



**MASSACHUSETTS  
HIGH TECHNOLOGY  
COUNCIL**

# ***HIGH TECH NEWS***

*VOLUME 25*

*Number 2*

*February 2002*

**In this issue:** **CEO Survey Results Point to Uncertain Future  
Tax Policy, Logan Airport Top 2002 Council Agenda**

**New Agenda  
Set For 2002 . . .**

**On January 29, the High Tech Council's Board of Directors** approved a set of public policy objectives based on the results of this year's survey of Council members, calling for the preservation of tax cuts and restoring confidence at Logan Airport as the top priorities for 2002. The survey also revealed that the national downturn and state political uncertainty have shaken the outlook of high tech executives, but they still view Massachusetts as a strong place to operate a high tech company. See complete list of Council Public Policy Priorities on page 4 of HTN.

**Balanced  
Approach To  
Sluggish  
Economy . . .**

"In 32 years witnessing the cycles of the technology economy, this has been the steepest downturn I've experienced," said **Council Chairman and Teradyne Chairman, President and CEO George Chamillard**. "The Council's objectives highlight areas where state government can improve the economy and way of life in Massachusetts, and where it should stay out of the way. It's a balanced approach to preserve the gains we've made, and propel the state from the economic doldrums."

**Preserve  
Income Tax  
Rollback,  
Capital Gains  
Tax  
Phaseout . . .**

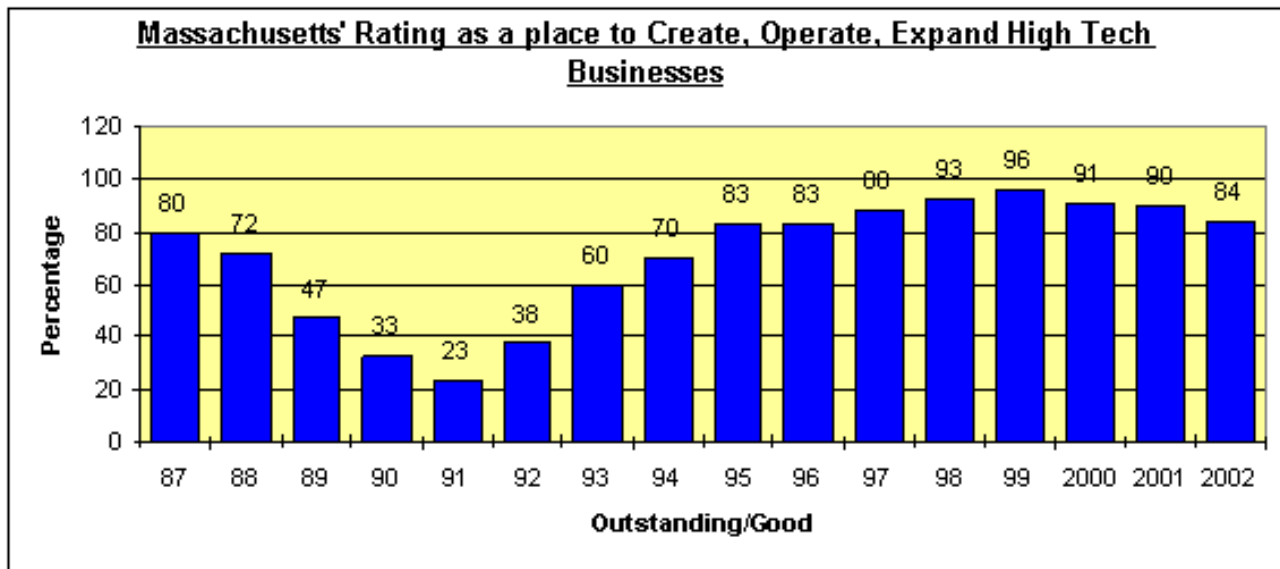
**Council members, who set the policy agenda by participating in an online survey, spoke out strongly on fiscal issues, particularly to maintain the voter approved income tax rollback and retain the 1994 Capital Gains Phaseout Law.** As the region's air transportation hub, Logan Airport's efficiency and safety are critical to the state's economy, as evidenced by the members' overwhelming support for the new runway. Making the state's Unemployment Insurance system more competitive, finding solutions for the high cost of healthcare and devising means to attract and retain skilled workers ranked high on the survey of tech chief executives.

