



MASSACHUSETTS
HIGH TECHNOLOGY COUNCIL
Dedicated to Growth... Committed to Action

August 8, 2019

**Key Council Priorities Reflected in FY20 Budget Signed by Governor,
but Long-Term Challenges Persist**

**Private Sector Momentum Driving Record
State Tax Collections, Supporting Historic
Investments in Transportation and
Education**

For more than 42 years, the Massachusetts High Technology Council has maintained a consistent mission and focus: 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. The Council has established an unsurpassed track record of success managing complex, multi-year public policy strategies in support of conditions that protect and enhance the strength of the Massachusetts economy.



On July 31 Governor Baker signed the state budget for FY20, one month past the June 30 close of FY19, a year in which revenue collections rose by \$1.9 billion to \$29.69 billion, an increase of nearly 7% over FY18 revenue collections and more than 15% over FY17. According to US Census data in [MATTERS](#), the Council's dynamic dashboard of 50-state competitiveness data, Massachusetts residents and businesses continue to support one of the highest per-capital levels of state spending in the country.

With tax collections rising at twice the rate of inflation since 2015, Massachusetts does not have a revenue problem despite repeated claims that billions in new taxes must be imposed to support state spending.

For FY20, budget makers anticipate revenues will increase to \$30.9 billion, about 1% over those realized in FY19. In fact revenue collections for July 2019 have already exceeded the FY20 budgeting estimates and beat last July's total by 6%.

The FY20 budget, combines spending supported by state revenue and funding from federal sources and totals more than \$43.3 billion, an increase of \$1.3 billion or 3.3% over FY19. Highlights include:

- More than \$1B in annual funding for transportation and transit systems and operations including MassDOT, the MBTA, and local road construction and maintenance. These funds are in addition to ongoing MassDOT and MBTA authorized capital expenditure programs that will invest more than \$20 billion in system modernization, resiliency and expansion over the next 5 years.
- A \$5.2 billion appropriation for state support of K-12 education, the highest level of state funding ever and a \$268 million (or 5%) increase over FY19.

Fiscal Discipline Improving; Significant Exposure to Long-term Stability Risks Remains

Since 2018, the Council has been engaged in a sustained effort to develop data to assess the Commonwealth's fiscal health and educate business leaders and policymakers on the critically important and symbiotic relationship between private sector economic activity and growth and the Commonwealth's fiscal health and ability to invest in the shared priorities of its citizens and institutions.

Our efforts stem from a desire to better understand the political and economic forces behind unrelenting calls for new and increased taxes, even as Massachusetts revenue collections have risen steadily to historic levels. Our concerns are reinforced by troubling data and analyses highlighting the calamitous economic results that have occurred in states like Connecticut, Illinois and New Jersey that have unwisely relied on over taxation of productive economic activity to manage their fiscal affairs.

Recent national rankings of states' relative fiscal health, including the Council's own [MATTERS Fiscal Stability Index](#), rate Massachusetts poorly and in the same company as the fiscal basket cases cited above. What has buoyed the Commonwealth is our robust private sector, as evidenced by our gross state product which is [growing at the 11th highest rate in the country](#).

Massachusetts faces significant long-term fiscal challenges decades in the making, but over the past several years, the Commonwealth has taken positive strides to improve its fiscal stability. Specifically, actual and budgeted contributions to the state's "rainy day" Fiscal Stabilization Fund from FY18 through FY20 will total \$2.2 billion, bringing the fund balance up to \$3.3 billion.

From a broader perspective, the FY20 budget presents a clear reminder of two key principles that should guide the decision making of Massachusetts economic and political leaders:

- Massachusetts' private sector growth and activity is the envy of the nation, creating an enormous expansion of economic opportunity and generating tax revenues to support historic public investment in shared priorities. Business and political leaders must collaborate to make policy choices that preserve and enhance the economic momentum we enjoy today.
- Even more markedly than the nation, the Commonwealth finds itself in the midst of a prolonged period of overall economic expansion, begging the question: how long will it last? Unlike many of our peer states, Massachusetts is suffering the fiscal effects of decades of policy decisions that have destabilized our long-term fiscal condition. It is imperative that the Commonwealth prepare to manage and absorb future downturns by making wise policy decisions that will actually deliver needed solutions—not just more taxpayer money—to vexing policy challenges.

Council Leadership and Advocacy

With an engaged leadership team of senior technology and innovation-focused executives, the Council is currently focused on a sustained effort to:

- Identify and advocate for policies that expand and leverage Massachusetts' advantages while avoiding self-inflicted harm and addressing persistent and emerging risks to our economic growth; and
- Advocate for fiscal policies and practices that protect the underlying foundation and environment for private sector growth via fair and competitive taxation, efficient and effective use of public funds and policies that empower and support employment, entrepreneurship and investment.

Contact [Mark Gallagher](#) to learn how you can support this important work. Look for a broader update on the Council's public policy efforts later this month.

OUR MISSION

The Massachusetts High Technology Council is an organization of CEOs and senior executives representing technology companies, professional services firms, and academic and research institutions dedicated to creating and sustaining conditions that support investment and job growth in Massachusetts. Our members are growth-oriented, knowledge-intensive employers and institutions that develop, deliver and depend on technology products, services and innovations to advance their organizational objectives.

Our mission 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.

For more information [visit our website](#).

