

FAIR SHARE AMENDMENT: FREQUENTLY ASKED QUESTIONS

By Transportation Working Group of 350 Mass

When and how do I vote for the Fair Share Amendment?

The Fair Share Amendment is a ballot question for the November 8 election in Massachusetts (early voting begins October 22).

- It will be Question 1 on your mail-in or in-person ballot.
- A **Yes** vote supports the Fair Share Amendment.

Will the money the Fair Share Amendment raises actually go to cleaner, more just transportation?

The language of the Fair Share Amendment directs the transportation revenue to “the repair and maintenance” of roads, bridges, and public transit, which are funded out of larger budget pools.

- The most common argument against repairing and transforming transportation is that “we can’t afford it.” Revenue to increase the overall pool of funding is a precondition for transformative change.
- Repair and maintenance must involve retrofitting infrastructure to new climate standards: electrifying bus and commuter rail transit, greatly increasing the number of roadside charging stations for electric vehicles, incorporating bike and pedestrian infrastructure in “safe streets.”
- Public transit (both the MBTA and the Regional Transit Authorities) needs billions of dollars in infrastructure upgrades to provide safe, low-emissions service and make transformative changes like new lines and free or low-income fares.
- The Transportation Working Group, along with many other advocacy groups, will continue to push for investments that serve climate and equity. Passing the Fair Share Amendment is the first step in our campaign, not the last.

Don’t we have a lot of federal money coming in right now for MA’s transportation needs?

We do have an infusion of federal funding, some of which will go to electric vehicles, charging infrastructure, and other desirable moves towards cleaner transportation. However:

- A one-time infusion can only postpone, not solve, transportation funding crises.
- A lot of federal funding comes in the form of competitive grants, which means states need matching funds and proactive, well-staffed planning offices.
- Ultimately we need sustainable, ongoing revenue sources that do not depend on a particular federal administration.

Helpful link: <https://massbudget.org/2021/12/08/fsa-federal-context-12-2021/>

Will the wealthy evade the tax or move out of MA?

- A few may, but an independent study out of Tufts, based on what's happened in other states with similar taxes, suggests that few people will move out of state. One of the benefits of making more than a million dollars every year is that you can afford to live where you want, and the highest-income people in Massachusetts are likely to have close ties to their community here.
- The \$1.3 billion revenue estimate for 2023 in the Tufts study factors in tax avoidance measures and the few anticipated relocations. Even in this worst-case scenario, the Fair Share Amendment will still generate over a billion dollars every year to invest in a stronger, fairer economy.
- The Fair Share tax won't have a major immediate impact on the MA economy, and the investments it makes possible will have economic benefits in the future.

Helpful link: <https://cspa.tufts.edu/node/406>

What about small businesses? Will the Fair Share tax hurt small business owners?

The Fair Share tax is a tax on personal income, not on businesses. It's true that some small business owners pay taxes on their business' profits via their personal taxes, rather than being required to pay corporate taxes. However:

- Only a small percentage (2.6%) of those who pay taxes on this "passed through" income make more than \$1 million in a single year; small business owners typically don't rake in seven-figure incomes.
- Only the profits of this type of business are passed through to be taxed; money spent on employee salaries, supplies, or other expenses isn't affected.
- Pass-through income is often used as a tax dodge by the extremely wealthy rather than representing the income of actual small businesses.
- Pass-through income is also received by owners of some large corporations (like Fidelity Investments) organized as S-corporations; these are not owners of mom and pop businesses.

Helpful link: <https://massbudget.org/2021/11/17/fsa-helps-small-business/>

What about home sales? If a retiree sells their home to downsize, will they be stuck with a huge tax bill?

The Fair Share tax applies to income over a million dollars. Income from a home sale is not the price you get for your home, it's only the capital gain, i.e., the increase in value from its purchase price. Very few people would end up paying the Fair Share tax on the sale of their home.

- Only 2% of MA home sales in 2021 had a capital gain of over a million, and only 1% had a capital gain of more than 1.5 million.
- Most sellers qualify for a tax exemption on the sale of a primary residence that would let them exclude \$250 000 if filing singly and up to \$500 000 for couples filing jointly.

Helpful link: <https://massbudget.org/2022/08/11/home-sales-fsa/>

What about inflation? A million dollars isn't what it used to be!

The Fair Share Amendment takes inflation into account. The threshold for the tax will be adjusted for inflation, so that only the highest incomes will be subject to the tax.

- If inflation is 3% a year, ten years from now, only households with incomes of over \$1.2 million will be paying the Fair Share tax.

Helpful link: <https://massbudget.org/2022/03/16/faq-fsa-edition/> (Question 17)

What happens if I sign a pledge? How will my information be used?

Raise Up Massachusetts (RUM)—which is the coalition we're working with on our Fair Share campaign — will use the information on any paper or electronic pledge you sign to contact you only in regards to the Fair Share campaign, e.g., sending you a reminder to vote closer to the election.

- RUM will not use your information for its other campaigns or sell it to other organizations.
- It may use general statistics for publicity: e.g., "Over 1000 voters in [your town, your legislators' districts, etc.] have pledged to support the Fair Share Amendment!"
- Voter rolls (who is registered to vote, their party registration if any, and whether they voted in a given year) are public information that many organizations access.
- However, THE CONTENT OF YOUR VOTE IS COMPLETELY PRIVATE. No one will know how you voted unless you tell them.
- A pledge to vote Yes on the Fair Share Amendment is not legally binding or enforceable in any way. You can change your mind at any point, up to and including casting your vote.
- But pledging is important. It demonstrates public support, spreads awareness, gives you a reminder to vote, and lets opposing interests know that this decision belongs to every voter.

VOTE YES ON QUESTION 1 NOVEMBER 8!