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Massachusetts High Technology Council Criticizes Approval of Anticompetitive Graduated Income Tax

Waltham, Mass. – Today, the legislature took an unfortunate and avoidable step in the wrong direction for taxpayers and employers in Massachusetts. As outlined in the [letter sent to all legislators](#) by the High Tech Council yesterday, the imposition of the proposed graduated income tax is sure 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.

Council President Chris Anderson likened the graduated income tax proposal to the 2013 “Tech Tax” that unleashed the ire of the state’s small business and technology employers. “There is a growing sense in the Massachusetts technology community that legislators are poised to repeat the mistakes of the short-lived 2013 “Tech Tax” said Anderson. “Massachusetts elected officials are advancing a “first-in-the-nation” tax policy, the negative impacts of which are clear and foreseeable--particularly to the state’s innovation economy.”

The Constitutional amendment the legislature advanced today would raise Massachusetts’ top income tax rate to 9.15%- an increase of almost 80%- and impose the third highest income tax rate in the country on an extremely small group of taxpayers, many of whom pay significant personal income tax under the state’s already-progressive flat income tax. “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,” said Anderson.

If the amendment is approved, Massachusetts would have the third highest tax rate among Massachusetts’ [Peer Technology States](#), as shown in a table which was provided to legislators and excerpted from the [Mass. Technology, Talent and Economic Reporting System \(MATTERS\)](#),” said Anderson. “The Council believes this would severely harm the competitive position of the state’s business climate and negatively impact Massachusetts’ brand as a hub for innovators and business creators.”

The Council raised concerns that the proposal would enable unchecked state spending and undermine fiscal discipline. The Council’s letter to legislators described the proposed income tax increase as a “blank check” for pro-spending advocates and called proponents’ assertion that all new revenues from the tax increase will be dedicated to educational and transportation purposes misleading, stating: “These ‘dedicated purpose’ assertions are a misleading description some proponents are relying on to garner voter support.”

The Council reminded legislators that the proposed amendment would actually embody the tax in the language of the constitution itself and even go so far as to specify the tax rate and income threshold in

the text of the constitution, severely constraining the ability of both voters and future legislatures to modify the tax should adjustments be warranted or necessary in response to changing circumstances in the future. According to the Tax Foundation, no other state embodies a permanent personal income tax and fixes the rate in their state constitution.

MATTERS Peer Technology State Tax Rates

State	Personal Income Tax: Top Rate
California	12.30%
Minnesota	9.85%
Massachusetts	9.15%
New Jersey	8.97%
New York	8.82%
Connecticut	6.70%
Maryland	5.75%
Virginia	5.75%
Ohio	5.33%
Utah	5.00%
Colorado	4.63%
Illinois	3.75%
Pennsylvania	3.07%
Texas	0.00%
Washington	0.00%

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