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In this issue:

**House Adopts Council-Supported Budget Growth Limit
Attention Turns to Senate Budget Debate**

**Resounding Win
for Budget Limit ...**

A busy period at the State House yielded a significant Council victory during the House budget debate. Following a strong push from the Council, the House adopted a long-term budget growth limit on a vote of 133-14. The plan came out of an agreement between Governor Jane Swift and Speaker Tom Finneran to limit revenues available for the budget to two percent plus inflation over the previous year's allowable revenues. Any revenues collected above the cap will be returned to the taxpayers, fund capital improvement projects or replenish the state's rainy day fund.

**Swift, Finneran
Support Council
Long-Term view ...**

This vote came after months of lobbying by Council staff with Beacon Hill policymakers, including Governor Swift and Speaker Finneran and their staffs, on a plan developed through Council Executive meetings. The final House plan achieves the long-term fiscal discipline sought by Council budget amendments sponsored by Rep. Joseph Sullivan (D-Braintree) and Rep. Fran Marini (R-Hanson) to tighten the voter-approved 1986 Revenue Growth Limit. While the Senate Ways and Means budget contained no long-term growth control mechanism, the Council has continued to push the plan in the Senate, where debate is scheduled to begin on June 11.

**Benefits of Budget
Limit ...**

Like the original Council revenue limit, the Swift-Finneran plan would benefit state budget and economic policy in the following ways:

- **Controls Excessive Spending Growth** – Limiting the amount of state tax revenue available to the state budget to a growth factor of two percent plus inflation, will allow for reasonable growth to the state budget, even in a booming economy;
- **Brings Predictability/Stability to State Finances** – Reduces potential budget deficits during economic downturns, sparing state services from sudden, deep cuts and taxpayers from swelling tax bills;
- **Provides Relief to Massachusetts Taxpayers** – Returns money to taxpayers during economic recovery and growth periods;

	<ul style="list-style-type: none"> • Provides Opportunity to Put Funds Away for Rainy Day – A portion of excess revenue collections will be used to help replenish rainy day funds during economic recovery and growth periods; • Rebuilds the State Infrastructure – Provides funds to rebuild the state’s aging infrastructure, which is essential to future economic growth; • Establishes Framework for Closing ’03 Budget Gap – When included with a reduction in state spending and use of current rainy day funds, establishes a framework for temporary changes to certain existing tax schedules and rates.
Limit Affords Predictability, Stability ...	<p>“This limit on future budget growth will allow state government to invest in core services, while keeping excessive spending growth in check,” said Council President Christopher Anderson in a news release. “By adopting a long-term control measure that limits spending growth even in the boom years, we can minimize the budget gaps that occur when the national economy slows and provide a more stable tax situation for the families and businesses of Massachusetts.”</p> <p>At the Council’s May 29 Board of Directors meeting, the Directors were pleased with the progress made toward instilling a long-term control on state spending. However, many expressed displeasure at the \$1 billion House-approved tax cut package, particularly the increase in the capital gains tax. The Senate Ways and Means budget, released on June 5, included a tax package with similar components, totaling \$1.2 billion.</p>
Internal Poll Reaffirms Council Agenda ...	<p>In an on-line poll of Council members conducted immediately after the House passed its tax package on May 2, 93 percent of respondents opposed the \$1 billion annual tax increase. Members in particular took issue with the House’s increase in the capital gains tax, and the plan floated by the Senate to boost the income tax to 5.6 percent – up from the voter-approved rollback to five percent on January 1, 2003. In addition, 95 percent of respondents supported the Council’s budget platform, even if another business group they belong to advocates a conflicting position.</p>
On to the Senate ...	<p>With this revalidation of the Council’s policy platform, we will continue on our aggressive course through the Senate budget debates and conference committee process. We will keep you updated on the state budget process as we move forward.</p>
MEA Moving Forward ...	<p>As reported in the May (Volume 5) edition of High Tech News, on May 1, the Council, in partnership with New York based Intech 21, Inc., launched a new leading-edge energy program, the Mass Energy Alliance (MEA). MEA will deliver cost-effective, energy management solutions using wireless and web enabled technologies to successfully monitor, measure and manage energy consumption within residential, industrial, and institutional facilities. Please see Boston Globe item on MEA at the end of this edition of HTN.</p>

Save with Energy Programs ...

