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**Rationale for Voting Against the Commission's Recommendation to Amend the
Massachusetts Constitution to Implement a Graduated Income Tax**

My objection to a graduated income tax is not about progressivity—Massachusetts already has a progressive income tax—but rather the intent of the Commission majority to increase taxes on middle and higher income taxpayers and to give the Legislature open-ended authority to set those rates as high as they wish indefinitely into the future.

As demonstrated in presentations to the Commission and described in this report, the Massachusetts personal income tax is already progressive, especially at the lower income ranges (see the *Assessing the Massachusetts Tax Code* section of this report for the Department of Revenue's table detailing the progressivity of the income tax). Furthermore, the bottom three quintiles of tax filers—those taxpayers earning less than \$50,000—currently contribute 12 percent to total state income tax revenues, while the top quintile—those tax filers earning more than \$100,000—contribute nearly 70 percent.

Massachusetts' high costs for businesses and individuals are a serious economic deterrent, one of the factors accounting for the reality that there are 30,000 fewer individuals employed in Massachusetts today than in January 2001. And the state has lost middle class manufacturing jobs at almost twice the U.S. rate over the past 35 years.

Amending the state's constitution and adding to the tax burden of middle and higher income taxpayers, including businesses that pay personal income taxes, would pose one more disincentive to job creation in the state. These taxpayers, individually and collectively, are the ones who make decisions whether to invest, locate, consolidate, or expand in Massachusetts. And these are the taxpayers whose skills are critical for the future of the Massachusetts economy.

Attracting and retaining talented workers is already difficult because they can choose to live in other states like North Carolina that have lower costs, a good quality of life, and milder climates. Enacting a graduated tax system would be an additional barrier to recruitment and retention, particularly for critical professional, technical, and managerial jobs that have higher salaries.

Furthermore, enactment of a graduated income tax would add a major new element of permanent uncertainty and unpredictability for taxpayers. At any time, the Legislature would have *carte blanche* to increase rates and apply them to whatever income levels it chose with no ceiling on how high a rate would be imposed.

The growth of economic inequality is a serious national problem. However, the factors driving this trend are deep-rooted and not solved through tax policy. A graduated income tax would have a limited, if any, impact in addressing this problem.