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## Senate Co-Sponsorship Memoranda

### Senate of Pennsylvania Session of 2021 - 2022 Regular Session

#### MEMORANDUM

**Posted:** May 23, 2022 03:18 PM  
**From:** [Senator Art Haywood](#) and [Sen. Vincent J. Hughes](#)  
**To:** All Senate members  
**Subject:** Fair Share Tax

In the near future, we will reintroduce the Fair Share Tax to increase taxes on wealth while cutting income taxes on workers living paycheck to paycheck.

The Institute for Taxation and Economic Policy lists Pennsylvania among the "Terrible 10" states in the country for unfair and regressive taxation, disproportionately impacting low- and moderate-income residents. At the same time, corporate taxes have been cut by \$2.6 billion since 2010, our state's infrastructure is failing, our college students have the 3rd highest level of student debt and too many of our cities and towns are blighted and jobless.

It's clearly time for a bold, responsible and creative solution. The Fair Share Tax Plan will impose a tax rate of 6.5% on wealth from net profits, dividends, net gains derived from rents, royalties, patents and copyrights, gambling and lottery winnings, and net gains from states and trusts. It will cut income taxes on an employee's wages and interest to 2.87%. The Pennsylvania Budget and Policy Center calculates this would add up to \$2.86 billion in new revenues for the Commonwealth annually while simultaneously cutting taxes for millions of low- and middle-income Pennsylvanians.

Under the Fair Share Tax, most (82%) would see either a decrease or no change in their taxes. An estimated 74% of the Fair Share Tax would be paid by Pennsylvania's top 5% of income earners; 51% would be paid for by the top 1%. Even with the Fair Share Tax, the effective tax rate for the top 1% in the Commonwealth would be 4.7%, still low compared to neighboring states. Once Pennsylvanians learn about the Fair Share Tax, 58% support it.

This legislation complies with the Pennsylvania Constitution's Uniformity Clause because it still imposes the same flat tax rate within each of the existing classes of wealth. The Pennsylvania Supreme Court decided that the Uniformity Clause requires all taxes to be uniform "upon the same class of subjects" so long as a reasonable, non-arbitrary distinction exists relative to the classification in [Aldine Apartments, Inc. v. Commonwealth](#), 493 Pa 480, 487 (1981). This legislation meets that test.

Please join us in sponsoring this legislation.



Introduced as [SB1266](#)