As I See It – Chris Anderson

What Will Amazon Do?

As reported recently in the Boston Globe and Boston Business Journal, the local business and economic development communities are buzzing with the news that Massachusetts and Boston appear to be among the contenders to land Amazon’s planned second headquarters or “HQ2”.

I assume Amazon CEO Jeff Bezos has not yet discovered the proposal that legislators have sent to the 2018 statewide ballot to establish a new personal income tax in the Massachusetts Constitution and forever change the way Massachusetts makes taxing and spending decisions. A few years ago, Bezos was a strong public opponent of a similar—and unsuccessful—ballot initiative to impose a tax on wealth in Amazon’s current HQ state of Washington.

Massachusetts’ robust technology economy will continue to attract global attention until enough anti-competitive policy changes (at least 3 of which are currently in the queue) turn the tide against us. Yes, we could become Connecticut in a New York minute. I hope Amazon’s leaders will take some comfort — like so many other businesses and organizations in Massachusetts have — in the ongoing effort by the High Tech Council to advance policies that improve the conditions for job and economic growth, and when necessary, oppose those that harm those conditions.

Challenge to Unconstitutional Income Tax Amendment Just Around the Corner

Throughout the summer, the Council and our coalition partners made significant strides advancing our litigation strategy to challenge a special interest-backed 2018 ballot initiative that would permanently embed an 80 percent tax increase on all income over $1 million in the Massachusetts Constitution. In the coming weeks, a formal complaint will be filed with the Massachusetts Supreme Judicial Court (SJC) challenging the validity of the proposal. We believe if implemented, the proposal will damage the Commonwealth’s economic climate and irreparably harm Massachusetts’ process for making taxation and budgeting decisions.

The Council has led the development and execution of the litigation strategy in partnership with a coalition of business advocates including the Massachusetts Competitive Partnership, Massachusetts Taxpayers Foundation, Associated Industries of Massachusetts, Mass. Business Roundtable and National Federation of Independent Businesses. Under the leadership of Kevin Martin, Partner, Co-Chair Appellate Litigation Group of Goodwin Procter, the Council’s
team of legal and judicial experts have developed and tested a set of compelling constitutional arguments and we have a high degree of confidence we will prevail.

Council members have enthusiastically supported our efforts with their time, expertise and financial resources to fund the litigation. Please contact Chris Anderson if you are interested in supporting this critical effort, the outcome of which has long-term ramifications for the fiscal health of the Commonwealth.

Council Leaders and Guests Invited to October 5 Directors’ Reception and Boston Symphony Orchestra Concert

Each fall the Council and its directors invite senior executive members and their guests to join us for a special gathering at Symphony Hall in Boston. This Council “tradition” began two years ago and it has become a popular social event with a bit of policy prior to a performance of the Boston Symphony Orchestra. House Speaker DeLeo and Lieutenant Governor Karyn Polito have each joined us as featured guest speakers in prior years, briefly addressing the audience on a matter of interest.

This year’s reception will take place the evening of October 5, and we are pleased to announce we’ll host guest speakers Robert J. Cordy, former Associate Justice of the Massachusetts Supreme Judicial Court and current Partner at McDermott Will and Emery; and Goodwin Procter’s Kevin Martin. Justice Cordy will provide his perspective on the SJC and global rule of law issues based on his exemplary legal career and more than 15 years on the SJC. Kevin will provide a brief perspective on the work we are doing associated with the Constitutional Amendment challenge we expect will be pending before the SJC at that time.

Directors and invited guests received an email invitation on September 5 and should contact Julie Champion for additional event details.

Employer Mandate Ballot Questions Approved for 2018 Will Impose Unprecedented Costs on Businesses and State

On September 6, Attorney General Maura Healey certified 21 proposed ballot initiatives, an important step toward their appearance on the 2018 statewide ballot. While many will fail to gather the 64,750 voter signatures that are required to earn a final spot on the ballot, several of the initiatives that pose substantial threat to job and economic growth are well-funded by their proponents and will likely appear.
Among the most concerning: a proposal to require employers to provide paid family and medical leave to their employees; and a proposal to increase the state minimum wage to $15 per hour. Both proposals are backed by Raise Up Massachusetts, the special interest group funded by public sector labor unions that is also behind the unconstitutional income tax amendment proposal.

