

THE HIGH TECH AGENDA

MASSACHUSETTS HIGHTECHNOLOGYCOUNCIL

Dedicated to Growth... Committed to Action

How I See It – Chris Anderson, Council President



The fact that Massachusetts Governor Charlie Baker is currently the [most popular governor in America](#) (with an astounding 74% approval rating) comes as no surprise to the High Tech Council and others who have known and worked with him for decades. A number of the Council's policy initiatives are now emerging from the Baker Administration (with notable support from leadership in the House of Representatives) that will help strengthen our ability to accelerate and sustain job creation and economic growth across the Commonwealth.

Unfortunately, it's also not surprising that certain advocates and some elected officials don't get it. They are promoting initiatives (see below) that—if approved—will add \$1.9B in new state taxes (on top of the nearly \$1B added in 2013) and establish new personnel regulations that will impose costly and confusing compliance burdens and create significant new litigation risk for most employers doing business in Massachusetts for years to come.

Successfully retaining and growing Massachusetts businesses and recruiting others to the Commonwealth requires a predictable and competitive set of tax, regulatory, and talent pipeline policies and strategies. And we know from our [MATTERS](#) data, a number of our peer states are poised to take advantage of any Massachusetts misstep (as Connecticut has just learned).

Council Highlights Anti-Competitive Impacts of Graduated Income Tax Initiative

Last week, Massachusetts legislators delayed action on a proposed amendment to the Massachusetts Constitution that would authorize and impose a graduated income tax. The proposal was one item on the agenda when the state's Constitutional Convention assembled on February 3.

In a [letter delivered to all lawmakers](#), the Council renewed its call on legislative members to consider the significant anti-competitive impacts of the proposal and reject it. The Council believes it is highly likely legislators will consider the measure at a subsequent Constitutional Convention later this year, perhaps as early as April.

The proposal, backed by group of public and private-sector unions known as [Raise Up Massachusetts](#), would impose a 4% additional tax on any individual income over \$1M annually. Based on the state's current income tax flat rate of 5.15%, individuals would pay at a 9.15% rate, among the highest marginal tax rates in the nation and the third highest marginal income tax rate among the Council's [Peer Technology States](#).

The Council believes that imposing a constitutionally mandated graduated income tax would

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.

UPCOMING EVENTS

MHTC Talent Development Policy Team Meeting

February 10 –

8:30 AM to 10:30 AM

Location: MHTC offices – Waltham, MA

The Council's Talent Development Policy Team (TDPT) meets regularly to develop and shape the Council's education and workforce priorities and initiatives and develop highly-usable data and analysis of key talent and education metrics that are relevant to high tech companies.

Participating members, kindly RSVP via calendar response or email to [Ron Trznadel](mailto:Ron.Trznadel@mhtc.org).

MHTC 2016 Roundtable Series: Douglas A. Tamilio, Acting Director, U.S. Army Natick Soldier Research, Development and Engineering Center (NSRDEC)

February 23 –

10:00 AM to 11:30 AM

Location: MHTC offices – Waltham, MA

Mr. Tamilio is responsible for the planning, programming, coordination and execution of the research, development and engineering program dedicated to the sustainment and

damage Massachusetts' competitive climate for business and investment, undermine the state's fiscal discipline and add instability to Massachusetts' fiscal footing by further narrowing the tax base on which state spending is founded.

To be adopted, the constitutional amendment will ultimately need to be approved by a majority of voters on the November 2018 statewide ballot. Before it can appear before voters in 2018, it must first be approved by two successive biennial legislatures meeting in Constitutional Convention. (Periodically, the Mass. State Senate and House of Representatives convene jointly in Constitutional Convention to consider changes to the State Constitution.) Any initial approval by a Constitutional Convention in 2016 would be just an early milestone in this lengthy and complex process. A second Constitutional Convention convening in 2017 or early 2018 would again need to vote in favor of the tax proposal for it to continue to advance. The Council is committed to opposing this proposal at each step in the process.

Council Leadership Drives Charter School Expansion to Top of 2016 Legislative Agenda



If it weren't for the likelihood of a 2016 ballot question backed by the Council, legislative efforts to expand charter schools and provide relief to 37,000 waitlist students would be in jeopardy. Instead, Council leaders' support for the expansion of public charter schools as a key Council priority is yielding support from across the business community.

