

MASSACHUSETTS
HIGHTECHNOLOGYCOUNCIL

Dedicated to Growth... Committed to Action

The High Tech Agenda

Cost Competitiveness - Talent Development

July 2, 2013

Table of Contents

About MHTC

Honoring Governor Cellucci

Cost Competitiveness /
Fiscal Policy Update

Talent
Development/Education
Policy Update

DTI Update

CEO Roundtables, Changes
in Congressional Delegation

They Said It ...



Board of Directors

[Analog Devices, Inc.](#)

[Analogic Corporation](#)

[Boston Scientific Corporation](#)

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](#)

Honoring Governor Paul Cellucci's Life and Legacy

The people of Massachusetts recently bid farewell to former **Governor Paul Cellucci**. Fond recollections poured in from across the political spectrum as mourners gathered at the State House to pay homage to a leader whose commitment to service helped many over the course of a distinguished career and life well lived.

As a legislator and governor, Paul Cellucci was very effective at advancing policies that stimulated growth and strengthened the state's technology economy. In 1991 he signed into law a bill drafted by the Council that gave Massachusetts the most attractive state R&D incentive in the country. The law helped to power much of the innovation that occurred in Massachusetts in the 1990s and created jobs and tax revenue without increasing taxes.

[Canaccord Genuity](#)

[Carruth Capital LLC](#)

[Choate Hall & Stewart LLP](#)

[Courion Corporation](#)

[CSR](#)

[Dassault Systemes](#)

[Deloitte](#)

[Dunn Rush & Co. LLC](#)

[Dynamics Research Corporation](#)

[Entegris, Inc.](#)

[Fidelity Investments](#)

[Goodwin Procter LLP](#)

[KPMG LLP](#)

[Kronos Incorporated](#)

[Lockheed Martin Sippican, Inc.](#)

[Mercury Systems, Inc.](#)

[MKS Instruments, Inc.](#)

[PTC](#)

[Stratus Technologies, Inc.](#)

[Teradyne, Inc.](#)

[Textron Systems](#)

[The Charles Stark Draper Laboratory, Inc.](#)

[The L.S. Starrett Company](#)

[Worcester Polytechnic Institute](#)

Related Links

[Council Website](#)

[DTI Website](#)

Cost Competitiveness/Fiscal Policy Update

State Legislature fills budget gap with higher taxes on high tech companies

The Massachusetts Legislature has approved transportation financing legislation that includes new language enabling the expansion of the state sales tax to include custom software and network design services. The High Tech Council has been vocal and frequent in its criticism of this provision, which constitutes a clear threat to the competitiveness of high tech companies here and raises a red flag to any high tech firm thinking about adding staff here.

High Tech Council president **Chris Anderson** made the case against this tax most recently in a story on the cover of the Boston Globe business page: [Possible Levy Alarms Tech Sector](#). *"That provision alone could be a half-billion dollar tax hike aimed at the very heart of our technology economy. The question for the Legislature is why would we want to blunt that edge, and let other states get ahead of us,"* Chris told the Globe.

Further affirming the ill-advised nature of this new tax, both the [Boston Globe editorial board](#) and Globe opinion columnist **Scot Lehigh** have written critical pieces opposing the tax. The Council's Cost Competitiveness/Fiscal Policy team is examining a range of options to help companies plan the way forward on this damaging development and will provide updates to members as they occur. The bill has not yet been signed into law by **Governor Deval Patrick**, who has threatened to veto it because it does not generate sufficient additional tax revenues to realize his transportation proposals.

Restoring the competitiveness of the Massachusetts R&D tax credit

One of the central agenda items of the Cost Competitiveness/Fiscal Policy Team will be laying out a path to modernize Massachusetts' R&D tax credit. Massachusetts was at the forefront of fostering innovation through tax policy when **Governor Paul Cellucci** signed that bill into law in 1991. Today, however, 38 states have an R&D tax credit. A Council review has found that the Massachusetts R&D credit is generally weaker than two thirds of the states with such credits.

