

MASSACHUSETTS
HIGHTECHNOLOGYCOUNCIL

Dedicated to Growth... Committed to Action

LEGISLATIVE MEMO

To: Members of the General Court
From: Christopher R. Anderson, President
Date: August 14, 2013
Re: Next steps regarding the “tech tax”



Over the course of three decades, the High Tech Council has resorted to the initiative petition process reluctantly – but with great determination – in pursuit of policies we believe are essential to creating or protecting a competitive environment for job and economic growth. This month, we did so again.

As we first noted to you earlier this year, the expansion of the sales tax to include providers of custom software and network services represents a major competitive impediment for a wide range of Massachusetts high technology employers. Put simply, this tax strikes at the heart of our state's innovation economy.

As you are well aware, 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, and a highly educated workforce that is second to none. However, none of the states with which Massachusetts most often competes for high tech jobs has a tax like this. We have become more uncompetitive at a critical time when tech firms are increasingly expected to lead economic growth and hiring.

After receiving strong backing from our board of directors, the High Tech Council has joined with the Mass. Taxpayers Foundation to lead an effort to repeal the law on custom software and network design services. Twenty Massachusetts business leaders representing a range of small and large companies from across the Commonwealth signed a petition to place the question on the 2014 statewide ballot.

We filed this petition because we believe this tax is the wrong policy. We also believe that you did not intend to enact a policy with such wide-spread negative implications across most of our economy, propelled by technology firms that employ hundreds of thousands of residents. **Although we are serious about moving forward, we are also serious about our commitment to working with you to make sure this law is not on the books for the next 15 months until the voters repeal it.**

As the summer comes to a close and you resume your important work, please know that we are always available to provide further information on this issue. We look forward to continuing our dialogue and hope to bring this issue to a successful resolution with your cooperation through the legislative process.