Opportunity Act was meant to support. Without new revenue from the Fair Share Amendment, the state will struggle to fully implement the Student Opportunity Act on the promised schedule and deliver its promise of fully-funded schools in every community.

Why does our transportation infrastructure need investment?

Right now, our transportation network is stuck in the last century. For Massachusetts to address congestion and compete against other regions around the nation and the globe, we need to invest in modern, reliable transportation: safer roads and bridges, public transportation that works, and safe ways to walk and bike around town.

[Almost 500 bridges in Massachusetts](#) are "structurally deficient," meaning they have "major deterioration, cracks, or other flaws that reduce [the] ability to support vehicles. We have a large backlog of neglected and structurally compromised bridges, tunnels, roads, paths, and public transportation infrastructure in need of repair. These problems will only get more dangerous and more expensive to solve in the future.

Massachusetts [faces](#) an estimated \$8 billion transportation funding gap over the next 10 years just to bring the Commonwealth's roads, bridges, and MBTA infrastructure into a state of good repair. Our regional transit authorities around the state need more funding to offer evening and Sunday service and additional bus routes to get students to and from class, provide access to medical appointments and errands for seniors and other bus riders, and reduce congestion. To combat climate change over the coming decades, we [need to](#) dramatically improve and expand our public transportation systems, while also greatly expanding the state's network of charging stations for electric vehicles.

The MBTA and regional transit authorities have a long list of commuter rail, subway, bus, and ferry improvement projects that remain unfunded. A growing movement of riders and local officials have called for buses to be fare-free in order to improve operations and equity, but the conversation remains stalled without available funding. Meanwhile, the MBTA [says](#) that its spending on capital projects is expected to start falling in 2023 and plummet to half its current level by 2026 due to a lack of adequate funding.



Why do our public colleges and universities need investment?

Our public colleges' inadequate budgets force them to consider laying off hundreds of workers who provide critical services to students, when they should be focused on ensuring that workers who lost their jobs during the pandemic have affordable paths to higher education to get on a new career path.

Investments in public higher education produce some of the best short- and long-term economic returns of any government spending. [Research by University of Massachusetts Amherst professor Michael Ash](#) finds that while it costs approximately \$69,000 to educate someone in a public college or university in Massachusetts, that person ends up contributing \$146,000 in taxes, and that money put into public higher education has a significant economic multiplier effect. In addition, our public higher education system contributes to developing active citizens, conducting crucial research, retraining workers, and allowing for life-long learning.

But as a result of years of state disinvestment in public higher education, tuitions and fees at our public colleges and universities are among the highest in the country, and [students are forced to take on enormous debt](#) to receive a degree. We need to re-invest in quality public higher education, to make it affordable for middle- and working-class students in our state.

Before 1987, a student working a minimum wage job could pay their way through UMass Amherst without any debt. [Today](#), the average UMass Amherst student who takes out student loans to pay for school is graduating with over \$31,000 in student debt, and the average graduate of Bridgewater State with loans leaves school with over \$33,000 in student debt. This debt is holding back our entire economy. [Research by UMass Amherst Ph.D. candidate Anastasia C. Wilson](#) finds that the state forgoes \$2.5 billion in savings, equity and economic activity due to the burden of debt held by the Commonwealth's college graduates.

How would the Fair Share Amendment help communities of color specifically?

For years, Massachusetts' communities of color have been harmed by inequitable and inadequate access to transportation and public education. Our urban school districts, which educate the vast majority of students of color, have been systematically underfunded for decades as a result of their reliance on property taxes, which harms communities of color that have been subject to decades of housing discrimination and denied opportunities to build wealth. The Student Opportunity Act, designed to repair that underfunding, needs new revenue to be fully implemented.

Decades of housing discrimination and the legacy of redlining and "urban renewal" policies have resulted in Black and brown residents having less access to high-quality public transportation options. Our public higher education system, which was once affordable when most students were white, is now increasingly out of reach to Black and brown students who don't benefit from generational transfers of wealth. The Fair Share Amendment would provide the resources necessary to invest in equal educational quality for all students, equitable transportation infrastructure that links residents to education and job opportunities, and high-quality public higher education that doesn't bury students in debt.

