



**MASSACHUSETTS  
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COUNCIL**

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**Political Change, Tax Debate Dominate Beacon Hill  
Much At Stake In 2002 Elections**

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**Political Winds  
Shift . . .**

No matter how long one spends in the Massachusetts political world, something always occurs that takes even the most jaded pundit by surprise. The “unexpected factor” reared its head again last week as Governor Jane Swift decided not to run for reelection as former Bain Capital Chairman and Salt Lake Olympic Chief Mitt Romney entered the race. To paraphrase Mark Twain’s axiom on New England weather, in Bay State politics, wait a minute and it will change.

**Salute to  
Gov. Swift . . .**

On behalf of the entire Massachusetts High Technology Council, we would like to thank Governor Jane Swift for her leadership in the corner office over the past three and a half years. Her intelligence, hard work and toughness have allowed her to institute a policy platform that has improved the state’s public schools, maintained a secure Commonwealth and guided us through the national recession. For more than a decade, Swift has given back to the Commonwealth by taking on challenging tasks and questioning the status quo.

**Swift Maintains  
Anti-Tax  
Stand . . .**

Although she has chosen not to run to retain her seat, we are fortunate that she will be here to carry the torch for Massachusetts taxpayers through this year’s crucial budget debates. Her courageous anti-tax stand in addressing the state’s budget crunch has given hope to taxpayers, employers and the entire nation that it’s not business as usual in Massachusetts state government. The Council looks forward to working with Governor Swift during the next critical nine months, which will determine the future prosperity and competitiveness of our state.

**Pressure for  
New Taxes  
Building . . .**

Evidence of what’s at stake can be seen in the mounting pressure on Beacon Hill to raise taxes to close an estimated \$2 billion budget gap for the fiscal year 2003 that begins on July 1. On March 12, Council President Christopher Anderson testified before a meeting of the Revenue Enhancement Committee, an ad hoc group of state Representatives formed by House Speaker Tom Finneran to create a menu of revenue-creating options for the House to consider.

<b>Anderson: Find New Fiscal Fixes . . .</b>	<p>At a hearing packed with throngs of pro-tax-hike activists, Anderson cautioned strongly against raising taxes as the first resort for the revenue shortfall. He stated that the Legislature must first curb excessive spending growth, honestly explore alternative revenue sources and tap the state's \$1.5 billion rainy day fund before even considering tax hikes that will make Massachusetts less competitive.</p>
<b>Swift Budget Worth Debating . . .</b>	<p>Based on the sinking revenues this year (down 10 percent from last year), Governor Swift filed an updated budget on March 14 that cuts spending, utilizes reserves and offers alternative revenue sources. Most important, it contained no new tax hikes. The House is up next in the budget cycle, with an expected late-April release of its budget plan. Pro-tax advocates have been pushing House leaders to freeze (or even reverse) the voter-approved state income tax rollback, and eliminate the capital gains tax phaseout. The Council will be working with legislative leaders to find alternate means to tax increases. Please find Christopher Anderson's persuasive opinion editorial from the March 18 edition of the Boston Globe reprinted on page 4 of HTN.</p>
<b>Legislative Elections Important . . .</b>	<p>With all of the attention on the high profile governor's race, voters should not overlook the importance of this year's legislative elections, which will help determine the economic and fiscal future of the state. But based on voting trends, even the highly recognizable names at the top of the ticket will not guarantee a strong turnout at the polls.</p>
<b>Mass. Voter Turnout Waning . . .</b>	<p>Even though voter registration actually increased by nearly 800,000 from 1990 (3.2 million voters) to 2000 (4 million), voter turnout in non-presidential election years plunged throughout the decade. Registered voter participation rates dropped from 75% in 1990 to 57% in 1998. It's interesting to note that 1990 was a watershed year in Massachusetts politics. Not only did Bill Weld and Paul Cellucci take the corner office, but there was significant upheaval in legislative races, as an angry electorate disposed of state leaders they blamed for excessive state spending and tax increases in the late 1980s. Despite the significant jump in voter registration over the past 12 years, 1990 led the non-presidential election years with votes cast and 1992 had the most number of voters hit the polls with the White House at stake. Since then it's been a steady descent in actual votes cast, not just in the percentage turnout.</p>
<b>Need More Competitive Races . . .</b>	<p>What accounts for this trend? Disenchantment with the political process? The fact that some residents no longer view voting as an important right of a free democracy? Apathy? Perhaps all of these factors contribute. But a big part of the problem may be a lack of contested races, particularly on the local level. In 2000, 90 percent of the primary races and 71 percent of the general election races for seats in the Massachusetts State Legislature were uncontested. In fact, 93 of the 160 members of the House of Representatives were unopposed in <i>both</i> the primary and general election in 2000. All of those given clear sailing were incumbents.</p>

**Governance  
Committee to  
Find Solutions . . .**

**The impact of a decreasing number of contested races for the state Legislature is currently one of the topics being studied by the Council. A governance subcommittee of the Executive Committee was formed, co-chaired by Mitch Tyson, CEO of PRI Automation and Jim Coull, Chairman of J.M. Coull, to review various ideas for ways the Council might have a positive impact on the political process and improve the culture for high technology ideas on Beacon Hill. They will present a strategy for formal Council action at the May 29 Board of Directors meeting.**