On January 21, the Council's Board of Directors held a special meeting to discuss charter school expansion efforts with Massachusetts Education Secretary Jim Peyser. Secretary Peyser provided Council leaders with a compelling assessment of the positive impact of public charter schools; the dramatically unmet student demand for charter school opportunities; and the Baker Administration's unwavering commitment to expanding charter schools, whether through legislation or ballot initiative.

The Council is actively pursuing legislative opportunities to expand charter schools in order to avoid going to the ballot, but remains steadfast in our support for the [pending charter school ballot question](#) just in case. The Council is also playing a leadership role coordinating joint advocacy by a broad group of Massachusetts' most influential business, civic and educational organizations, including a [January 11 coalition letter to all legislators urging them to support charter school expansion](#).

This approach has been instrumental in recent decisions by House and Senate leaders to place charter school legislation at the top of their 2016 legislative agendas. On January 20, Senate President Rosenberg announced (to the surprise of many) that the Senate would pursue charter school legislation this year. The Senate President explicitly acknowledged that the Senate would not have considered the issue, but for the looming ballot initiative. House Speaker Bob DeLeo has historically supported charter schools and in a January 27 speech outlining his 2016 agenda, he reiterated that he continues to view charter schools an under-utilized tool to close persistent gaps in student achievement. In January 28 [letters to Speaker DeLeo](#) and [Senate President Rosenberg](#), the Council applauded their focus on the issue and reinforced that any viable legislative solution must include a meaningful and sustainable response to student and parent demand and avoid negative impacts on the financing and governance model that has empowered the success of charter schools to date and reinforced our commitment to the ballot initiative should the legislative solution be inadequate.

UPCOMING EVENTS

suitable food, clothing, airborne and airdrop organizational personal equipment. NSRDEC delivers world-class research, development, systems engineering and services, with the unique "Soldier"-centric focus. Please click [here](#) to view Mr. Tamilio's complete biography.

The presentation will focus on the NSRDEC's Human Performance Optimization (HPO) strategy. HPO is receiving more attention with Army senior leaders because the research will improve soldier performance, resiliency, and recovery. Human science research is an opportunity to maintain and enhance the Army's decisive edge in a declining budgetary environment. Click [here](#) to register.

MHTC Government Relations Committee Meeting February 24 –

10:00 AM to 12:00 PM

Location: Pfizer – Cambridge, MA

The Government Relations Committee (GRC) is a forum for public policy and government relations professionals from member companies to network with peers and colleagues and share intelligence and ideas about pending state and federal issues of common interest. It also serves as an important mechanism to inform and support MHTC's policy and advocacy agenda and strategy.

Our February meeting is being hosted by Council member Pfizer. Participating members, kindly RSVP via calendar response or email to [Ron Trznadel](#).

MHTC Board of Directors Meeting February 25 –

7:30 AM to 10:00 AM

Location: MHTC offices – Waltham, MA

Please RSVP via calendar response or email to [Julie Champion](#).

New England Tech Vets Online Training Session for Employers

February 29 –

2:00 PM to 3:00 PM

Location: Online session

The Council and its program partner, Monster Worldwide, Inc. will be hosting periodic WebEx training sessions like this for interested

Key Council Priorities Included in Governor's 2016 Economic Development Bill

On January 28, Governor Baker filed [comprehensive economic development legislation](#). The proposal incorporates several key Council priorities, including the dedication of significant state financing (\$118M) for matching grants to support Massachusetts collaborations among industry and research institutions in their pursuit of high-ROI federal R&D partnership opportunities.

The Council's advocacy in 2003 helped institutionalize state support through the creation of the John Adams Innovation Fund under the direction of the Mass. Tech Collaborative. Since then, we have incrementally increased state funding for such initiatives, which represent a "can't lose" proposition for the Commonwealth. Massachusetts-based organizations that leverage these matching state funds successfully compete for federal investments that dwarf the state's outlay by several multiples. Where the Commonwealth pledges support for an application that is not selected, no state funds are actually expended and the resources are retained by the Commonwealth.

