

# Mass. High Tech Council Update

September 21, 2012

## September MHTC Board Meeting Highlight

On September 19, the Council Board of Directors approved a strategic 2-year plan that leverages the Council's 30-year record of creating a more competitive climate for high tech businesses to succeed, and improving the education delivery systems our members rely on for a trained workforce. Members will be contacted in the coming days with details, and we look forward to full engagement for the benefit of our members, their employees, and our regional economy.

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## Mixed Outcome for Final State Economic Bill

Last month, Governor Patrick signed an economic development bill that recapitalized an effective economic development initiative that was originated by the Council, Legislature and Governor Romney in 2003. The Legislature's 2012 bill provides \$50 million to support competitive, collaborative federally-funded research & development projects throughout Massachusetts. The Legislature also included important reforms to the corporate tax code which were vetoed by the Governor including axing a provision to end the front loading of corporate tax collections.

Although the Council called for a \$100 million recapitalization of the Massachusetts Matching Grant Fund, the \$50 million authorized by the Legislature will enable the state to support private sector-university collaborations. Since inception, this vehicle has leveraged \$17 million in state investment to create more than \$123 million in public-private R&D partnerships. The fund is a no-risk investment of taxpayer money because state funds are only committed in the event of a successful competitive federal grant application. The fund has created R&D activity throughout the Commonwealth, including the \$40 million Center for Collaborative Adaptive Sensing of the Atmosphere (CASA) at the University of Massachusetts Amherst. Council President Christopher Anderson testified at a July Economic Development Committee hearing in support of renewed investment in the fund.

[In Support of H.4119](#) - MHTC Testimony

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## Legislative Leaders Signal Review of Tax Incentives

The State House has started buzzing about plans by a number of committee chairmen to review the state's myriad tax incentive programs in 2013. House Committee on Revenue Chair Jay Kaufman (D-Lexington) recently indicated that the Legislature would evaluate what he and a number of other legislators term "tax expenditures" in next year's state budget process. While the goal of this review would be to sunset existing tax credits and terminate certain tax incentive programs, it presents an opportunity for the Council to lead a debate on how to create a more stable, predictable and competitive business climate.

Council members will be hearing more about our Tax and Economic Competitiveness Committee and its mission to: 1) revise and sustain annual updates to our Competitiveness Project to quantify Massachusetts' cost competitiveness with other "high tech" and New England states; 2)

analyze data and identify top policy priorities; 3) identify and draft legislative proposals and; 4) execute a policy strategy in accordance with the selected tax priority.

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## **More on Cost Competitiveness**

In a ranking of America's best states for business released in July by CNBC, Massachusetts dropped to the middle of the pack, falling from 6th to 28th. The change of position marked the "biggest decline" of any of the 50 states. Texas was ranked #1, and New Hampshire was ranked ahead of Massachusetts at #19.

[America's Top States for Business 2012](#) - CNBC

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## **Massachusetts Community College Reforms Become Law**

With the active engagement of our members, the Council's leadership continues to lead significant reforms to the state's public education system, such as the Commonwealth's successful Race to the Top application and related expansion of charter schools in 2010. Another top Council priority - increasing the quality and economic contribution of the state's community college system - became a reality through Governor Patrick's recent signing of the FY13 fiscal budget. The budget included \$11 million in increased funding for community colleges and language to reform the community college oversight and funding structure. These reforms will create a better infrastructure to help community colleges work more closely with employers, policymakers, students and the higher education system to prepare students for success.

The Council worked closely with state leaders, The Boston Foundation, and other partners on this initiative, and Council President Chris Anderson's advocacy was featured in a Lowell Sun editorial supporting the reform plan.

[Best Minds Must Meet in the Middle](#) - Lowell Sun Editorial

[The Case for Community Colleges: Aligning Higher Education and Workforce Needs in Massachusetts](#) - The Boston Foundation

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## **Logan's Boston-Tokyo Service Connects Key Tech Markets**

This summer, Massport inaugurated a much-needed transportation link with the Far East through a new non-stop, direct flight between Logan Airport and Tokyo on Japan Airlines. The Council had a hands-on role during the process to secure this new route teamed with Massport leadership to represent the region's high tech employer community during the negotiating visits by JAL executives.

This expansion of Logan's offerings allows Japanese companies to more efficiently conduct business here but also provides more convenient access for Massachusetts technology executives and entrepreneurs to reach key markets throughout Asia. According to the state's trade office, the new route will also deliver more than \$75 million in new annual economic activity.

[A Win for Massachusetts: Non-Stop Flights to Tokyo](#) - Boston Globe

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## **Participating Council Members Protected from Looming Cost Increases**

Over the past 18 years, the Council's High Tech Self-Insurance Group (SIG), has saved participating members more than \$7 million in workers' compensation (WC) costs. SIG members, including global leaders like Analogic, MKS Instruments and Skyworks, have valued the stability, cost savings and professional management of the SIG for nearly two decades.

The SIG is becoming even more attractive to Council members due to the growing instability of the state's WC system. The state's largest WC insurer, Chartis, recently announced plans to

dramatically reduce its WC offerings. In addition, the Massachusetts Division of Insurance recently rejected insurers' requested 19 percent rate hike for next year. While this might seem like good news, experts believe it will force other insurers to stop writing policies for Massachusetts employers, which will create instability in the market and reduce consumer choice. All signs point to significantly higher rates in the future.

To learn more about how the SIG can benefit your company in uncertain times, please contact Jane Stoy ([jane@mhtc.org](mailto:jane@mhtc.org)).

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## SSC Natick Welcomes New Leader



Council President Chris Anderson attended the September 14 "Change of Responsibility" ceremony for Dr. John Obusek, who now oversees the entire operation for the US Army Natick Soldier Systems Center - Natick. The Council and the affiliated Defense Technology Initiative work closely with Dr. Obusek and look forward to continuing collective efforts to expand the base's connections to the New England's defense technology cluster.

The Council's [Defense Technology Initiative](#) works to implement a growth strategy for the region's defense and homeland security cluster. To learn more about DTI's activities, please read the latest [DTI Update](#).