



## POSITION STATEMENT

### Millionaire's Tax Initiative (Constitutional Amendment)

*The SouthCoast Chamber is a non-profit business advocacy and economic development organization. It has a diverse membership base of 1,000 businesses – primarily small and medium size - in the SouthCoast region of Massachusetts. This policy position is intended to serve as guidelines for the Chamber's Government Affairs efforts and has been reviewed and approved by the Chamber's Government Affairs Committee and Board of Directors.*

#### **Adopted: 12/14/2017**

The SouthCoast Chamber and its Board of Directors oppose and do not support the proposed Millionaire's Tax (Constitutional Amendment).

The current Massachusetts Constitution requires a uniform tax rate on income, with the current rate at 5.1% for all earners with taxable income. Seven states in the United States have no personal income tax, while the majority have a graduated state income tax rate along the lines of federal tax bracket methodology or like Massachusetts a flat rate. 134 out of 160 state legislators on Beacon Hill voted at a Constitutional Convention on June 14, 2017, effectively advancing the issue to the voters.

This balloted initiative would impose a "surtax" of 4% on any income in excess of \$1 Million. Income below \$1 Million would be taxed at the usual 5.1% rate, with all income in excess of \$1 Million dollars taxed at a 9.1% rate.

If approved, the measure would go into effect on January 1, 2019. Estimated revenues to the State, assuming no migration of high income earners from Massachusetts, is \$2 Billion, derived from .05% of taxpayers. The measure would also affect LLC's and S-Corps. The intended use is transportation and education.

There are currently lawsuits pending challenging the language of this initiative, based on fundamentally altering the Legislature's sole rights to appropriation and potential federal Constitution violations of due process and equal protection clauses.

Our Chamber believes that this "Constitutional Amendment" violates the state constitution because it amounts to a budget appropriation. Ballot questions in Massachusetts are barred from making specific budget appropriations.

Please contact Ronald Ellis, Chair of the SouthCoast Government Affairs Committee at (508) 999-5231 with any questions regarding this policy position.

*The SouthCoast Chamber is a private, non-profit business association based in the City of New Bedford, Massachusetts. Chartered in 1885, the Chamber serves nearly 1,000 member businesses of all sizes from virtually all industries in the ten communities of New Bedford, Acushnet, Dartmouth, Fairhaven, Freetown, Mattapoisett, Marion, Rochester, Wareham, and Westport. The Chamber supports and promotes the local business community through leadership in public advocacy, education, networking, information, and community development.*

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