

MASSACHUSETTS  
**HIGHTECHNOLOGYCOUNCIL**

*Dedicated to Growth... Committed to Action*

**President's Bulletin**  
**August 7, 2013**

**Technology Leaders Unite Against New Tax on Innovation, File Ballot Petition for Repeal**

After receiving strong backing from our board of directors, the Massachusetts High Technology Council today joined with the Mass. Taxpayers Foundation to lead an effort to repeal a new law which applies the state's 6.25 percent sales tax on custom software and network design services.



Twenty Massachusetts business leaders representing both small and large companies from across the Commonwealth--including a number of High Tech Council members--signed an initiative petition to place the question on the 2014 statewide ballot. If the Legislature were to repeal the tax, we would cease the campaign. However, at this point legislative action seems unlikely.

Click [here](#) to read today's page one story that the *Boston Globe* published on our repeal effort. We have also dedicated an area of our website to this issue, which you can find [here](#). This section covers how this tax came into existence, what we plan to do about it, and includes recent media coverage from around the state.

Massachusetts is a clear leader in innovation and technology. We have the highest percentage of tech workers of any state, the largest number of tech clusters (nine) and a highly educated workforce that is second to none. However, by a number of impartial measures we have a long way to go in making Massachusetts more cost competitive relative to our peer states. Adding a tax this broad which no other state has makes us even more uncompetitive at a critical time when tech firms are increasingly expected to lead economic growth and hiring.

The decision to file a repeal petition follows efforts over the past few months to convince the Legislature of the damaging effects that this tax will have on innovation and job creation in the Commonwealth. The High Tech Council and Mass. Taxpayers Foundation believe a ballot initiative is our best chance for repeal of the tax. There is a possibility that the Legislature could vote to repeal the tax (House Minority Leader Brad Jones has pledged his full support), but filing this petition preserves our option to move forward with a ballot question should a legislative repeal not come to pass.

"As an entrepreneur who founded a Massachusetts-based company that develops life-saving technology that today employs more than 25,000 people here and around the world, I have grave concerns about the chilling effect this tax will have on technology innovators seeking to start or grow a business here," said Mass High Tech Council Chairman **Pete M. Nicholas**. "Innovation has always been central to our state's DNA, and that is why it is so disappointing to now see anti-innovation policies such as this tax enacted by state policymakers who today more than ever should be supportive partners in growing and strengthening our technology economy."

"Thanks to the ingenuity of its people Massachusetts has long been a leader in innovation, which is why we have been proud to call this state home since our founding in 1967," said Analogic CEO **Jim Green**, also a Mass High Tech Council board member. "This tax will negatively impact our ability to compete and win business and will likely pose an array of challenges to technology companies seeking to invest and grow in Massachusetts."

The filing of the petition with the Attorney General begins a process that would result in a statewide ballot question on November 4, 2014, asking voters to repeal this tax. Following certification by the Massachusetts Attorney General, proponents must collect at least 68,911 signatures from registered Commonwealth voters this fall. Once the signatures are certified, the Legislature must move to repeal, modify, or take no action on the petition by May 2014. The last step is the collection of an additional 11,485 signatures following the May deadline.

High Tech Council members can expect a full update on this issue at the next meeting of the Council Cost Competitiveness Team Meeting on **August 22, 2013 at 8 a.m.** at the Council offices in Waltham.

The following MHTC members joined me in signing the initiative petition: Ray Stata (Analog Devices), Jim Gorin (Health E-Maps), Larry O'Brien (Dynamics Research Corp.), Tom Colatosti (Oasis Systems), and Stephen Green (Textron Systems).

Best,

A handwritten signature in blue ink, appearing to read 'C. Anderson', with a stylized flourish at the end.

Christopher R. Anderson  
President