

# THE HIGH TECH AGENDA

## MASSACHUSETTS HIGHTECHNOLOGYCOUNCIL

*Dedicated to Growth... Committed to Action*

### As I See It – Chris Anderson



December ushers in a season of hope which seems to clash with a culture that produces hopelessness with alarming regularity. I'm reading a book this season, [Beautiful Hope](#), featuring a number of contributors, including Pope Francis. The book uses some powerful real-life perspectives that inspire us to overcome hopelessness. When everything seems chaotic and we are faced with a multitude of negative realities, we might be tempted to say that nothing makes sense anymore. But we are not alone. Fueled by our respective faith traditions, hope is bound up in our faith. Hope does not disappoint!

At the High Tech Council, we've been particularly gratified by the across-the-board engagement of so many of you in support of our achievements this year. As we look ahead and see a variety of opportunities and challenges on the horizon, it seems appropriate to be driven by hope, because as Pope Francis says: "One who has hope lives differently."

On behalf of Mark Gallagher, Julie Champion, and Andrew DeFalco, we wish you a Merry Christmas, Happy Hanukkah, a joyful holiday season and a healthy and prosperous 2018.

### Council Maps Four-Year Strategy; Sets 2018 Priorities

On December 7, Council Chairman Aron Ain hosted the final Board of Directors meeting of the year at Kronos's [recently-opened global headquarters](#) in Lowell. Board members and invited guests discussed several important agenda items, including the status of the litigation challenging the constitutionality of the proposed tax amendment, and the Council's emerging 4-year strategic focus on improving the state's fiscal health by addressing aspects of the state's \$40 billion budget that demand substantive engagement by a unified employer community.

As summarized below and discussed in more detail at the board meeting, a confluence of ballot questions that most likely will qualify to appear on the 2018 statewide ballot could result in fundamental policy changes with deep consequences: increased costs for the state budget along with a significant reduction in revenue, and higher costs and regulations on private employers that negatively impact continued investment and job growth in Massachusetts.

In anticipation of increased calls for a series of new tax revenue proposals, and the need for action to strengthen the state's fiscal outlook, the Council's leadership team directed Council staff to work with a core group of Council members to analyze the key drivers of the Commonwealth's continued economic expansion and vitality to protect and enhance pro-growth policies and initiatives over the next 4 years.

### MISSION STATEMENT

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. Read our Mission Statement at [mhtc.org](http://mhtc.org).

## Opening Brief Filed in Challenge to Unconstitutional Tax Amendment

On December 11, attorneys for the Council and our co-plaintiffs filed with the Massachusetts Supreme Judicial Court our [opening brief](#) in support of our case that the graduated income surtax initiative petition is unconstitutional. The brief unveiled for the first time the full measure of our arguments against the constitutionality of the initiative petition.

Prepared by the Goodwin Procter legal team lead by Kevin Martin, the brief outlines in detail the three critical ways in which the proposal violates the requirements and restrictions of Article 48 of the Massachusetts Constitution, which specifies the limits of the initiative petition process the proponents seek to use.

First, the initiative petition improperly combines three unrelated subjects by establishing a graduated income tax, and mandating that the money raised be spent only on education and transportation. Second, it improperly allocates funding by requiring that all revenue raised by the new tax be spent “only” on education and transportation. Finally, it improperly attempts to set taxes in the Constitution, outside of the Legislature’s control.

The looming federal tax changes being finalized by Congress are a real-world and real-time reminder of the critical importance of preserving legislative control over state taxation and fiscal decisions. In New York and New Jersey, legislative leaders have [announced that they will halt efforts to raise state taxes on high income earners](#) if federal tax changes eliminate the deductibility of state and local taxes. Should the Massachusetts Constitutional Amendment pass, our legislature would be unable to react as to similar economic and policy changes in the future.

A December 12 Boston Herald editorial entitled [Three Legal Strikes](#) praised the Council’s litigation effort and a December 13 piece by Boston Globe columnist Jeff Jacoby opined “[If the SJC Sticks to Precedent, the Initiative is Going Nowhere](#)”.

The Attorney General and intervening defendant Raise Up Massachusetts will file their briefs on January 12. Our counsel will file a reply brief on January 26 and the case will be argued before the SJC on Monday, February 5, 2018. A decision from the court is anticipated in the spring of 2018.