A recent [article](#) in the *Wall Street Journal* illustrates the positive effect that federal tax incentives have in stimulating innovation. The newspaper found that *"research-heavy technology and pharmaceutical companies benefit most from the credit..."* and in 2009 *"half the \$7.7 billion in credit was claimed by companies in three industries: computer and electronics manufacturing, chemical and pharmaceutical manufacturing, and transportation manufacturing."*

Angel tax credit proposed at the state level

While changes are needed to bring the Massachusetts R&D tax credit up to date, **State Senate Minority Leader Bruce Tarr** is advocating a targeted approach that would provide an incentive for entrepreneurs to start and build companies in Massachusetts. Senate Bill 1444 would provide angel investors with a tax credit equal to 15 percent of the amount of cash invested for product development and other working capital needs at a Massachusetts-based small business start-up. The credit would increase to 25 percent if the start-up meets certain criteria, such as being located in an Economic Target Area, in a low-

income part of the state which has experienced major layoffs, or in an area that has a commercial vacancy rate of at least 20 percent. The bill defines a "small business" as one that employs fewer than 100 workers, at least 51 percent of whom must reside in Massachusetts. If the amount of the credit exceeds the tax due for a taxable year, it may be carried forward to any of the three subsequent taxable years. The initial round of tax credits would be capped at \$10 million, then at \$5 million for tax years beginning January 1, 2015 and would expire on December 31, 2019 unless reauthorized by the Legislature.

Georgia shortens length of unemployment insurance benefit weeks

In a business-friendly move that could help employers reduce cost of payroll and potentially increase hiring, the state of Georgia has reduced the number of weeks that unemployed workers there may draw benefits. As recently as 2012, benefit recipients could collect for up to 26 weeks; the recent reform capped the duration at 20 weeks, a substantial drop of six weeks. At 30 weeks, Massachusetts remains the most generous (and costly) in terms of its duration of unemployment benefits. Massachusetts is an outlier when compared to its competitor states, most of which end benefits at 26 weeks. Bringing Massachusetts in line with these states would dramatically reduce payroll costs and help high tech companies compete with their counterparts in other states.

Environmental group seeks to put carbon tax question on 2014 ballot

The *Boston Globe* recently [reported](#) that an environmental group is seeking to put a question on the 2014 state ballot that would create a first-in-the-nation carbon tax derived from the amount of carbon emitted by consumption of fossil fuels such as gasoline and home heating oil. If successful, the initiative could add significant cost to Massachusetts' already high energy prices. The group behind the measure, the **Committee for a Green Economy**, said their goal is to reduce fossil fuel consumption by adding an estimated 45 cents per gallon of gasoline. Legislation with a similar intent filed by **State Representatives Tom Conroy** and **Jay Kaufman** would fund public transportation improvements and lower corporate and income taxes, according to the *Globe*.

MHTC Cost Competitiveness/Fiscal Policy Team holds "summer objectives" meetings

In preparation for a Council-wide Cost Competitiveness Team Meeting on **September 11, 2013**, the Cost Competitiveness/Fiscal Policy Team has two remaining scheduled meetings over the summer. Team co-chairs **Jim Green** (CEO, Analogic Corp.) and **Mike Bonney** (CEO, Cubist Pharmaceuticals) will guide the work of this team and recommend policy options that bolster Massachusetts' overall competitiveness. These include: modernizing the state's R&D tax credit to regain competitiveness against peer states; reforming our second-highest-in-the-nation Unemployment Insurance system; and reviewing options regarding the expanded sales tax on software and network design services. The Council encourages you or your tax director to join us at the Council offices from **8 am to 10 am on Thursday, July 18** and **Thursday, August 22**. Kindly RSVP to [Jane Stoy](#).

High Tech Council to host Mass Taxpayers Foundation President Mike Widmer

Join us at the High Tech Council's offices for a discussion of state tax and budget policy with Mass Taxpayers Foundation President **Mike Widmer**. Mike will be hosted by the Council Cost Competitiveness Team at its **July 18**

meeting and will provide an overview of the Commonwealth's structural budget deficit and what it is likely to mean for taxpayers. Kindly RSVP to [Jane Stoy](#).