Moreover, Massachusetts has an unconscionable racial wealth gap. A few, mostly white people continue to pile up additional millions, while others, including mostly people of color, are denied opportunities to build wealth. The same old policies aren't going to change that. Asking those who benefit most from our economy to contribute a bit more will promote racial justice by democratizing prosperity across color lines.



How would the Fair Share Amendment help rural communities specifically?

Massachusetts' rural communities have needs that aren't being met by our existing transportation and public education systems. The state education funding formula doesn't adequately account for the high transportation costs that rural school districts face. Many such communities also are lower-income and have limited ability to raise additional property taxes to help fund their schools.

Annual road funding bills don't meet the needs of small towns with hundreds of miles of roads that need repaving, and regional transit authorities don't have the resources to provide adequate service in areas where the population is spread out, even though public transit is often a lifeline for people who are unable to drive due to illness, injury, age, or other reasons. The Fair Share Amendment would provide the resources necessary to invest in the infrastructure that our rural communities need to remain livable and healthy.

How would the Fair Share Amendment help people with disabilities specifically?

When state government fails to adequately invest in our communities, people with physical and/or mental disabilities often feel the effects first. From building high-level train platforms so that people in wheelchairs (or anyone who can't use the steps on commuter rail trains) can board at all doors, to ensuring that all MBTA and RTA bus stops are fully accessible, to rebuilding local roads and bridges with wider, accessible sidewalks, to supporting paratransit service like the RIDE, investments in accessible transportation infrastructure are badly needed across the Commonwealth. In our public schools and colleges, more paraprofessionals, counselors, and other educators are needed to ensure that every student can access a high-quality education. The Fair Share Amendment would provide the resources necessary to make our transportation and public education systems significantly more accessible.



How does the legislative Fair Share Amendment differ from the prior citizens' initiative? Is it constitutional?

The state constitution gives the people of Massachusetts the right to vote to amend our constitution. There are two pathways for amendments to be presented to the voters. Each pathway has a separate and distinct set of requirements that proposed amendments must meet.

The **legislative amendment** process, which was included in the original state constitution, allows any legislator to introduce a constitutional amendment. The amendment must then receive the support of 50% of the Legislature in two consecutive constitutional conventions, followed by an affirmative vote by the people on the ballot. This method does not require signature collection at any time. There is no requirement that the subjects in a legislative amendment be related.

The **citizens' amendment** process, which is how Raise Up Massachusetts first pursued the Fair Share Amendment, was created by a constitutional convention in 1917. This process begins with petitions signed by thousands of citizens. The amendment must then receive the support of 25% of the Legislature in two consecutive constitutional conventions, followed by an affirmative vote by the people on the ballot. Some of the 1917 constitutional convention delegates were distrustful of giving the people this power, so they created additional restrictions that only applied to citizens' amendment, including a requirement that all items in the amendment be "related or mutually dependent."

The original Fair Share Amendment, a citizens' amendment, garnered over 150,000 signatures from Massachusetts voters and then passed two constitutional conventions with the support of 134 out of 200 legislators. Large majorities of voters have supported it in repeated public polling.

But a corporate-financed lawsuit backed by over a million dollars in undisclosed donations, and led by five corporate lobbying organizations – Associated Industries of Massachusetts, the Massachusetts Competitive Partnership, the Massachusetts High Technology Council, the Massachusetts Taxpayers Foundation, and the National Federation of Independent Business – led to the original Fair Share Amendment being removed from the ballot on a procedural technicality.

The Supreme Judicial Court ruled against the original Fair Share Amendment on the grounds that it did not meet the "related or mutually dependent" requirement for citizens' amendments. This requirement does not apply to legislative amendments.

How was the Fair Share Amendment placed on the ballot?

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. In June 2021, the Constitutional Convention voted 159-41 to place the Fair Share Amendment on the November 2022 statewide ballot.

Why is a constitutional amendment needed at all?