To learn more about how you can support this effort, contact [Chris Anderson](#).

## CEO Perspectives MATTER: Fall 2017 MATTERS Executive Competitiveness Insight Survey

The semi-annual MATTERS Executive Competitiveness Insight Survey provides the Council with a unique opportunity to align and analyze the views of CEOs and senior executive leaders from the Massachusetts’ technology economy with dynamically curated data from the Council’s [Massachusetts Technology Talent and Economic Reporting System](#). Our analysis of the [Fall 2017 MATTERS Survey](#) reveals a number of compelling and actionable findings. Technology leaders are generally upbeat about Massachusetts, but their concerns about the future health of the business climate are evident.

- 84% say Massachusetts is a good or excellent place today to do business (up from 72% a year ago).
- 79% say Massachusetts business conditions will hold steady or improve (down from 90% a year ago).

Underlying that decline are troubling policy proposals and business conditions that drive increasing concern among technology leaders, including business costs, infrastructure and the availability of talent. The following are among the 3 challenges and concerns that keep folks

## BOARD OF DIRECTORS

Analog Devices, Inc.  
Bain Capital Private Equity  
Bentley University  
Boston Scientific Corporation  
Brooks Automation, Inc.  
Care.com  
Carruth Capital LLC  
Choate Hall & Stewart LLP  
CIO Magazine (Editor Emeritus)  
Continuum Managed Services LLC  
Dassault Systèmes  
Deloitte  
Dunn Rush & Co. LLC  
Ernst & Young LLP  
Goodwin Procter LLP  
Jenzabar, Inc.  
KPMG LLC  
Kronos Incorporated  
Mercury Systems, Inc.  
MilliporeSigma  
MKS Instruments, Inc.  
Northeastern University  
Parthenon-EY  
People’s United Bank  
PTC  
Putnam Investments  
Raytheon Company  
Stratus Technologies Inc.  
The Charles Stark Draper Laboratory Inc.  
The Kraft Group  
The MITRE Corporation  
The University of Massachusetts System  
Trinity Partners LLC  
Worcester Polytechnic Institute

up at night:

- 77% identify Massachusetts’ high costs as the top risk to their business (up from 70% a year ago).
- Just 16% “strongly agree” that the quality of Massachusetts’ infrastructure satisfies their business needs.
- 39% of executives agree their business is able to successfully hire for tech positions and only 27% agree strongly that skilled labor is readily available, despite widespread agreement that Massachusetts leads the nation when it comes to the high quality and skill level of Massachusetts workers.

The MATTERS Survey is a key factor in shaping the Council’s Public Policy Agenda. You can view the Council’s draft 2018 Public Policy Agenda [HERE](#) and contact Mark Gallagher for more information on how you can get involved in the Council’s policy development and advocacy efforts.

## Proponents Advance Initiatives to 2018 Ballot

Aside from a ruling that removes the proposed Constitutional Amendment from the ballot, an increasingly aggressive series of special interest-backed policies poised to advance through the State House or closer to appearing on the ballot would likely undercut Massachusetts’ continued ability to compete effectively with our peer states for jobs. For example:

On December 7, 7 initiative petitions moved one step closer to appearing on the 2018 statewide ballot when proponents submitted more than the minimum 64,750 voter signatures to the Secretary of State in order to qualify. Three questions are of particular significance to the state’s competitiveness and fiscal stability:


- Mandatory employer-funded paid family and medical leave;
- \$15 minimum wage; and
- Reduce the sales tax from 6.25% to 5%.

The Council is concerned about the negative economic and fiscal impacts these ballot initiatives would have if approved. The paid leave requirement could impose more than \$1B in new annual costs on employers, costs they don’t face in other states. (67% of MATTERS Survey respondents believe the proposed initiative petition to mandate employer-funded paid family and medical leave would negatively affect the business climate if passed in 2018.) The sales tax rate reduction would reduce annual state revenues by \$1.3B in an era of recurring state budget shortfalls and revenue volatility.

With less than a year until the election, voter support for several of the initiatives appears strong. A November 2017 poll by WBUR found 82% of voters support the paid leave proposal and 69% support the sales tax reduction.

