As I See It – Chris Anderson

Irony abounds during the final weeks of the Massachusetts state fiscal year and legislative state budget process that ends on June 30. A recent State House News Service headline warned: “INCOME TAX CUT AT RISK...” This June headline chronicled the news that the anticipated $40 billion state budget based on limited spending cuts and overly optimistic revenue growth estimates may be short by $450 million to $750 million. The new reality jeopardizes a further income tax rate from 5.1 percent to 5.05 percent valued at $80 million in taxpayer savings resulting from the voter-approved 5 percent income tax rate called for in a 2000 statewide ballot referendum. It’s ironic in the context of the Legislature’s approval in May of a potential 80% or $2 billion income tax hike on the very taxpayers that support an incredibly generous and important set of philanthropic and job-creating ventures across Massachusetts. Stable and predictable tax and cost factors support successful climates for talent development, job growth, and tax revenue growth. Revised data and CEO perspectives to be published this fall in our 50-state competitiveness resource—MATTERS—will help put Massachusetts’s relative competitive strengths and weaknesses in full view of policy makers. We look forward to using this information as we head into the election cycle in 2016 and prepare for the 2017-2018 legislative session.

Legislature Advances Damaging Plan to Imbed Income Tax Increase in State Constitution

On May 18, the state legislature voted overwhelmingly to give initial approval to a state constitutional amendment that would raise Massachusetts’ top income tax rate to 9.15%; an increase of nearly 80%. The amendment would impose the third highest income tax rate in the country on an extremely narrow base of taxpayers, many of whom pay significant personal income tax under the state’s already-progressive flat income tax. Despite the serious economic and fiscal concerns raised by the Council and other pro-growth organizations, the legislature’s approval advances the proposal for reconsideration sometime in the 2017-18 legislative session. If approved a second time, the amendment will appear before the voters for final adoption on the statewide ballot in November 2018 along with Gov. Charlie Baker and U.S. Senator Elizabeth Warren who are presumed to be their party’s nominee for reelection as Governor and U.S. Senator, respectively.

The legislature’s recent action is an unfortunate and avoidable step in the wrong direction for taxpayers, risk-taking job-creators, employers, and charitable organizations that do such good work in Massachusetts. As stated in a letter sent to all legislators by the Council on May 17, the imposition of a graduated income tax is certain to damage Massachusetts’
competitive position as a hub for business and investment; add instability to Massachusetts’ fiscal foundation; and severely limit legislative and citizen power to set and amend tax policy in response to economic conditions.

There is a growing sense in the Massachusetts technology community that legislators are poised to repeat the mistakes made in 2013 with the short-lived “Tech Tax” that unleashed the ire of the state’s small business and technology employers. In a Council statement following the legislature’s action, Council President Chris Anderson stated: “This policy removes the welcome mat intended to attract and retain many of the most productive and generous contributors to Massachusetts’ dynamic economic ecosystem and social fabric - the entrepreneurs, business creators and philanthropists of today and tomorrow.”

The Council will oppose the new $2 billion tax and will continue to work to educate legislators and the public about the anti-competitive effects of the proposed amendment as well as the damage it would inflict on the Commonwealth’s fiscal discipline and stability.

**Council Shifts Charter School Expansion Focus from Legislature to Ballot Question and Popular Vote**

The opportunity to secure a meaningful expansion of charter schools in Massachusetts via the legislative process has all but disappeared and the Council is turning its focus exclusively to supporting the November 2016 ballot initiative.

In early May, both the House and Senate co-chairs of the legislature’s Education Committee publicly stated that the prospects for a legislative solution were dim at best. And in a recent interview, House Speaker DeLeo indicated the anti-charter school legislation advanced by the State Senate in April was a clear sign that achieving a compromise that would satisfy charter supporters like the Council and obviate the need for the pending ballot question was unlikely before formal legislative sessions end on July 31.

Polling continues to indicate very strong public support for charter schools. In a Boston Globe/WBUR poll released on May 7, 50% of respondents supported the expansion of charter schools, while only 33% were opposed. Entrenched special interests, however, remain committed to blocking the expansion of school choice and educational opportunity. The Massachusetts Teachers Association has publicly committed to spend up to $9 million in union dues to oppose the ballot question. The Council is working with a broad coalition of pro-charter advocates to protect student and parent interests from these special interests and will be leading efforts to coordinate support for the question from the state’s business and technology community.

**Beacon Hill Round Up**

**Bill to Further Restrict Employee Non-compete Agreements Poised to Advance**

On May 19, the legislature’s Joint Committee on Labor and Workforce Development gave a favorable report to a new draft of legislation that would update state laws governing employee non-compete agreements. The bill includes several provisions that are consistent with the Council’s position and advocacy, including reducing the duration of agreements to 12 months and providing earlier notice to employees who will be asked to sign a non-compete agreement. The bill also includes the Uniform Trade Secrets Act, increasing protections for intellectual property.

