

THE HIGH TECH AGENDA

MASSACHUSETTS HIGHTECHNOLOGYCOUNCIL

Dedicated to Growth... Committed to Action

April 17, 2019

Council Board Adopts Position, Strategy Opposing Income Tax Amendment

At its February 11, 2019 meeting, Council directors voted to work with other interested parties to oppose the newly proposed income tax [amendment to the Massachusetts Constitution](#) due to the adverse, anti-competitive effect it would have on the Massachusetts economy and expected flight of employment, income and investment out of the Commonwealth. The amendment would impose a surcharge on personal, business and investment incomes over \$1 million by adding 4% to the applicable tax rate; currently 5.05% for earned income/long-term capital gains and 12% for short-term capital gains.

Council Testifies at Joint Committee on Revenue Hearing

On April 11, Council President Chris Anderson appeared before the Massachusetts Legislature's Joint Committee on Revenue to testify in opposition to the proposed amendment. Unlike a nearly identical proposal the Massachusetts Supreme Judicial Court struck down on June 18, 2018 in response to a [Council-led lawsuit](#), this proposal is being initiated by a state legislators with more than 100 legislative co-sponsors, not a group of private citizens. Therefore, prohibitions against "log-rolling" which apply when private citizens attempt to amend the Constitution do not apply to legislators attempting the very same thing, thus limiting the prospects for a legal challenge.



The [Council's testimony](#) focused on five key facts:

- Massachusetts faces significant financial risk in the face of any economic contraction. The Commonwealth's [long-term fiscal condition is unstable](#) but is being buttressed by a strong private economy which is preventing the Commonwealth from suffering the same flight of employment, capital, and tax revenue seen in Connecticut, New Jersey, and Illinois—states with similarly poor fiscal stability rankings.
- In states that adopted similar hyper-progressive tax policies, the projected and promised [revenues have not materialized](#), further damaging state fiscal condition, budgetary planning and ability to support key state investments.
- Leaders from both sides of the aisle in [other states are turning away](#) from "Millionaires Taxes" and other anti-competitive tax policies that support state spending with an overly-narrow and often volatile tax base. Massachusetts is already heavily reliant on a small group of taxpayers, with the [top 20% of earners paying 73% of all income taxes](#) collected by the Commonwealth according to the latest Department of Revenue data.

- Massachusetts taxpayers already support the [6th highest per capita spending level](#) in the country. State revenues are 50% higher than they were a decade ago and the state budget has doubled over the past 15 years.
- The amendment would affect a radical departure from more than a century of tax policy and constitutional doctrine in Massachusetts, eliminating a 100 year old requirement that taxes be imposed at a uniform rate (a limitation the citizens have overwhelmingly chosen to preserve 5 times in the past 60 years) and making Massachusetts the [only state in the nation](#) to permanently imbed an individual income tax rate in its constitution where it cannot be adjusted in response to changing economic circumstances.

Several of these data points appeared to be dismissed by members of the Committee. However, as the multi-year amendment approval process proceeds, Council staff will ask interested members to meet to learn more about the negative experiences in other states. The Council remains committed to an ongoing collaboration with state policymakers to identify and pursue alternative avenues to advance our common objectives related to:

- [Education and Workforce](#)
- [Housing](#)
- [Publicly Funded Health Care](#)
- [Taxation](#)
- [Transportation](#)

Contact [Mark Gallagher](#) to learn more about the Council's policy priorities and how you can get involved in our advocacy efforts.

Council in the News: Income Tax Amendment

- Boston Globe, April 9: [A 2nd Try at a Surcharge on the Wealthy](#)
- MassLive, April 11: [Teachers, Workers Call for Lawmakers to Pass "Millionaires Tax"](#)
- State House News Service, April 11: [Diminished Threat of Legal Challenge as "Millionaires Tax" Returns](#)
- Boston Globe, April 11: [Proposed tax on high earners gets warm reception on Beacon Hill](#)

Our Mission

The Massachusetts High Technology Council is an organization of CEOs and senior executives representing technology companies, professional services firms, and academic and research institutions dedicated to creating and sustaining conditions that support investment and job growth in Massachusetts. Our members are growth-oriented, knowledge-intensive employers and institutions that develop, deliver and depend on technology products, services and innovations to advance their organizational objectives.

Our mission is to help make Massachusetts the world's most attractive place in which to live and work, and in which to create, operate, and grow high technology businesses.

For more information [visit our website](#).

