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## **Who Pays Taxes in Massachusetts?**

***New study shows low-income families face larger tax burden than nearly anyone else***

A study released today by the Washington, DC-based Institute on Taxation and Economic Policy finds that the Massachusetts tax system is regressive, as it poses a larger burden on low-income families than on upper-income ones. The study, *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*, shows that non-elderly families in Massachusetts with incomes of less than \$19,000 pay, on average, taxes equal to 9.3 percent of their incomes. In contrast, families with incomes above \$413,000 – that is, the wealthiest one percent of taxpayers – face a tax burden of 6.8 percent of their incomes.

Responding to the study, Jim St. George, the Executive Director of the Massachusetts Budget and Policy Center, remarked, “It is quite clear that, in the coming fiscal year, the Commonwealth will need to generate a significant amount of new revenue to close a budget deficit that most experts put in the neighborhood of \$2 billion. ITEP’s study makes it just as clear that we must begin to shift the tax burden off low- and middle-income families and onto those who are better able to pay.”

He continued, “The most progressive element of the Massachusetts tax system is the corporate income tax; yet, that tax is providing a shrinking share of state tax revenue. It’s time that profitable corporations that use state services pay the taxes they owe, just like everyone else.” Tomorrow, the MBPC will release a new report – *Gone With the Wind: Massachusetts’ Vanishing Corporate Income Tax* – that details the declining contribution that the corporate income tax makes to state revenue and presents several options for halting that decline.

The ITEP study also points out that the Massachusetts tax system has grown more regressive over the course of the past decade. The overall tax burden for low-income families has actually increased slightly since 1989, while the total tax burden for the most affluent of Massachusetts’ families has declined by more than a percentage point.

The Massachusetts Budget and Policy Center provides independent research and analysis of state budget and tax policies, as well as economic issues, that affect low- and moderate-income people in Massachusetts. Copies of ITEP’s study may be obtained via the Internet at [www.massbudget.org](http://www.massbudget.org) or by calling the MBPC at 617-426-1228.