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Council Scores Big Public Policy Victories Budget Limit Adopted, Logan Runway Progresses

Swift Signs Budget Growth Limit ...

A flurry of activity in recent weeks has yielded some significant public policy gains for the High Tech Council on Beacon Hill and in Washington DC. On July 29, **Governor Jane Swift** signed into law the state's **\$22.95 billion** budget for fiscal year 2003, in the process approving a Council-supported long-term budget growth limit that will help prevent a future repeat of the state's current fiscal situation.

Limit Would Have Averted Current Crisis ...

The budget growth limit, the product of a compromise between **Speaker Thomas Finneran (D-Mattapan)** and Swift, will cap the amount available for annual state budget expansion by limiting spending increases to two percent plus the rate of inflation. Had the limit been in place over the past decade, the state budget would have come in under \$21 billion for FY 03, rather than the \$23 billion approved by the Legislature. This more than \$2 billion difference roughly equals the deficit that was filled by increasing taxes, cutting services and tapping rainy day funds.

Limit was Council's Biggest Priority ...

Early this spring, the Council's **Executive Committee** called for the establishment of a statutory cap to control state spending growth before considering any tax hikes. While the Council opposed the specifics of the Legislature's tax package, the growth limit provides discipline that—if adhered to by the Legislature—gives taxpayers some expectation that tax rates will not need to be raised in the future. And after strong lobbying by the Council, the Legislature atoned for its previous error by removing the retroactive provision in its capital gains tax increase.

Swift Vetoes Balance Budget ...

Swift vetoed more than \$350 million in overspending that will conserve the state's rainy day funds and enable more sustainable budget growth in the future. Swift's vetoes were necessary to balance a budget that was estimated to be out of balance by as much as \$300 million. Most of Swift's vetoes survived the override process.

And Prevent Tech Taxes ...

Swift also struck down two sections that would have set new laws that hurt the state's technology economy: a new "biotech tax" levied through the state's Medicaid program and a scheme to force Massachusetts to join a national move to create an Internet tax.

Anderson: Limit to Create Fiscal Stability ...

In a public statement, **Council President Christopher Anderson** praised Governor Swift's hard-line fiscal stance: "In the wake of the record tax increases recently imposed by the Legislature on Massachusetts residents, Governor Swift's actions are crucial for the state's fiscal health over the long and short-term. The new budget growth limit will create stability and predictability in state finances and help avert drastic tax hikes and program cuts in the future."

Thanks to Supporters of Limit ...	<p>In addition to lauding Swift for her strong leadership in what is likely her final budget process as Governor, the Council would like to thank other Beacon Hill leaders for their support of the Revenue Growth Limit, in particular. On the House side, Speaker Finneran, Transportation Chairman Joseph Sullivan (D-Braintree), Ways and Means Chairman John Rogers (D-Norwood) and Representative Brad Jones (R- North Reading) deserve significant credit for fighting for the limit throughout the budget debate. The Council would also like to thank Senator Steven Baddour (D-Haverhill) for offering the limit as a budget amendment during Senate debate. And finally, the Council would like to recognize Swift's budget point man, Administration and Finance Secretary Kevin Sullivan, for his diligence and savvy during the budget negotiations.</p>
UI Rates Unsettled for 2003, Looming Rate Hike to Increase Costs by 66% ...	<p>The legislative session closed without any consensus on Unemployment Insurance rates for next year. Last minute hopes of forgoing an automatic rate increase were not realized, despite the fact that the Senate passed a rate freeze bill in the closing days of the session. The Council was the only business group to publicly support a rate freeze and urged the House members to adopt the Senate action. But in the crush at the end of formal session, the House failed to vote on a rate freeze, leaving businesses in limbo over 2003 UI costs. Because of the antiquated UI rate setting system, legislators have historically agreed annually on a rate lower than the law would impose. For example, if the Legislature cannot agree on UI rates, employer average contributions will jump by nearly two-thirds - from \$332 to \$545 per employee, per year in January 2003.</p> <p>House Commerce and Labor Chairman Bill Greene (D-Billerica) has indicated a willingness to maintain the current rate schedule, but is simultaneously pushing an unacceptable increase in the base benefit rate and an indexing of that rate to inflation. The Council will continue to work for a resolution to this issue to provide some cost predictability for the employer community.</p>
Final Federal Approval for New Runway Granted ...	<p>On Saturday, August 3, the Federal Aviation Administration issued a final record of decision approving the construction of the new Runway 14/32 at Logan Airport. Construction of a new runway at the nation's sixth most delayed airport has been a longstanding goal of the Council. Now with both state and federal approval secured, the only remaining obstacle is the 30-year-old injunction on new airside construction at Logan. A trial in state court to modify the injunction to allow for the runway construction will commence in January 2003.</p>
Wind Restriction Left In ...	<p>Unfortunately, the FAA included an unprecedented provision that restricts the use of the runway to wind conditions of 10 knots or higher. This arbitrary hindrance on runway operations runs counter to traditional FAA policy. As a result, Logan will be the only major airport in the U.S. to impose such a restriction on federal air traffic controllers. Anti-runway forces supported the wind restriction and some other questionable provisions in the decision, such as peak period pricing.</p>
Runway Still Cuts 90,000 Delay Hours Per Year ...	<p>However, a strong push by Council members in support of the runway helped stave off a last minute attempt by runway opponents (led by the Boston Globe Editorial Board) to increase the wind restriction to 15 knots – a number that would have made the new runway virtually unworkable. Even with the 10-knot wind restriction, the new runway will eliminate 90,000 delay hours per year for Logan travelers. The Council will work with Massport and the new FAA Administrator in support of improvements that are still needed to make the runway more efficient.</p>

Council Made Big Impact on Runway Debate ...

We would like to recognize the many Council members who have contributed to the process for many years in support of Runway 14/32. From the countless public hearings, comment periods, media stories and meetings with players in the runway saga, the Council has been among the most forceful and effective advocates for a new delay-reduction runway. In fact, at the Logan press conference following the release of the FAA ruling, **Massport CEO Craig Coy** praised **former Council Director, now Irish Ambassador Dick Egan, and Anderson** for their long-term efforts toward making the new runway proposal a reality. Thanks again to Council members for your political courage and dedication to this crucial economic development issue.

President Bush Given Trade Authority ...

Elsewhere on the federal front, Congress finally granted **President George W. Bush Trade Promotion Authority (TPA)**. TPA, signed into law August 6, allows the Administration to negotiate trade pacts directly with international trade partners without Congressional interference. Congress would still need to approve or reject the trade agreement, but would not be allowed to make 11th hour political changes that unravel delicately negotiated compromises. The Council argued TPA is an essential tool to help Massachusetts tech companies compete in an ultra-competitive global marketplace. The Council would like to thank **Senator John Kerry**, the only member of the Massachusetts Congressional Delegation to support the final TPA bill.

20th Annual High Tech Classic to be Held Sept. 15 ...

The 20th Annual High Tech Classic Run for Cystic Fibrosis, cosponsored by the Council and Doubletree Guest Suites, will be held on Sunday, September 15, 2002 at 9:00 a.m. at the Doubletree in Waltham. Runners of all skill levels are invited to participate in this great annual event for the technology community. The 10-kilometer High Tech Classic has raised more than \$200,000 over the years for CF and local scholarships. The Council would like to thank member-sponsors **ThermoElectron, PriceWaterhouseCoopers, Cambridge Bank and Trust and PTC** for making this year's race a reality. For more information or to register for the race, visit www.hightechclassic.com.