**State Spending  
Must Be  
Curtailed . . .**

**Council President Chris Anderson** indicated that the Council would be very active on the fiscal front this year, encouraging the Legislature and Administration to reduce spending and not rely on tapping state reserves or raising taxes. "The only way to address the state's current fiscal situation is to reign in state spending immediately and over the long-term. Delaying the income tax rollback is the easy way out, and will hurt the economy and state services in the long run."

## Tech Climate "Good" But Down From 2001 ...

Since 1987, the Council has measured the high tech CEO view of the Massachusetts technology climate. This year's climate, while still strong overall, showed a continuing downward trend in confidence since the late 1990s. **Eighty-four percent** of high tech chief executives polled view Massachusetts as an "**outstanding**" or "**good**" place to run a high tech company, down from **90 percent** in 2001, and from **96 percent** at its all-time high in 1999. **Sixteen percent** of the respondents viewed the Massachusetts climate as "**fair**," up from **11 percent** last year and from zero in 1996. None of this year's respondents viewed the tech business climate as "**poor**."

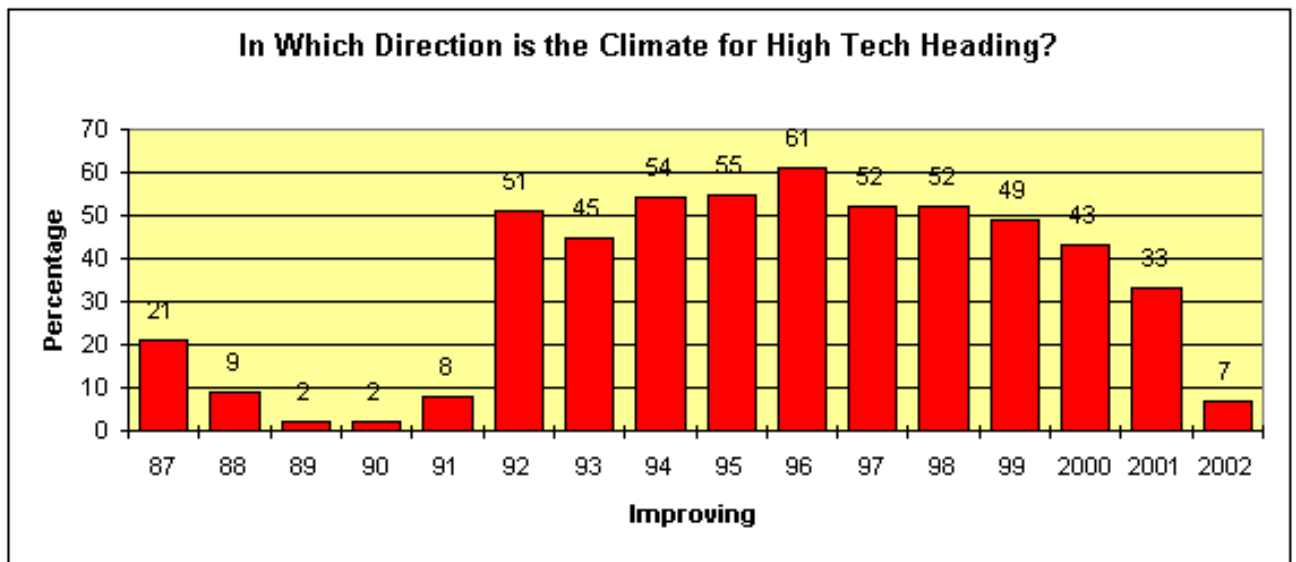


## Need To Address State Challenges ...

"The survey results show that despite the national recession and tech sector slowdown, Council members are still bullish about being in Massachusetts," said Chamillard. "However, the advantages we enjoy – top-flight universities, access to capital and improved business climate – could be rendered moot if state government doesn't handle the challenges of fiscal responsibility and economic stimulus."