**UPCOMING EVENTS**

**MHTC Cost Competitiveness Committee Meeting**

**September 1 –**

**8:30 AM to 10:30 AM**

**Location: MHTC offices – Waltham, MA**

The Council’s Cost Competitiveness Committee meets to help drive the Council’s mission to make Massachusetts the world’s most attractive place in which to create and grow a high technology business. The Committee leads the Council’s efforts to assess and improve the quality of the Massachusetts business climate in relation to its chief competitor states, performs high-level analysis of corporate tax rates and other business cost data and identifies top policy priorities.

Participating members, kindly RSVP via calendar response or email to Mark Gallagher.

**MHTC Government Relations Committee Meeting**

**September 13 –**

**9:30 AM to 11:30 AM**

**Location: MHTC offices – Waltham, MA**

The Government Relations Committee is a forum for public policy and government relations professionals from member companies to network with peers and colleagues and share intelligence and ideas about pending state and federal issues of common interest. It also serves as an important mechanism to inform and support MHTC’s policy and advocacy agenda and strategy.

Participating members, kindly RSVP via calendar response or email to Mark Gallagher.

**MHTC Directors’ Reception and Concert**

**October 13 –**

**6:00 PM to 10:30 PM**

**Location: Boston Symphony Hall – Boston, MA**

On October 13, the Council Board of Directors will host an evening reception for Council directors and invited senior executives at Symphony Hall in Boston. The evening will feature cocktails and heavy hors d’oeuvres, remarks from Council officers and a guest speaker, and a performance by the Boston Symphony Orchestra, led by Maestro Jakub Hrůša.
The Council has helped lead a year-long effort to shape the legislation and is continuing to meet with legislative leaders to discuss further changes that will address remaining concerns on both sides of this issue, and ensure the legislation is consistent with the Council’s fundamental interest: advancing meaningful modifications to the law governing non-compete agreements while preserving employers’ ability to utilize non-competes to protect legitimate business interests.

Pharmaceutical Price Cap Legislation Sent to Study; Likely Dead for Session

On June 2, the legislature’s Joint Committee on Health Care Finance ordered to a study Senate Bill 1048 which would impose on pharmaceutical companies mandated disclosures and price control provisions that are troubling for many Council members. The Committee’s action effectively kills the legislation for the current session and, as reported by State House News, is consistent with the Council’s position and recent testimony calling on legislators to reject the bill due to the negative impact it would have on the Commonwealth’s brand and reputation as a state that embraces innovative companies and their products.

Legislative Leaders Negotiate State Budget for FY17 Amid New Concerns on FY16 and FY17 Revenues

A small team of House and Senate members are meeting in conference to develop a consensus bill to set the state’s budget for FY17. Both the House and Senate versions of the budget hover just below $40 billion in annual spending and neither bill includes any new or increased tax provisions. House and Senate conferees are pushing to complete negotiations and send a budget bill to the Governor before FY17 commences on July 1 and well before formal legislative sessions end on July 31.

Budget deliberations were dealt a serious blow on June 14 when administration officials disclosed that the FY17 revenue assumptions may be off by as much as $750 million. The news came as a shock to many lawmakers and plays out against the backdrop ofFY16 revenue collections that have been well below projections, creating an FY16 gap of approximately $350 million that will also need to be closed. The recurrence of budget shortfalls in recent years further reinforces one of the Council’s core policy tenets: that the state must live within its means and maintain strict self-discipline on spending.

Economic Development Bill Includes Council Priorities

An omnibus bill aimed at stimulating economic activity and job creation emerged from the legislature’s Joint Committee on Economic Development and Emerging Technologies on June 16. The bill includes several Council priorities including $71M to fund state matching grants to support Massachusetts collaborations among industry and research institutions in their pursuit of high-ROI federal R&D partnership opportunities. The legislation also includes a state income tax deduction for contributions to 529 College Savings Plans, which the Council has supported along with the Association of Independent Colleges and Universities of Mass. and a coalition of business groups.

Council Hosts Smart Cities Roundtable with DHS Under Secretary Reggie Brothers

On May 24, the Council convened a roundtable discussion on smart cities and the internet of things with Dr. Reggie Brothers, Under Secretary for Science and Technology at the U.S. Department of Homeland Security. More than 60 technology leaders and senior policymakers attended the forum hosted at the UMass Club by UMass President Marty
Meehan. Representatives from more than two dozen leading technology organizations, including Council members Bentley University, Massport, MIT Lincoln Labs, The MITRE Corporation, Northeastern University, PTC, and Raytheon Company participated in a dynamic discussion on how Massachusetts can be an early adopter of smart city technologies as well as a hub for innovative research and commercial activity developing smart cities IoT technologies for markets around the world.

From left to Right: Dr. Reggie Brothers, Department of Homeland Security; Chris Anderson, Massachusetts High Technology Council; John Sims, Bentley University

Annual Meeting and Tech Leader Testimonial Videos Highlight Council’s Value for Members and Tech Community

New Council videos produced by Mont Fennel Films highlight and reinforce the impact the Council has and the value we are adding for Council members. Our 2016 Annual Meeting was a huge success and one of our biggest ever.