Unlike the federal government and many other states, which have graduated income taxes (i.e. they tax higher amounts of income at higher rates) the Massachusetts constitution only allows income to be taxed at one flat rate, currently 5 percent. This means that legislative attempts to raise the income tax for high-income earners also affect low- and middle-income people who already pay their fair share. Amending the constitution with the Fair Share Amendment would create a single additional "surtax" of four percentage points on the portion of a person's annual income above \$1 million, providing billions of dollars for investments in transportation and public education, entirely funded by million-dollar earners in the top 1 percent.



Is it constitutional to dedicate funds to transportation and public education?

Yes. Dedicating the revenues from this amendment in the text of the Constitution ensures that the money must be spent on those important goals, where the voters want it to go. The Fair Share Amendment properly dedicates funding to the general purposes of transportation and public education, just like the state Constitution already dedicates gas tax revenue to specific uses. It is the Legislature's job to then make specific appropriations, like funding regional transit authorities, expanding public preK, maintaining bridges, reducing tuition at public colleges and universities, etc.

Is this just another attempt to create a graduated income tax?

The constitutional amendment would not change the Constitution's prohibition on the Legislature setting multiple tax brackets. It would only create a single additional "surtax" of four percentage points on the portion of a person's annual income above \$1 million. Setting other tax brackets, at other levels, would still require a separate constitutional amendment, with a four year process and multiple veto points.

Will the legislature still have flexibility to adjust tax policy without further constitutional amendments?

Yes. Just as they can currently, legislators would still be able to adjust the basic income tax rate upwards or downwards. As circumstances warrant, they could also adjust separate rates for different kinds of income, such as income from short-term investments, income from dividends and interest, and income from long-term capital gains. There also are numerous credits, deductions and exemptions, all of which can be adjusted. In short, even with the FSA in place, the legislature would continue to have a great deal of flexibility in setting tax policy. The only fixed feature is that the very highest portion of a tax filer's income, over \$1 million, would be subject to an additional 4 percent rate.

It's worth noting that in the face of the economic disruption caused by the COVID-19 pandemic, states with more progressive tax structures, such as those with "millionaire taxes," [have weathered the recession better](#), with some states even experiencing a budget surplus amid the pandemic. Massachusetts has been underinvesting in transportation and public education for years, and that puts our economy at risk. Investments in transportation and public education are some of the best ways to strengthen our economy, making us more resilient in future economic downturns. And other states that tax their highest-income residents at a higher level have gone through recessions without negative consequences.

Who won't pay?

As it stands now, everyone in Massachusetts pays the same 5 percent income tax, no matter how much you earn. Over 99 percent of us won't pay a penny more, but we will all benefit from investments in transportation and public education that contribute to economic growth.

Who will pay? How much will they pay?

Anyone with an annual income of over \$1 million would pay an additional 4 percentage points only on the portion of their annual income above \$1 million. For example, if a tax filer's annual income is \$1.1 million, they would pay an additional \$4,000. If their annual income is \$5 million, they would pay an additional \$160,000. Basically, for each \$1 million a tax filer makes in a single year after their first \$1 million, they would pay an additional \$40,000.



How many individuals would pay in my city or town?

In most parts of the state, fewer than 1 in every 200 income tax filers would pay more with the Fair Share Amendment in place. Even in the state's very wealthiest cities and towns, fewer than 5 percent of residents would be affected by the Fair Share Amendment's tax. The Department of Revenue releases annual reports on the number of million dollar earners in each city and town — the most recent news coverage is [here](#).

Why should high-income individuals and households pay more?

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. Even the Pioneer Institute's flawed analysis of Massachusetts' tax system [concedes](#) that the system is regressive.

They've also benefited from repeated federal tax cuts: 83 percent of the 2017 tax bill's benefits [went to](#) the top 1 percent. On average, the top 1% of Massachusetts tax filers got an annual federal tax cut from the 2017 bill worth more than [\\$60,000 a year](#), or a total of over \$2.2 billion for the top 1% alone. Additionally, in 2020, the federal CARES Act [included](#) \$135 billion in tax breaks for wealthy business owners.

