

# The High Tech Agenda

## Cost Competitiveness - Talent Development

April 25, 2013

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The **High Tech Agenda** keeps the High Tech Council's members and partners up to date on its pro-growth advocacy concerning state and federal public policies and programs in support of its mission.

**The Goal of the Massachusetts High Technology Council is to help make Massachusetts the world's most attractive place in which to live and work, and in which to create, operate, and grow high technology businesses.**

**We believe** the health and vitality of the Massachusetts economy is directly related to the state's commitment to meet the high quality of life it seeks to provide for its citizens. Competitive, stable and predictable tax rates, appropriate regulations and economic incentives, and other operating costs that are competitive with other states, will lead to greater capital formation and employment growth throughout the state's technology economy.

[Mission Statement](#)

### Boston Strong

The heinous events that took place on Marathon Monday and later in Cambridge and Watertown illustrated the strength, determination, and resilience for which our capital city and region are well known. Despite the senseless and hateful acts that took place in our very midst we joined together to become closer and more unified than ever before.

### *MA-based technology provider preserves vital communications*

High technology played a pivotal role in nearly every aspect of the emergency response and eventual apprehension of the suspects. As the tragedy unfolded on Marathon Monday, the City of Boston used notification software provided by **Everbridge**, a mass communications firm with 75 employees in Waltham. The firm's technology enabled Boston to coordinate emergency personnel and also helped corporate clients successfully carry out vital communications between employees and their families even as cell phone networks were temporarily overwhelmed by network traffic. The Boston Globe wrote about the crucial role that Everbridge played that day as runners, their families, and those working in the Back Bay struggled to gain information about what had happened and know that their loved ones were safe. Their story is a tremendous example of how technology can touch people and work as a force for good.



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## Related Links

[Council Website](#)

[DTI Website](#)

## *Global outpouring of crucial financial support*

To harness the outpouring of generosity for the victims, Governor Deval Patrick and Mayor Tom Menino created The One Fund Boston, Inc. Donations in excess of \$20 million from individuals and organizations continue to pour in as the costs of assisting those affected remains unknown. Contributions may be made at [onefundboston.org](http://onefundboston.org).



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## Cost Competitiveness Study Results Preview: May 1

Massachusetts' highest-in-the-nation technology rankings contrast dramatically with our relatively poor cost competitiveness rankings. To inform our advocacy efforts on Beacon Hill and drive a broader discussion about Massachusetts' ability to compete with key peer states, the Council is in the final stages of preparing a **Cost Competitiveness Study**. This analysis of corporate tax rates, economic and employment data, and other relevant data points and business costs compares Massachusetts with 15 of its most direct competitors.

Additional input and insight from Council Members is welcomed as we work to finish an analysis that will frame much of the Council's "competitiveness" public policy agenda going forward. Open to all Council and Defense Technology Initiative members, the Cost Competitiveness/Fiscal Policy Team will meet on **Wednesday, May 1 from 1:00 to 3:00 pm at our offices in Waltham**. To RSVP, please contact Jane Stoy ([jane@mhtc.org](mailto:jane@mhtc.org)).

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## Massachusetts State Budget, Tax Increase Update

As mountains of piled snow finally recede and flowers bloom another rite of Spring is upon us: budget season at the Massachusetts State House. This year, both the Executive and Legislative branches have put taxes on the table - a fact that would seem to limit acrimonious debate. This has not been the case as legislators and the governor have sparred over the size of the tax increase and the urgency of funding new programs the taxes would allow.

### *House budget: \$33.8 billion*

The House budget debate kicked off on April 23. One of the first of over 900 amendments was an intriguing tax proposal by House Republicans. Referencing a state ballot initiative to lower the income tax to 5% (approved by voters in 2000 but since overridden by the Legislature), the measure sought to lower the sales tax and the income tax to a rate of 5% over a period of 5 years. While the measure was rejected by a margin of 35-118 the sponsors made a principled point in forcing a roll call vote.