If properly funded, Massachusetts will be better positioned to compete and win in the pursuit of these opportunities, including several pending initiatives related to the [National Network for Manufacturing Innovation](#). The Council is working with research and development stakeholders to educate legislators on the enormous opportunities presented and to generate support for this proposal and other aspects of the Governor's bill.

Council-backed Corporate Income Tax Reforms Included in Governor's FY 2017 Budget Bill

Governor Baker's [proposed budget for FY2017](#) was filed on January 27 and includes a high-impact proposal to expand the application of single sales factor tax apportionment treatment to all Massachusetts industries and corporate taxpayers. The Governor's bill, which includes no new taxes or fees and funds state government at \$39.5B, is just the start of a complex, six-month journey to a final state budget. The inclusion of this key Council-supported improvement to state tax law is an important and powerful statement in support of pro-growth and competitive tax policies.

Market-based apportionment of income for multistate companies is increasingly a hallmark of fair, competitive and effective taxation systems. Massachusetts was an early adopter of a limited application of single sales factor apportionment, recognizing in 1995 that traditional three factor apportionment formulas based on in-state payroll, property and sales resulted in increased tax liability whenever a local company added employees or made capital investments in the Commonwealth.

Over the past 20 years, the Commonwealth has continued to migrate away from the three factor model and towards more market-based apportionment and income sourcing rules, most recently in 2013 as a result of advocacy from the Council. The Governor's proposal is a logical and important next step in that ongoing evolution of state policy.

Application of single sales factor tax apportionment treatment to all Massachusetts industries and corporate taxpayers will help ensure Massachusetts remains competitive with other states. Of the 45 states that currently tax corporate income, 24 use single sales factor apportionment and only 8 cling to the traditional equal-weighted three factor formula. See the "Data that MATTERS" map below for a broader look at state apportionment policies.

In just the past few years, California, New York, Pennsylvania, North Carolina, Connecticut and Rhode Island have adopted far-reaching single sales factor tax reforms. The trend

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members and their recruiting staff to provide an overview of the features and functionality of NewEnglandTechvets.org. To register and receive WebEx instructions for the February 29 online session, please click [here](#).

Please contact [Ron Trznadel](#) to learn more about the New England Tech Vets Program and how to become a New England Tech Vets 'Charter Employer'.

EFMA hosting "Increasing Profits & Protecting Intellectual Property in Developing Growth Markets

March 24 & 25 –

Location: Boston, MA

This conference brings together senior tax, legal and financial experts who will provide a comprehensive analysis of the legal issues, recent tax & regulatory developments, skills and structuring strategies necessary to maximize profits from IP while protecting these assets from threats of piracy, counterfeiting, infringement and other legal challenges in emerging markets.

The conference will provide ample time for networking with speakers and other attendees. This is a must attend event for any company operating internationally and their legal, tax and financial advisors. Please visit the EFMA website for more information or click [here](#).

New England Tech Vets Online Training Session for Employers

March 29 –

2:00 PM to 3:00 PM

Location: Online session

The Council and its program partner, Monster Worldwide, Inc. will be hosting periodic WebEx training sessions like this for interested members and their recruiting staff to provide an overview of the features and functionality of NewEnglandTechvets.org. To register and receive WebEx instructions for the March 29 online session, please click [here](#).

Please contact [Ron Trznadel](#) to learn more about the New England Tech Vets Program and how to become a New England Tech Vets 'Charter Employer'.

toward fairer and more competitive corporate taxation models is clear and the High Tech Council urges members of the House and Senate to follow the lead of 24 other states and enact the Governor's proposal in 2016.

Council Supports Efforts to Address Gender Pay Gap; Opposes Misguided Legislation

Massachusetts legislators are currently considering several bills ostensibly aimed at expanding pay-equity protections, including Senate Bill 2107 which the State Senate gave initial approval to on January 28. The Council is firmly committed to developing and implementing workable solutions to the gender pay gap dilemma, but we oppose Senate Bill 2107, notwithstanding the good intentions of its supporters.

In many ways, Senate Bill 2107 is a classic example of a well-intended proposal that is likely to result in unintended consequences. It is duplicative of existing Massachusetts and federal laws that already prohibit gender-based pay discrimination. Senate Bill 2107 would make it exceedingly difficult and risky for employers to reward any employee, female or male, through commissions and other merit-based or performance-based compensation systems.