Talent Development/Education Policy Update

MHTC Talent Development/Education Policy Team holds "summer objectives" meetings

The Talent Development/Education Policy Team also has "Summer Objectives" meetings scheduled to move forward with their policy agenda. Led by co-chairs **Chris Zanettos** (President and CEO Courion) and **AI Bunshaft** (Sr. VP, Dassault Americas Corp.), this team is working to identify the skills gaps that exist between what Massachusetts high tech employers require and what schools produce. The team will determine the scope, data objectives, and development process for the re-launch of a human resources supply and demand survey to inform decision-making while also establishing best practices for effective STEM programs run by Massachusetts high tech firms. The Council encourages you or your HR director to attend. The next scheduled meetings will take place at the Council's office from **8 am to 10 am** on **Thursday, July 25** and **Wednesday, August 28**. Kindly RSVP to [Jane Stoy](#).

Business Insider ranks UMass Lowell #1 "most underrated" school in America

Business Insider has placed the **University of Massachusetts Lowell** in the top spot of its "[25 most underrated colleges in America](#)" list. Intended to draw a contrast with well known lists that rank the nation's top colleges and universities, *Business Insider* sought out institutions that may not have a famous name but that nonetheless propel their graduates into lucrative careers. Their goal was to identify "schools where there was a large disparity between their college rank and their salary rank - the so-called most "overrated" and "underrated" colleges." The findings make for interesting reading and UMass Lowell's #1 rank confirms what many in Massachusetts already know: that the school provides an excellent foundation that prepares students well for success in our high tech economy. Mid-career UMass Lowell grads earn an impressive salary of more than \$92,000, the study found.

Dassault's AI Bunshaft recognized as a top CEO STEM leader

STEMconnector recognized Dassault Systèmes' **AI Bunshaft** as one of its 100 CEO Leaders in STEM at its recent US News STEM Solutions Summit. Recipients were lauded as offering "the best thinking at the highest levels" and saluted business leaders who have made a difference by pushing STEM education in their companies and industries. Bunshaft spearheaded the highly successful Teachers at Dassault Systèmes (TADS) Citizenship Program, a partnership between Dassault and a local Waltham High School that provided a six-week summer internship for two teachers. TADS gave the participants a real-world understanding of the types of jobs available in a technology company, helping them to fuel students' interest and excitement in STEM careers.

DTI Update

\$177 million state bond bill to improve, expand and develop Hanscom and Natick

On **June 27**, the Massachusetts Legislature's **Joint Committee on Public Safety and Homeland Security** voted unanimously to approve a \$177 million military bond bill filed by **Governor Patrick**. DTI strongly supported this legislation and laid out the case for passage of this bill in a [memo](#) to committee members. **Hanscom AFB** and **Natick Soldier Systems Center** are among the Commonwealth's largest employers. Their technology missions contribute immeasurably to our national defense and are part of the fabric of the technology and innovation ecosystem in Massachusetts that includes **MIT Lincoln Laboratory**, **MITRE Corporation**, and a host of other large and small businesses. Given ongoing federal budget uncertainty, the negative effects of sequestration, and possibility of future BRAC rounds, state support will be vital to preserve and grow Massachusetts' military missions. DTI is pleased this bill was approved at the committee level and will continue to advocate for it as it moves through the legislative process.

Congresswoman Tsongas receives Association of Defense Communities recognition

On **June 13**, DTI Executive Director **Charlie Benway** joined **Congresswoman Niki Tsongas** in Washington, D.C. as she received an award by the Association of Defense Communities (ADC) for her work to support Massachusetts' military installations. ADC is the nation's premier service organization for America's military base communities. *"Our region brings together a unique combination of military, academic, industrial and business resources to form a leading defense innovation hub - this remarkable synergy positions our communities for economic growth and strongly supports the brave men and women of the United States military,"* said Congresswoman Tsongas. *"I am honored to be recognized with this award and I am pleased to join you in the fight to protect and promote the valuable work being done on military installations, particularly those in Massachusetts,"* she added.