## *Back to the transportation tax bill*

House and Senate budget conferees were named to the transportation tax Conference Committee to hammer out minor differences between the **\$500 million tax package** passed earlier in the month. The Council is pleased that an increase in the personal income tax from 5.25% to 6.25% and a proposal to eliminate 44 personal income tax deductions are off the table. Another positive is the preservation of the Security Corporation classification, an important competitive advantage for financial institutions and high tech start-ups. A beneficial "market sourcing" provision that will reduce business income of Massachusetts-based employers subject to tax is accompanied by a counter-productive "throw out" rule.

Also on the debit side of the ledger, an expansion of the sales tax on custom software threatens to impact the business of many high tech employers. The Council opposed this provision to tax custom software. Of the 15 states with which Massachusetts most directly competes, only one -Texas - taxes custom software. The Council has been outspoken about the damage this tax would inflict on the state's high tech employers; council advocacy has nonetheless contributed to a reduction in the size and scope of the new tax - from \$265 million to \$160 million. The Council is already working to devise a strategy for the Department of Revenue regulation-writing process should this tax become law.

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## **Council Weighs in on Commonwealth Magazine Cover Story on "Stubbornly Average" State Tax Burden**

In the cover story of its Spring issue, *Commonwealth Magazine* asserted that "Taxes in Massachusetts are stubbornly average." Council President Chris Anderson responded with a letter to the editor to point out that the story's tax analysis did not properly encompass the state's competitive reality. While the magazine put Massachusetts in the middle of the 50 states in terms of state and local taxes as a share of personal income, the letter said this finding "**misses a central competitive reality: Massachusetts rarely, if ever, competes against most U.S. states for innovation economy jobs.**" A better analysis, he said, is one that factors in Massachusetts competitiveness on taxes against the 15 states against whom we primarily compete for high tech jobs.

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## **Talent Development/Education Policy Team Meeting: May 10**

Under the leadership of **Chris Zannetos, CEO of Courion and Al Bunshaft, Managing Director of Dassault Systemes**, core members of MHTC's **Talent Development/Education Team** have established goals that will ensure we have the needed quantity and quality of technology talent necessary to continue Massachusetts' reputation as a global technology-industry leader. On May 10, we will present and discuss the gap areas in this important field as we establish specific tasks to be led by the Council, including: re-launching our HR Supply and Demand Survey with a publishing goal of Spring 2014; disseminating criteria and examples (a "cookbook") for effective employer-driven STEM programs; and identifying/defining STEM metrics relevant to measuring progress, exposing weaknesses and reinforcing strengths within our state talent development pipeline. We invite you (or your HR director) to help shape the High Tech Council's STEM education "talent development" agenda. Open to all High Tech Council and Defense Technology Initiative members, you are invited to join our next Talent Development/Education Policy Team meeting on **Friday, May 10 from 9:00 to 11:00 am** at our offices in Waltham. To RSVP, please contact Jane Stoy ([jane@mhtc.org](mailto:jane@mhtc.org)).

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## **2013 CEO Roundtable Series**

*Richard Barth, May 13*

The High Tech Council's series of CEO Roundtables on issues relevant to its mission continues with a discussion with **KIPP Foundation CEO Richard Barth**. KIPP, the Knowledge Is Power Program, is a national network of free, open-enrollment, college-preparatory public charter schools with a track record of preparing students in underserved communities for success in college and in life. Over the past seven

years, Barth has overseen significant growth in the network from 45 to 125 schools, dramatically expanded KIPP's leadership development programs, advocated for high performing charter schools on Capitol Hill, and secured more than \$200 million in new, long-term philanthropic commitments, including more than \$75 million from the federal government. Please join us on **Monday, May 13 from noon - 1:30 pm**. To RSVP, please contact Jane Stoy ([jane@mhtc.org](mailto:jane@mhtc.org)).

### *Congresswoman Niki Tsongas, April 19*

Please see the update on rescheduling, detailed below in the DTI section.