## Outlook Bleaker Due To Politics, Economy ...

Despite the comfortable feeling on the current situation, members were cautious over the future tech climate, with **71 percent** indicating the climate was "**holding steady**". Members believing that the climate was "**worsening**" jumped from two percent last year to **22 percent** in 2002, the highest rating since 1990 when it stood at **60 percent**. The "**improving**" ranking was at its lowest level in more than a decade.



### Update Economic Plan In Spring . . .

The Council also voted to update its **Economic Stimulus Plan** that it first presented last October, which is still the only one of its kind on Beacon Hill. The new plan, which will be released in early spring, will be focused more on steering Massachusetts through the recovery and beyond in response to the deepening state budget deficits, which could be as much as **\$2 billion for FY03**.

### Healthcare, Governance Committees Created . . .

Based on the success of the Council's Executive Committee since its inception last October, two new ad hoc committees have been established to delve into specific areas of focus for the long-term. The work of the newly created **Healthcare**

**Committee** will be spearheaded by **Lahey Clinic Chairman & CEO David Barrett, MD, and Bentley College President Joseph Morone**, and will explore ways to control employer and employee healthcare costs and maintain quality access in a time of skyrocketing employer healthcare costs. The **Governance Committee**, designed to gauge ways for the Council to affect leadership on Beacon Hill, will be headed by **PRI Automation President and Chief Executive Officer Mitch Tyson and J.M. Coull Chairman James Coull**.

Other public policy objectives approved by the Board include:

- Work to reduce commuter traffic problems by expanding the use of the state's design/build model (now in use on the Route 3 North project) for crucial public infrastructure projects;
- Implement necessary electric utility industry restructuring legislative and regulatory elements that benefit all electricity users in Massachusetts;
- Support efforts to improve wireless communications siting and technology development issues, and for statewide broadband deployment;
- Identify/Expand technology, math, science and engineering workforce development best practices.

**Members  
Assess Ballot  
Questions . . .**

Council members also weighed in on some of the **2002 ballot questions**, including the proposed changes to bilingual education and elimination of the state income tax. The results were as follows:

**Small Government Act to End Taxes - Favor 24%, Oppose 76%**

**Law Relative to English in Public Schools - Favor 86%, Oppose 14%**

**2002 HIGHEST PRIORITY  
PUBLIC POLICY OBJECTIVES\***

**FISCAL POLICY**

**Work to retain 1994 Capital Gains Tax Phaseout Law**

**Work to maintain final scheduled phase of voter-approved Income Tax Rollback (5% rate by January 1, 2003)**

**Make the Unemployment Insurance system more competitive for employers**

- **Work with Legislative UI Reform Commission**

**Work to develop a cohesive, long-term state fiscal/economic development plan**

**INFRASTRUCTURE (*Energy, Transportation*)**

**Maximize the economic contribution of Logan International Airport by increasing use of state-of-the-art security technology throughout the airport, and securing approval for and construction of Runway 14/32.**

**Work to reduce commuter traffic problems by expanding the use of the state's design/build model (now in use on the Route 3 North project) for crucial public infrastructure projects**

**Implement necessary electric utility industry restructuring legislative and regulatory elements that benefit all electricity users in Massachusetts**

**Support efforts to improve wireless communications siting and technology development issues, and for statewide broadband deployment**

**WORKFORCE DEVELOPMENT/EDUCATION**

**Identify/Expand technology, math, science and engineering workforce development best practices (Support *Howard P. Foley Professor of High Tech Workforce Development*)**

**Support continued enhancement of MCAS and remediation efforts**

**HEALTH CARE**

**Continue to develop framework for healthcare reform initiatives**

**GOVERNANCE**

**Examine options to identify, recruit and/or support candidates for statewide and state legislative office who support the Council's public policy objectives**

***Ongoing High Technology Council Programs***

**Operate High Tech Electricity Load Aggregation Program**

**Operate High Technology Workers' Compensation Self-Insurance Program**  
**Operate High Tech Classic, Inc. Annual Road Race Fundraiser**

**\* Our 2002 objectives and how we allocate our time and resources are driven by member responses to our annual member survey. The Board of Directors approved our objectives on January 29, 2002.**

*Ballot question graph*