Check out the highlights below.

UPCOMING EVENTS

education metrics that are relevant to high tech companies.

The December meeting is graciously being hosted by Council member Dassault Systèmes Americas Corp. Attending committee members are invited to join our host and the Council’s Board of Directors for a luncheon prior to the meeting from 12:00 PM to 1:00 PM.

Registration instructions for this meeting will be posted closer to the date. Please contact Mark Gallagher with immediate questions.

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The Council’s members have always been our greatest champions and our best recruiters. See what Massachusetts technology CEO’s are saying about why they support the Mass. High Tech. Council.

Council Board to Host Annual Event with Boston Symphony Orchestra

On October 13, the Council’s Board of Directors will host an evening reception for Council directors and invited senior executives at Symphony Hall in Boston. The evening will begin at 6:00 PM with a cocktail reception with heavy hors d’oeuvres, followed by a performance of the Boston Symphony Orchestra led by Maestro Jakub Hrůša at 8:00 PM.

Parthenon-EY, led by Council Chairman Bill Achtmeyer, has generously sponsored tickets for the performance. As a result, we are able to offer the event for a reduced event fee of $100 per person which includes the evening reception and concert performance.

Please note the reception and concert is by invitation only. Please contact Julie Champion at 781-890-6482 or via email at julie@mhtc.org if you have questions.

Council President Addresses Graduates at Brandeis University’s Rabb School Commencement

On May 22, Brandeis University welcomed Council President Chris Anderson as the 2016 commencement speaker for the Rabb School of Graduate Professional Studies. Anderson encouraged graduates to appreciate the fundamental importance of follow-through, and how “doing what you say you are going to do” is critical to collaboration and goes beyond any particular skill set to help individuals enhance credibility, build trust and expand opportunities.

The Rabb School offers opportunities for lifelong learning through online graduate programs and summer school courses and enrolls more than 4,000 students each year. Earlier this year, Brandeis elevated its commitment to the Massachusetts Technology, Talent and Economic Reporting System (MATTERS) when the Rabb School created a course for students and faculty who will lead key aspects of MATTERS data collection, synthesis and analysis and the Council looks forward to continuing our partnership with Brandeis faculty and students.
Congresswoman Clark and Congressman Kennedy Featured at Council Roundtable

On May 3, the Council hosted Congresswoman Katherine Clark and Congressman Joseph Kennedy for a CEO Roundtable on “The Innovation Economy: Opportunities for Public-Private Partnership.” Council members and technology leaders joined two of Massachusetts’ rising political stars for a dynamic discussion on the innovation economy and how Congress and technology organizations can partner to facilitate job creation and investment, foster research and development, and support the continued growth and success of the Massachusetts innovation economy.

From left to right: Chris Anderson, Congresswoman Katherine Clark, and Congressman Joe Kennedy

Council Members Asked to Participate in Workforce and Education Survey of Business Leaders

As part of the Council’s ongoing focus on access to talent and workforce development and the efforts of our Talent, Workforce and Education Committee, we are partnering with several other leading business organizations to conduct a survey of key employers in the Commonwealth on how well the State’s education system is preparing students to meet the needs of Massachusetts employers. The survey will provide the Council with additional insights into our own member perceptions as well as those of a broader universe of Massachusetts employers and will be used to help shape and support our education and workforce development priorities.

Council members are asked to please click here to take the survey which should take less than 10 minutes to complete. Responses are requested by June 30.
CEOs from Two Council Members Among Highest-Rated CEOs in Glassdoor Employees’ Choice Awards

Council Vice-Chairman Aron Ain, CEO of Kronos was rated among the best large-company CEOs in the U.S., with the No. 18 ranking in Glassdoor’s 2016 Employees’ Choice Awards. The awards are based on more than two million company reviews that are submitted voluntarily by individual employees and provide employees an opportunity to rate their CEO’s leadership. Jason Robbins, CEO of Council member DraftKings was rated 14th among small and medium company CEOs. The CEOs of two other Massachusetts-headquartered companies were included among the 50 top-rated large U.S. company CEOs: Bob Bechek of Bain & Company and Jack Little of MathWorks.

Member Spotlight: The University of Massachusetts

On June 7, the University of Massachusetts released a study highlighting the $6.2 billion in economic activity generated by the University of Massachusetts System in 2015. The study is yet another indication of the critical economic development role played by UMass and the Council’s other higher education institution members.

Data That MATTERS

Massachusetts currently ranks 2nd among all states for federal R&D funding on per capita basis, an improvement for 13th as of 1998.

Data that MATTERS: Federal Funding for R&D per Capita

![Federal Funding for R&D per Capita](image_url)

*Courtesy of the Institute for Strategy & Competitiveness, Harvard Business School*

Contact Us

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