**Paid Family and Medical Leave**

The paid family and medical leave ballot initiative would require employers to provide all employees with up to 16 weeks off for family leave and 26 weeks off for medical leave. Employers would be required to pay premiums equal to 0.63% of employee wages to a state-run insurance program that would provide employees with 90% of their normal compensation while on leave. Employers could require employees to contribute up to 50% toward the costs.

According to the National Conference of State Legislatures, only 4 states require paid family and medical leave. Massachusetts would be unique in the duration of leave provided to employees and the cost imposed on employers. The Council has been working with policymakers for several years to educate them on the significant and unprecedented operational and cost burdens this mandate would place on employers.

**$15 Minimum Wage**

In 2014 state legislators passed a 37% phased-in increase in the state minimum wage, in part to avoid a ballot initiative threatened by Raise Up. In January 2017, the final increment of that phased-in increase took effect, raising Massachusetts’ minimum wage to $11 per hour, the highest state-mandated minimum wage in the nation.

But Raise Up already wants the minimum wage to be increased again, this time by an additional 36%. While Council members tend to have few Massachusetts-based minimum wage workers, supporters of the increase themselves acknowledge the higher minimum wage will place significant additional upward pressure on wage costs far beyond those for minimum wage earners.

**Cost and Competitiveness Impacts**

Massachusetts employers are already burdened with high costs. According to CNBC’s Top States for Business, Massachusetts is the 6th most costly state in which to do business. CNBC’s ranking is supported by the dynamically compiled federal data available in the Council-developed Massachusetts Technology, Talent and Economic Reporting System (MATTERS).

In addition to the burdens these potential ballot measures would impose on private employers, the two proposals could result in millions of dollars in new annual costs for the Commonwealth and local cities and towns as they are forced to fund additional mandated wages and benefits for thousands of their own employees and those of government contractors.

The Council believes all employees deserve a fair wage and that employers are wise to provide employees with policies to manage their personal and family needs alongside their professional opportunities and obligations. But the “only in Massachusetts” obligations proposed by Raise Up will only reinforce Massachusetts’ reputation as a high-cost state with burdensome employer mandates.
Council to Host Senior Executive Roundtables with Massachusetts House and Senate Ways & Means Committee Chairs

The Council’s Government Relations Committee will host September roundtables with Jeff Sanchez and Karen Spilka, the Chairs of the Ways and Means committees of the Massachusetts House and Senate, respectively. Chairman Sanchez and Chairwoman Spilka currently hold two of the most important and influential positions on Beacon Hill. Our roundtables present an opportunity for Council members to engage with them on topics of concern.

Chairman Sanchez will join us on September 19 from 10:00 to 11:30 AM at the Boston offices of Council member Fidelity Investments. Chairwoman Spilka will visit the Council’s Waltham offices on September 26 from 10:00 to 11:30 AM. Each session will be followed by a brief meeting of the Government Relations Committee and discussion of the Council’s public policy agenda.

All Council members are invited to attend, but RSVP’s are required. Please contact Mark Gallagher if you are interested in attending.

MHTC “Closing the Gender Gap” Tech Event Scheduled for October 18

The Council and members McKinsey & Company and reacHIRE join in hosting Closing the Gender Gap: Turning a Marathon Into a Sprint, our second annual event focused on women in technology. The event will be held on October 18, from 7:30 to 9:30 AM at the Boston offices of McKinsey & Co., and will feature a presentation on McKinsey’s upcoming 2017 Women in the Workforce report. Following the presentation, an interactive panel will discuss creative solutions and best practices to help companies engage women at all stages of the talent pipeline and advance more women from middle management to senior leadership roles.

Last year, nearly 100 senior leaders attended the event and we are looking forward to another successful event this year. You may view highlights of the 2016 event here. Additional event details and registration information may be found here.

DATA THAT MATTERS

The MATTERS Tax and Cost of Doing Business rankings consistently show Massachusetts to be a high cost state for businesses. Massachusetts’ MATTERS national rank (#1 is best):

Contact Us

Massachusetts High Technology Council
Reservoir Woods
850 Winter Street | Waltham | MA | 02451
781.890.6482 | www.mhtc.org