More than a year into the COVID-19 public health and economic crisis, thousands of Massachusetts families and small businesses are struggling just to get by, but while multimillionaire investors have seen their net worth skyrocket. The 20 billionaires in Massachusetts saw their wealth [increase](#) by a total of \$17.2 billion during the first seven months of the COVID-19 pandemic alone. From March 18 to October 13, their total net worth rose from \$51.5 billion to \$77.3 billion, a 33.3% increase, according to an Institute for Policy Studies analysis of Forbes data.

While the U.S. economy as a whole has suffered a deep recession, the stock market has continued to soar, and wealthy investors and corporate shareholders have reaped the benefits. Our wealthiest residents can clearly afford to pay a little more to fund the investments we all need.

How does it compare to other revenue sources?

The other major ways we fund transportation, like the sales tax, gas tax, and public transit fares, are "regressive" — lower-income people pay a larger share of their incomes than higher-income people. The other major way we fund public education, through local property taxes, is inequitable — high-income communities have more property wealth, and can afford to spend more on their schools, than low-income communities. The Fair Share Amendment is an economically progressive and equitable source of much-needed revenue for these two major investment areas.

How much revenue would be raised?

If the Fair Share Amendment tax were in effect now, the state Department of Revenue estimates it would have generated approximately \$1.9 billion in 2019.



Why do we need that revenue?

Massachusetts [faces](#) an estimated \$8 billion transportation funding gap over the next 10 years just to bring the Commonwealth's roads, bridges, and MBTA infrastructure into a state of good repair. And bipartisan state reports have found that our local public schools and our public colleges and universities are deeply underfunded. We need significant and lasting investments in transportation and public education to make up for years of underinvestment, and the Fair Share Amendment will deliver the revenue needed to make those investments year after year.

How would we compare to other states?

Several other high-income states similar to Massachusetts already tax their highest income residents at (or higher than) the 9% rate that would be applied to annual income over \$1 million if the Fair Share Amendment were in place: Vermont (8.95%), Minnesota (9.85%), Oregon (9.9%), New York (10.9%), Hawaii (11%), New Jersey (11.8%), and California (13.3%). Including local income tax, New York City's tax rate on the highest income bracket is 14.78%.

There have been [numerous economic studies](#) of the effects in those other states and they have not found the negative consequences that opponents predict. On the contrary, these investments help create better economic opportunities for our residents and a transportation infrastructure that works, all of which will help attract and grow businesses in the state. More than 70 Massachusetts economists signed a [statement](#) supporting the Fair Share Amendment because it will improve our economy and create greater opportunities.

What about changes in the economy post-COVID and the spread of remote work?

While paid lobbyists for big business are always warning about tax flight, actual business owners say they're staying put or [expanding](#), and that [taxes aren't a major factor](#) in their decision making in any case. Both high-income individuals and business owners care most about other factors, like proximity to family, good schools, reliable transportation, the cost of housing, cultural amenities, parks and open space, and their ability to find, attract, and retain good employees and get their goods to market. For people making more than a million dollars each year, a few percentage points of extra tax is immaterial to their life styles or wealth.

What draws people to live and work in Massachusetts is our great schools and being a great place to live and raise a family. People don't come or stay here because we're the cheapest, but because we've invested in having the best schools and well-functioning communities supported by infrastructure you can rely on. Massachusetts can grow our economy by doubling down on the core advantages that distinguish Massachusetts as a great place with great people, not by trying to win a race to the bottom.

What will drive people away is a broken transportation system and unaffordable housing, or people feeling that only a few communities have good schools – not marginal changes in tax rates for million-dollar earners. What's more likely to drive large employers away: their employees being unable to get to work or find an affordable home in a well-resourced school district, or a small change in the amount their top executives pay in state taxes?

But most importantly, the pandemic has unveiled the enormous inequality that exists in Massachusetts between the super-rich and the rest of us. While the highest-income individuals rode out the pandemic in comfort, millions of Massachusetts residents have struggled to keep their families, housed, fed and safe. We need to invest in the public services that will lift all families up and narrow the racial and economic disparities that are holding Massachusetts back from achieving our full potential.



Isn't Massachusetts getting billions of dollars in federal aid? Why do we need more state revenue?