**The Governance Committee is currently exploring some of the following:**

- **How to affect changes to make running for political office enticing to more quality candidates;**
- **Means to recruit and support candidates that are interested in discussing the high tech agenda;**
- **Creating a more independent-minded Legislature;**
- **Methods to increase understanding and debate of issues important to the Council.**

**Romney Makes  
No New Tax  
Pledge . . .**

**Although Romney has only been a declared candidate for a short time, he has already pledged to balance the state budget without new tax increases and while honoring the voter-approved income tax rollback. Below is a Boston Herald editorial from March 23 on his pledge.**

### **Romney's tax pledge**

**Republican gubernatorial candidate Mitt Romney got off to a good start this past week, sounding, well--would you believe it--like a Republican.**

**Romney went on record early and emphatically saying he would not support either a freeze in or a reversal of the voter-mandated income tax rollback.**

**"The easy way to fix any problem is to go to the people and say you have to pay more money, but that's not what the job of management is," Romney said. "That's my pledge. We are not going to raise taxes. We are not going to walk away from what voters are in favor of doing, which is bringing tax rates down."**

**Politicians who say what they mean, mean what they say and respect the will of voters are a rare breed, but now we know not an extinct one.**

# The right choice on the budget

By Christopher R. Anderson, 3/18/2002

**T**HE CURRENT fiscal crunch in Massachusetts, while made more severe by a national recession, is the second time in 25 years that we have seen the ill effects of overspending by state government.

The first came after the 1988 presidential campaign. State government leaders raised taxes by nearly \$2 billion to cover consecutive budget deficits in years immediately following "the Massachusetts Miracle."

Since 1991 and our recovery from that debacle, state spending, riding a wave of revenues from a booming economy in the last decade, has nearly doubled from a low of \$12 billion to nearly \$23 billion. However, in the midst of plummeting tax revenues - the result of another national recession - it would be a mistake to solve the problem created by such an increase in spending by adopting a series of tax hikes except as a last resort.

Since 1991 there have been many positive changes to the Massachusetts economic landscape, with significant tax cuts and incentives, reforms of inefficient state programs, and measurable accountability in the classroom. There have also been important state investments, including increased funding for infrastructure, education, and health care. But those gains will be short lived if the state's fiscal situation is not addressed properly to sustain our diverse technology economy and its related jobs.

Last week Acting Governor Swift unveiled a four-year budget plan to address the current fiscal situation and beyond. The plan is a rational, balanced attempt to close the budget gap by exploring alternative revenue sources and controlling state spending. Fortunately, Swift has held firm in her continued opposition to raising taxes, including the halting of the income tax rollback approved by nearly 60 percent of voters 16 months ago.

When businesses and families see a sharp reduction in revenues, as many have for the last year or so, they are forced to prioritize, make painful decisions, and cut back. What happens when state government's revenues slow? Too often, spending isn't reduced enough and taxes are increased too much. That's passing the buck with Tom Brady-like efficiency at the expense of Massachusetts families and the economy.

In addition to reducing state programmatic spending growth, Swift has proposed some worthwhile alternatives to closing the budget gap. But those ideas have been met with rejection in the Legislature. None of Swift's new fiscal recovery plans (minor reductions of the lottery payout, changing the state pension schedule, using more tobacco funds) has shown any evidence of harming the economy. On the other hand, tax increases have proved to be destructive to commerce and job growth. The prolonged and deep recession in Massachusetts of the late '80s was exacerbated by two tax hikes, as our families and businesses continued to suffer long after the rest of the nation was experiencing economic recovery.

And what about the existing \$1.5 billion "rainy day fund" and other reserves? When would be a better time to use these funds, which were created by unspent revenue from taxpayers? It is important to prudently use the rainy day funds, but they should be exhausted before tax increases are even considered.

No one should take seriously any budget solution that calls for tapping reserves or raising taxes without first addressing the underlying problem of excessive state spending growth. Behind every budget line item is a constituency that is pushing for more money and that will label every reduction in spending growth as a cut. But many of those special interests have enjoyed budget growth of well over 100 percent in the past decade. Few businesses and families have experienced that eye-popping growth in their own balance sheets.

**The \$4 billion in tax cuts since 1991 have helped us expand our diverse technology economy and shed the dreaded Taxachusetts reputation. We are finally back in position to compete. But that could change in a hurry. Despite those tax cuts, our state spending has doubled, and Massachusetts still has among the highest tax burdens in the nation. What's the next rotation on the wheel? If it's back to the high cost '80s, then many business owners will finally give up and flee the Commonwealth for friendlier economic climates.**

**To prevent that from happening, our state leaders need to step up, make difficult political decisions, and employ a long-term fiscal plan that helps keep Massachusetts economically competitive. The early indications, with a few exceptions, are not positive, but it is too important to concede.**

**Christopher R. Anderson is president of the Massachusetts High Technology Council.**

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