High level of support for possible 2018 ballot questions			
Percent of voters who currently support or oppose each proposal			
	Paid Family Leave	Millionaires Tax	Sales Tax Cut
<b>Total Support</b>	<b>82%</b>	<b>76%</b>	<b>69%</b>
Strongly support	58%	54%	47%
Somewhat support	24%	22%	22%
<b>Total oppose</b>	<b>12%</b>	<b>19%</b>	<b>20%</b>
Somewhat oppose	6%	8%	13%
Strongly oppose	6%	11%	7%
<i>Don't Know / Refused (not read)</i>	5%	5%	11%

Source: WBUR Poll, November 2017  
Chart by The MassINC Polling Group



## Create a Workplace to Strengthen How You Recruit and Retain U.S. Military Veterans and National Guard Employees

The Mass. High Tech Council and a team of members and partners have created a best-in-nation program that leverages the commitment of the Commonwealth to veteran hiring. Council members and all Massachusetts employers are invited to register now to participate free of charge in the New England Tech Vets [Veteran Ready Employer Education and Certification Program](#).

New England Tech Vets will certify as “Veteran Ready” employers that demonstrate a commitment to veteran hiring *and* retention through the completion of the New England Tech Vets Veteran Ready employer on-line education program; organizational initiatives focused on veteran employees; and progress in hiring and retaining veteran employees.

With the support of the Council this year, the Legislature adopted Gov. Baker’s proposal to boost veteran hiring incentives along with our “Veteran Ready” initiative. Effective immediately, employees with 100 or fewer employees can be certified by the Massachusetts Department of Veterans Services (DVS) as eligible for a state tax credit of up to \$4,000 for each veteran they hire and retain. DVS will certify as eligible for the tax credit any Massachusetts employer that completes the NETV training and meets other applicable DVS criteria.

On November 8, our program became the first veteran employer education program approved by DVS to enable Massachusetts employers to satisfy eligibility requirements for a newly enacted veteran hiring credit.

You may view additional detail about the program [HERE](#) and contact [Andrew DeFalco](#) with any questions about registering for the program.



## Policy Snapshot: Energy Costs and Reliability

The cost, reliability, and cleaner-production of energy MATTERS to employers. The Council supports efforts to make energy costs more competitive and ensure our energy supplies are secure, stable, and diverse. Recently, the Council was invited by Senate Telecommunications, Utilities & Energy Committee Chairman Michael Barrett to participate in a meeting of energy stakeholders to discuss broad-reaching carbon pricing legislation and concepts the legislature is currently considering.

As we shared with the attendees, current and historic data - including key metrics tracked in the Council’s [MATTERS 50-state competitiveness dashboard](#) - shows that energy costs in Massachusetts are consistently among the highest in the nation. See the Council’s letter to Chairman Barrett [HERE](#).

Under a 2016 state law, Massachusetts’ electric utilities are required to bring up to 2800 megawatts of additional renewable power to Massachusetts through two types of competitive long-term contracts: One for clean energy (primarily large hydropower and on-shore wind) and one for offshore wind. The Massachusetts Department of Energy Resources (DER) is currently overseeing competitive bidding processes among interested power suppliers.

On December 13, the Council joined with Associated Industries of Massachusetts and the Mass. Business Roundtable to host a webinar entitled An Overview of Clean Energy Options for Massachusetts. The webinar featured presentations from the executive teams of several leading bidders. Participants were provided details on pricing, transmission infrastructure and reliability and took part in a discussion of the options.

The Council urges DER to consider the economic needs of electricity ratepayers by giving the highest priority to ratepayer impact for transmission projects that will deliver renewable energy in accordance with the Commonwealth’s ambitious goals. As the Commonwealth seeks to become a national leader in renewable and cleaner energy sources and technologies, we must be mindful of the impact of high energy costs on job creation and our reputation as a leader in the innovation economy.

Contact [Mark Gallagher](#) for more information.

## Data that MATTERS

The price of electricity in Massachusetts has historically been among the seven most expensive in the nation. By comparison, electricity prices in one of our [MATTERS](#) peer states, Washington, are half of those in Massachusetts.

## Contact Us

**Massachusetts High Technology Council**  
Reservoir Woods | 850 Winter Street | Waltham | MA | 02451  
781.890.6482 | [www.mhctc.org](http://www.mhctc.org)