Massachusetts is set to receive a significant one-time federal aid from the American Rescue Plan Act and other COVID relief bills passed by Congress during the pandemic. For the most part, this relief is designed to make up for lost revenue from sources like sales and meals taxes, tolls, transit fares, and to fund COVID-related costs like testing, personal protective equipment, and food and housing assistance for people in need. This one-time federal aid has allowed us to avoid severe cuts to transportation, public education, and other public services, but it will run out in a short amount of time. When it does, we need a long-term, sustainable source of revenue to make the investments in transportation and public education that are needed to sustain a full economic recovery and make Massachusetts an even better place to live and work. The Fair Share Amendment would start generating revenue in January 2023, and one-time federal aid can be a bridge to the sustainable funding it would provide, allowing us to put a down payment on the investments we need to make.

Don't we have an enormous state budget surplus? Why do we even need the money?

The Fair Share Amendment isn't about one budget, or one economic cycle. State revenues are doing well this year, but there have been economic upturns and downturns before, and there will be again. Massachusetts can't commit to the major investments we need with one-time budget surpluses and short-term windfalls. We need sustainable, long-term revenue that doesn't require low- and middle-income families to pay more.

We need this revenue to make the big investments we've been putting off, like rebuilding aging public schools, repairing roads and bridges, providing adequate financial aid for public college students, and fixing the MBTA's state-of-good repair backlog. And we need a sustainable revenue source to even begin the conversations about the investments of the future, like hiring more educators to provide a well-rounded education in every community, creating free or reduced bus fares across the state, or allowing public college students to afford their degree without taking on debt.

Those who make more than a million dollars in a single year can afford to pay a little more to make those investments.

How would this affect businesses that are structured as S-Corporations or other "pass-through" entities?

The Fair Share Amendment wouldn't increase the taxes of any businesses, only a few multimillionaire business owners.

Unlike a standard corporation where taxes on profit are paid by the corporation before distributing the after-tax profits to shareholders, an S-Corporation or other "pass-through" entity directly passes profits to the shareholders in the corporation. The majority of S-corporations divide their profits among multiple shareholders and can have up to 100 shareholders. The shareholders, not the corporation, pay income tax on those profits. So, the tax treatment of an S-Corporation's profits will depend not on the size of the corporation's net income, but on the size of the income of each shareholder. (One exception: the largest S-Corporations in Massachusetts, those with receipts over \$6 million, like Fidelity, pay an S-Corporation tax on their profits of up to 2.75 percent, before distributing after-tax profits to shareholders.)

The Fair Share Amendment makes no changes to the basic structure of the tax code. Whether a person's income is from salaries, stocks, bonds or an S-Corporation is irrelevant to the current or proposed tax rate. S-Corporation owners would continue to pay income taxes only on the corporation's profits that are passed through to them, after subtracting all the business' costs. Taxpayers with total income of more than \$1 million in a single year, including their share of any S-Corp's profits, will simply pay a little more — just 4 extra percentage points starting with their second million dollars.



Could somebody ever pay because of selling real estate?

Somebody selling a house that has appreciated an extreme amount could pay a small additional amount of tax, though existing deductions in the law make this quite rare. Consider an outsized example of rising home values where a retiring couple bought a home for \$200,000, spent another \$200,000 in improvements over the years, and then sold the home for \$1.7 million. They can deduct the initial price and the cost of improvements from the capital gain realized by the sale of the home. Under law, they can also exempt \$500,000 from taxes. If the couple also had another \$300,000 in taxable investment and salary income that year, it would bring their one-year income to \$2 million. But their taxable income would subtract the initial house cost, the cost of improvements, and the half-million-dollar exemption, leaving their taxable income at \$1.1 million. Under the Fair Share Amendment, they would pay an extra \$4,000 in one-time taxes, less than a quarter of 1% of the house sale price.

The additional tax amount would be a lot less than the real estate agent's fee and perhaps less important to the net income on that house than if there was good weather during the day their agent held the open house. The quality of the local schools and the commute to nearby job centers would have a lot bigger impact on the value their home sold for. The sellers would be giving back a tiny bit of that windfall from the sharp rise in the value of their home.

