

“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.

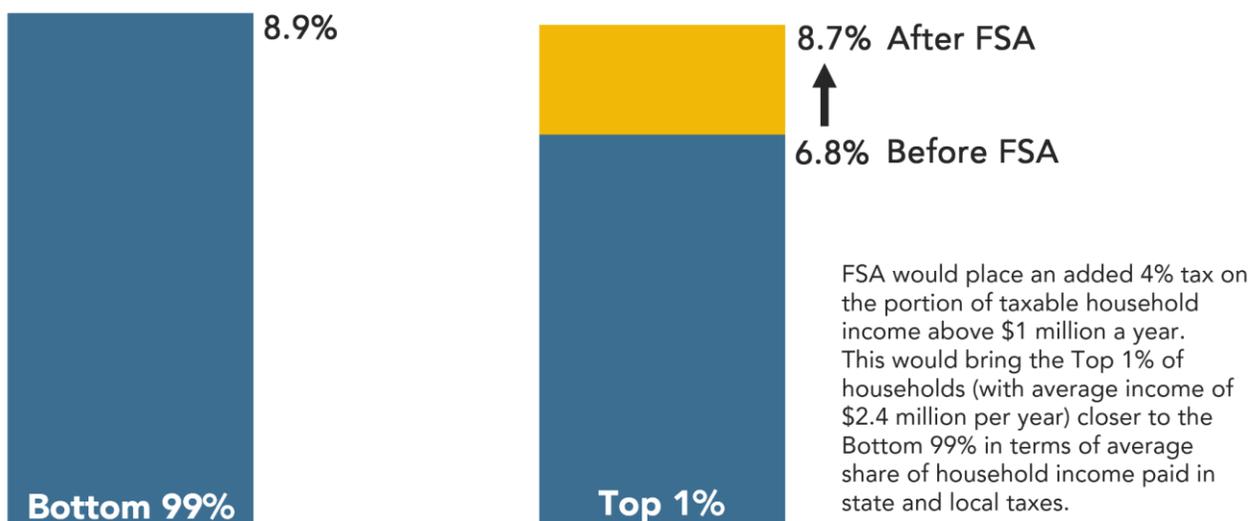
The “[Fair Share Amendment](#)” would create a millionaire tax in Massachusetts. It would apply an additional 4 percent tax to the portion of a household’s income above \$1 million. With such a tax in place, the top 1% of households (whose average income is \$2.4 million a year) would pay a share of 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

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)



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](#).