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## **Hot Topic: H1B Visas**

H1B visas are in the news as Congress debates reforming our nation's immigration system. Within the proposal is a plan to double the number of H1B visas in an effort to help high tech and biotech firms hire highly skilled workers. In 2012, California companies received approval for nearly 41,000 H1B visas, according to technology publication Mass High Tech. By contrast, Massachusetts employers received permission for 10,500 visas. However, the program is controversial with some Congressional leaders. Senate Majority Whip Dick Durbin (D-Illinois) opposes it on the grounds that it awards too many visas to IT firms that are not based in the United States. The three largest companies using the program in Massachusetts are Patni Americas Inc., Oracle America, and EMC.

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## **DTI Update**

POLITICO Pro reports that the Air Force will appoint a principal secretary for acquisitions. Air Force Secretary Michael Donley announced that Mitre Corp. executive **William LaPlante** will begin in this position in May. Donley said LaPlante is an engineer with "a broad range of technical expertise."

### *Sequestration Task Force*

Council President Chris Anderson was named to serve on Governor Patrick's **Sequestration Impact Task Force**. The objective of the task force, which held its first meeting in March, is to help the Commonwealth and the Administration understand and plan for the impacts of the Federal Sequestration action. Chris will represent technology and defense community interests on the task force, which is comprised of two economists, three private sector representatives, two university/research representatives, and a number of state government agency representatives.

### *DTI supports MA Military Asset and Security Strategy Task Force*

In 2012 the Lt. Governor appointed DTI to partner with MassDevelopment and the New England Council to co-chair the Task Force Business, Industry, and Mission Alignment Subcommittee and to lead strategy development for Hanscom AFB and Natick Soldier Systems Center. In this capacity DTI hosted a meeting of Hanscom business leaders on April 3 to update the Hanscom business community on Task Force efforts and seek industry input and engagement for strategy development. DTI also participated in a meeting of Natick community leaders and Natick and Hanscom installation tours to support refining strategies.

### *AFLCMC and DTI Host Hanscom Innovation and Collaboration Board meetings*

In February, Lt. Governor Tim Murray and AF Lt. General Moore chaired an Executive Meeting of the Hanscom I&C Board. The full Board met on February 28. Other participants included leaders from government, academia, and defense and technology consortia. The meetings focused on cyber security collaboration and rapid acquisition of cyber capabilities, workforce training and development, and secure and efficient base operations.

### *DTI sponsors Air Force Lt. Gen. Moore, small business roundtable*

On April 24, DTI Executive Vice President Charlie Benway coordinated a small business roundtable at Hanscom Air Force Base with Air Force Lt. Gen. Moore, commander of the Air Force Life Cycle Management Center (AFLCMC). Attendees at the roundtable discussed likely implications of the current budget environment, the AFLCMC's vision for enterprise services, and other current priorities for the small business community. General Moore has served as Commander, AFLCMC since July, 2012.

### *MHTC CEO Roundtable with U.S. Representative Tsongas postponed*

Our April 19 Roundtable with **Congresswoman Niki Tsongas** was postponed due to the security concerns raised by the manhunt that day for the Marathon Bombers. Many DTI Members were planning to attend and MHTC/DTI is working to reschedule this event.

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### **Council Welcomes Felix Browne**

Earlier this month the High Tech Council named Felix Browne as Vice President of Policy and Communications. A Beacon Hill and Capitol Hill veteran, Browne served in senior communications capacities for Governor Mitt Romney and U.S. Senator Scott Brown. Browne will help the Council drive policy development and messages around cost competitiveness and talent development to ensure Massachusetts policymakers understand the relationship between competitive policies in Massachusetts and with peer states that are aggressively developing their high tech sectors. He will also support the work of the Massachusetts Defense Technology Initiative, which is currently implementing a strategy to strengthen Massachusetts' and New England's role in providing technology solutions to federal defense priorities.

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### **They Said It...**

***"We need to look at ways to ease the burden of our unemployment insurance system on smaller and new businesses."***

Senate President Therese Murray, State House News, April 11, 2013

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### **Android Developer Conference**

AnDevCon Spring, May 28-31 in Boston, is the world's top Android apps event. Use code MHTC for \$200 discount. [www.andevcon.com](http://www.andevcon.com)