Will \$1 million seem like a smaller threshold after many years?

The \$1 million threshold at which Fair Share Amendment is applied will be adjusted to rise with inflation to ensure that only the very highest incomes will be affected. This is much like other existing programs that get adjusted annually to account for changes in the cost of living. In recent years inflation has been quite low, but the adjustment would be more important if it increased.

Would millionaires move to other states to avoid this tax?

Research shows that high-income people move to be near family and jobs, or to places with cheaper housing markets or warmer weather, not to save a few percentage points on their taxes. High-income people are far less likely to move than low- and middle-income people. Multiple studies have found that when states such as New Jersey, Oregon, and Maryland raised the rate on their top tax brackets, there was no major change in the number of high-income filers who moved to other states.

While a small number of retired people do migrate for tax purposes, studies have found that high-income people who are working in the state are very unlikely to leave the state in response to tax changes – partly because they tend to have jobs here and be embedded in business, family, and cultural networks. Million-dollar earners also tend to be older and married, characteristics that make people less likely to move out of the state. Above all, one perk of being rich is that people get to live where they want, in places with a high quality of life for them. For many people, this includes places with high-quality public amenities, like good schools, reliable transportation systems, parks, libraries and more.

A Massachusetts Budget and Policy Center analysis of the research on the effects of state income tax rates on millionaire migration estimated that if the Fair Share Amendment went into effect, Massachusetts would retain about 99% of the revenue increase, a net gain of some \$1.86 billion in annual revenue. And that estimate doesn't include the additional tax revenue generated by a better-educated workforce with improved infrastructure.



How does the Fair Share Amendment interact with the federal tax changes that occurred under the Trump administration? What about the reduction in the state and local tax (SALT) deduction?

Taxpayers in Massachusetts with an annual income of over \$1 million, who would be impacted by the Fair Share Amendment, [received](#) an estimated \$2.58 billion combined tax cut in 2019 as a result of the 2017 federal tax law. That's more than the size of the tax increase they'd see from the Fair Share Amendment!

Amid these deep tax cuts, a new federal limit on the deductibility of state and local taxes (SALT) has received a lot of attention. But for Massachusetts taxpayers with an annual income of over \$1 million, the average tax cuts from other federal changes in the law are more than twice the average size of the impact from the loss of SALT deductibility.

Do we really need investments in transportation? Doesn't everyone telecommute now?

Our transportation system isn't just about rush-hour commutes to downtown Boston, it's about getting people where they need to go at all times of day. A recent Harvard Business School survey [found](#) that most workers who have worked from home during the pandemic want to be back in the office. Changes in commuting patterns might change how and when we get around, but we'll still need to maintain our roads, bridges, and public transportation infrastructure that's crumbling. If anything, the ability of workers to live farther from their jobs and go into the office occasionally may end up increasing the demand for reliable transportation options.

Will the money really go to transportation and public education?

Yes; if the Fair Share Amendment passes, the money it raises will be constitutionally required to be spent on transportation and public education. The state Constitution is binding on the Legislature. And state legislators have already declared their intention to increase spending in these areas with the passage of the Student Opportunity Act, which promises to increase state aid to local school districts by \$1.4 billion a year, and a transportation bond bill that authorizes \$16 billion in transportation investments. Many legislators have expressed their support for investments in our public higher education institutions. But in order to make these and other critical investments, we need the reliable, long-term funding the Fair Share Amendment would provide.

Where does the public stand on the Fair Share Amendment?

Years of public polling are [incredibly consistent](#): Massachusetts voters overwhelmingly support the Fair Share Amendment. Polling by Raise Up Massachusetts in August 2020 [found](#) that 78 percent of Massachusetts voters support the Fair Share Amendment. Public polling confirms this high level of public support, with MassINC recently [finding](#) 72 percent support for the Fair Share Amendment.

In this time of great need, voters want to see a government that's working for their families and communities, not only for the super rich. It's time for million-dollar earners to pay their fair share to invest in the public services we need to recover and rebuild.

For updates and more information, visit massteacher.org/fairshare.