“Millionaire Tax” Would Make Massachusetts Tax System Fairer
By Kurt Wise, Senior Policy Analyst

Currently, the Massachusetts tax system is upside down: the highest income households pay a significantly smaller share of their income toward state and local taxes than the rest of us do. A “millionaire tax” would help turn our tax system right-side up.

The “Fair Share Amendment” would create a millionaire tax in Massachusetts. It would apply an additional 4 percent tax to the portion of a household’s income above $1 million. With such a tax in place, the top 1% of households (whose average income is $2.4 million a year) would pay a share of their income toward state and local taxes that is closer to the share of household income that the rest of us pay (see chart, below).

**Key Takeaways**
- The top 1% of MA households (average incomes = $2.4 million a year) pay 6.8% of their income toward state and local taxes, while the rest of us pay an average of 8.9%
- With an additional 4% tax on the portion of income above $1 million - as with the Fair Share Amendment - the top 1% would pay an average of 8.7% of their income toward state and local taxes
- The resulting revenues from such a tax could fund important public programs
- A “millionaire tax” would advance economic and racial justice in MA

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**Fair Share Amendment (FSA) Makes Mass. Tax System Fairer**
Average state and local taxes as a percentage of household income, by income group (includes state income tax, sales tax, local property tax, and other taxes)

- **Bottom 99%**: 6.8% Before FSA
- **Top 1%**: 8.7% After FSA

FSA would place an added 4% tax on the portion of taxable household income above $1 million a year. This would bring the Top 1% of households (with average income of $2.4 million per year) closer to the Bottom 99% in terms of average share of household income paid in state and local taxes.
As the chart above shows, the top 1% of households pay an average of 6.8 percent of their income toward state and local taxes. With the Fair Share Amendment in place, the top 1% instead would pay an average of 8.7 percent. This is closer to the average 8.9 percent share of income paid by the bottom 99% of households.

It is important to underscore that a millionaire tax would affect only the very few taxpayers in Massachusetts with taxable incomes above $1 million a year – fewer than 7 in every thousand households. Notably, these are the same households that benefit from billions of dollars each year in state and federal tax breaks, and which, as a group, have prospered during the pandemic.

Working together, the people of Massachusetts can create a better Commonwealth. We can modernize our schools and state colleges. We can repair and upgrade our crumbling roads, bridges, and public transit systems. We can provide affordable, high-quality childcare and put vocational training and higher education within reach of those who want it. To achieve this vision, we will need to collect substantial, additional tax revenue – and do that in a way that’s fair. A millionaire tax is one example of a policy that can make our tax system fairer and help deliver broadly shared economic prosperity and racial justice.