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For Immediate Release

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Representative Kane opposes proposed Constitutional amendment creating a graduated state income tax

BOSTON – Yesterday, State Representative Hannah Kane, R-Shrewsbury, opposed a renewed effort to amend the state Constitution by creating a graduated income tax.

Representative Kane said the so-called “Millionaires Tax” – which is being billed by proponents as an opportunity to boost spending on education and transportation – does not include sufficient safeguards to ensure the money raised will actually result in any significant funding increases in these two areas. She also expressed concerns about creating a two-tiered tax system in the Commonwealth.

Meeting in a joint Constitutional Convention on June 12, the House and Senate gave initial approval to the “Millionaires Tax” on a vote of 147-48, with Representative Kane voting against the proposed amendment. A second vote of the Legislature is required during the 2021-2022 legislative session before the measure can be placed on the November 2022 ballot for voter approval.

Massachusetts currently imposes a uniform “flat tax” rate of 5.05% on personal income. Under the proposed amendment, the state would assess an additional surtax of 4% on income in excess of \$1 million, beginning January 1, 2023, with the revenues generated to be expended for education and transportation, subject to appropriation by the Legislature.

To ensure that current state spending in these areas is not diverted for other purposes, Representative Kane supported an amendment stipulating that any revenues generated by the surtax will be used “in addition to and not in lieu of funds” that are already being appropriated for education and transportation. That amendment failed on a vote of 40-156.

Representative Kane also expressed concerns about the Legislature’s ability to revisit the surtax if it does not work out as planned. By placing language in the state Constitution, any effort to repeal the surtax would have to go through a time-consuming four-year process that would prevent any repeal question from appearing on the state ballot until November of 2026 at the earliest.

Representative Kane also noted that the amendment calls for the new revenues to be used “for quality public education and affordable public colleges and universities,” but does not define what actually constitutes a “quality” education, or an “affordable” education. This ambiguity could open the Commonwealth to costly litigation moving forward.

A similar “Millionaires Tax” proposal filed as a citizens’ petition was approved by the Legislature in both the 2015-2016 and 2017-2018 legislative sessions, but did not appear on the 2018 ballot after being successfully challenged in court.

The Beacon Hill Institute, the Massachusetts High Technology Council and other business groups have warned the proposed tax is anticompetitive and would have a detrimental impact on small businesses and job creation.

Between 1962 and 1994, Massachusetts voters rejected a total of five graduated income tax ballot proposals. The most recent ballot initiative, in 1994, was defeated by a margin of more than 2-1.

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