Existing Massachusetts labor laws already create a high level of complexity, cost and risk for employers. Senate Bill 2107 would only exacerbate this anti-competitive dynamic, to the detriment of job creation and economic growth in the Commonwealth.

The Council believes that far greater opportunities to close wage gaps exist where employers and policymakers work together to encourage and empower employers to adopt policies and practices that help them optimize the value they derive from their engagement of women employees who make up a critically important component of the Commonwealth's workforce.

Council Annual Meeting to Feature Governor, Milken Institute Economic Development Expert

The Council's 2016 Annual Meeting is set for April 6 from 11:30 AM to 2:00 PM at the Conference Center at Bentley University. We will again welcome the Council's most famous alumnus, Governor Charlie Baker, for a keynote address.

Our focus on the state's competitive advantages and challenges including access to talent and innovation assets will take center stage. The meeting will also feature a special presentation from Kevin Klowden, Managing Economist at the [Milken Institute](#) and a noted expert on technology-based economic development. Mr. Klowden will present a perspective on Massachusetts' standing in Milken's State Science and Technology Index a key metric in our [MATTERS 50-state competitiveness dashboard](#).

For additional details and to register, please visit the [Council's events page](#). Members interested in joining Brooks Automation, Kronos, and the MITRE Corporation as Annual Meeting Sponsors should contact Ron Trznadel (ron@mhtc.org).

UPCOMING EVENTS

MHTC 2016 Annual Meeting

April 6 –

11:30 AM - 2:00 PM

Location: Bentley University – Waltham, MA

A summary of this event may be found in this edition of The High Tech Agenda. For additional details and to register, please visit the [Council's events page](#).

MHTC Talent Development Policy Team Meeting

May 4 –

8:30 AM to 10:30 AM

Location: MHTC offices – Waltham, MA

The Council's Talent Development Policy Team (TDPT) meets regularly to develop and shape the Council's education and workforce priorities and initiatives and develop highly-usable data and analysis of key talent and education metrics that are relevant to high tech companies.

Participating members, kindly RSVP via calendar response or email to [Ron Trznadel](#).

MHTC Government Relations Committee Meeting

May 12 –

10:00 AM to 12:00 PM

Location: TripAdvisor – Needham, MA

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Participating members, kindly RSVP via calendar response or email to [Ron Trznadel](#).

MHTC Board of Directors Meeting

May 24 –

10:00 AM to 12:00 PM

Location: MKS Instruments – Andover, MA

This meeting is graciously being hosted by Council member MKS Instruments. Please RSVP via calendar response or email to [Julie Champion](#).

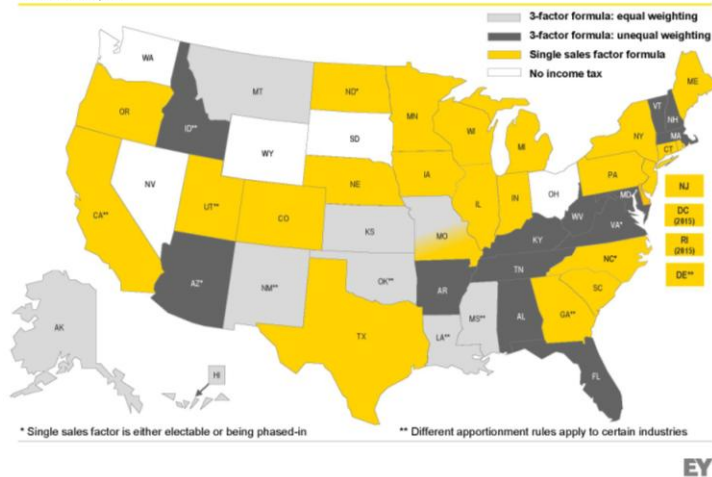
Please visit our [Events Calendar](#) for additional 2016 Council events.

Data that MATTERS

A growing majority of states that impose a corporate income tax use single sales factor apportionment. View a larger image of the map [here](#).

2016: States with a Single Sales Factor

As of 27 January 2016



Contact Us

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