AES NewEnergy and the Council's successful Energy Program – in conjunction with ISO New England and NEPOOL – are now offering two load response programs to generate cash payments to members this summer.

The Demand Response Program and the Price Response Program provide incentives for commercial and industrial users to conserve electricity during peak demand periods during the summer months. The Federal Energy Regulatory Commission and others believe that identifying electricity customers who collectively can reduce consumption by 300-500 mw of load in the New England Power Pool on power-constrained days will have major environmental, societal and wholesale market benefits to the region. These programs provide you with the potential to both save and make money by curtailing your power use at times of your choosing or when requested by ISO-New England.

Ease Pressure on Electric Grid ...

Although new, more efficient power plants have greatly increased New England's electricity supply during the past few years, severe bottlenecks on the electric delivery system may cause local delivery issues. These transmission constraints may leave areas of New England vulnerable to service interruptions during peak months. Until transmission systems are upgraded, one of the single best solutions is conservation.

MEA Devices Approved for Programs ...

In an effort to meet this summer's expected challenges, the Council has secured an arrangement between MEA and AES NewEnergy – the only competitive supplier in the region currently offering the *Demand Response Program* and the *Price Response Program* to promote energy conservation/load response.

The Demand Response Program compensates customers for reducing consumption at ISO New England's direction. During periods of system emergency, ISO New England will direct participants to curtail their power consumption. Participants will receive fixed monthly payments for the amount of load they make available for interruption and additional payments for the load they actually curtail when required.

The Price Response Program compensates customers for monitoring and controlling their consumption in response to real-time market prices. Users will be able to monitor the hourly price of power via Internet-based Load Management Dispatcher software.

Interested members can learn more about or sign up for either of these voluntary programs by contacting AES NewEnergy's Bob Kinscherf at (617) 772-7504.

Workers' Comp. Rates Trending Up ...	In 1991, the Council led the charge to reform the workers' compensation system, which was rife with abuse and crushing employers under the highest rates in the nation. Since then workers' compensation rates have dropped 48 percent, saving Massachusetts employers well over an aggregate \$2 billion. However, there are signs that the workers' compensation premiums are heading in the wrong direction. 2002 is the first year in nearly a decade that rates have increased, albeit at a modest 1% clip.
Legislature Could Bump WC Rates ...	A larger increase is expected in new rates due out this summer. In addition, there is legislation (opposed by the Council) on Beacon Hill to increase certain workers' compensation benefits, expand eligibility and increase payment to health care providers – all of which would have a cost impact on employers.
High Tech SIG Good Option ...	These factors make it a good time for Council members to explore the possibility of joining the High Technology Workers' Compensation Self Insurance Group. Created in 1994, the Council member participants in the High Tech SIG have 50% lower workers' compensation costs than if they had not enrolled in the SIG.
Create Savings, Safer Workplaces ...	Because the SIG is well managed, has a strong history of fostering safe work places and has members with similar business focuses, the costs are kept lower than under the traditional workers' compensation system. These factors also make the SIG attractive as signs point to larger increases in workers' compensation costs in the near future. If you are interested in learning more about the SIG have your CFO or human resources director call the Council at 781-890-6482.

State council forges technology alliance

The Massachusetts High Technology Council said it has formed a business alliance with Intech 21 of New York to offer companies advanced energy control systems, such as wireless and Web-based systems to monitor and manage energy consumption in offices, factories, and apartment buildings. The council said the newly formed Mass. Energy Alliance has a "letter of intent" with Boston-based AES NewEnergy to install 50 of the systems for commercial customers in Massachusetts, including five at EMC Corp. plants in Hopkinton and Westborough. The systems can link heating and cooling equipment by radio to Net-connected servers to automate energy conservation and consumption monitoring. (Peter J. Howe, Boston Globe, 6/6/02)