AF Lt. Gen CD Moore II draws big crowd at DTI roundtable at MHTC offices

Lt. Gen. C.D. Moore II, Commander, Air Force Life Cycle Management Center (AFLCMC), Wright-Patterson Air Force Base, Ohio, joined a packed room of DTI members and defense partners for an open discussion on the power of partnerships and how the AFLCMC is delivering on its mission of "providing the warfighter's edge" in an ever more cost-effective way. The AFLCMC is responsible for total life cycle management covering all aircraft, engines, munitions, and electronic systems. Lt. Gen. Moore pointed to a foundational document that the center uses to guide its progress and deliver its mission. [AFLCMC Revolution](#) is the blueprint he and his team use to drive the most significant restructuring of the command since its creation. In the words of Lt. Gen. Moore: *"AFLCMC couldn't have come at a better time, as the defense reductions and fiscal challenges facing our nation, when combined, represent a serious threat to our national security."*

Senator Warren at the High Tech Council, POLITICO Mike Allen roundtable wrap-up, more changes to the Congressional delegation

Upcoming roundtable with U.S. Senator Elizabeth Warren

The High Tech Council is working to confirm a roundtable discussion with **U.S. Senator Elizabeth Warren** on **July 29** at **noon** at the Council's office in Waltham. More to follow..

POLITICO Mike Allen roundtable wrap-up

On June 26, Council members joined **POLITICO Chief White House Correspondent Mike Allen** at Dassault Systèmes for a fascinating discussion of the factors, trends, and personalities that drive political decision-making in federal and state government. Allen talked extensively about the central role that technology plays in modern political campaigns and how national Democrats seem poised to continue the technological edge they wrested from Republicans in 2008. Speaking about the special U.S. Senate election to fill the remainder of Secretary of State Kerry's term, Allen said the results were not unexpected given the lack of a unique national political environment that is but one factor needed to propel a Republican candidate to victory here.

Five candidates eyeing open 4th Congressional District seat

U.S. Senator-elect Edward Markey's election to the upper chamber means that a special election will be held for the remainder of his term. **State Senator Karen Spilka, Middlesex County Sheriff Peter Koutoujian, State Senator Katherine Clark, State Senator William Brownsberger, and State Representative Carl Sciortino Jr.** have taken formal steps to run for this seat to represent the people of the 5th Massachusetts Congressional District.

They said it...

*"This is a competitive family; **Hillary Clinton** doesn't think there should just be one President Clinton in the household."*

- **POLITICO's Mike Allen** at a recent MHTC roundtable commenting on the possibility of a White House run by former first lady, U.S. senator, and secretary of state Hillary Clinton.

Upcoming Events

SharePoint Technology Conference

The SharePoint Technology Conference, **August 11-14 in Boston**, is the world's premier independent event for SharePoint. The format includes 90+ technical classes, workshops and breakout classes with content geared to IT professionals, business managers and developers. It features top Microsoft MVPs, dozens of expert MS speakers and solutions from 40+ exhibitors (exhibits admission is FREE!). Receive a \$200 discount off either the prevailing price of a 4-day or 3-day pass by inserting the code **MHTC** when

prompted on the eRegistration page linked from www.sptechcon.com. Register early for the best rates.

Three Co-Located Events

The Hyatt Regency
Cambridge, MA
September 30 - October 1, 2013

World Cord Blood Congress 2013

World Cord Blood Congress is where bio-banks gather and discuss strategies to sustain their businesses, such as evolving into either a public, private or hybrid business or becoming a cell therapy center. This is a truly international gathering of cord blood banks from around the world. For more information, please go www.terrapinn.com/CB13MHTC

Cell Culture World Congress USA 2013

Cell Culture World Congress USA is North America's premier cell culture optimization and development conference, with a focus on upstream processes. This is where biopharma and biotech biomanufacturing and process experts come to debate advances in cell culture optimization and development. For more information, please go to www.terrapinn.com/CC13MHTC

Stem Cells & Regenerative Medicine Congress 2013

The 5th annual Stem Cells & Regenerative Medicine Congress is where biotechs gather to explore the most promising trends in stem cell, cell and gene therapies. Hear from cell therapy companies you've not heard from before, and get to know the top 20 next-to-launch biotechs. For more information, please go to www.terrapinn.com/SC13MHTC