

# THE HIGH TECH AGENDA

## MASSACHUSETTS HIGHTECHNOLOGYCOUNCIL

*Dedicated to Growth... Committed to Action*

### As I See It – Chris Anderson



On February 6, 2018 the Massachusetts Supreme Judicial Court (SJC) heard oral arguments in our challenge to the constitutionality of a proposed ballot question to amend the Massachusetts Constitution. The High Tech Council believes the proposed amendment would allow special interests (now and in the future) to circumvent the constitutionally-required representative process through which the state enacts policies related to specific public expenditures and specific tax rates on specific groups of taxpayers.

Ours is the first challenge to this form of proposed amendment to the State Constitution since 1937—a fact that underscores how rare such attempts are, and how essential it is to protect the

existing constitutional safeguards against capricious and permanent changes to the oldest constitution in the world. Massachusetts enacted its state constitution in 1780. That means it was adopted seven years *before* the U.S. Constitution ("oldest constitution still in use today") was written. The provisions establishing the permissible processes and subjects for amending the Constitution were established during the Constitutional Convention debates of 1917-1918.

The 2018 argument played out for about an hour before a packed courtroom. I encourage you to view the argument (<http://www.suffolk.edu/sjc/archive.php>) archived by Suffolk University Law School. In the archive list, select February, and then: **Anderson v. Healey, SJC-12422**, argue date: Tuesday February 6, 2018.

In addition to the further update below, you can also read a more detailed summary of the oral argument inclusive of select media reports on the relevant parts of the proceedings [here](#). In the end, it was clear the Justices were well prepared and extensively questioned each attorney. We now await their decision.

### Supreme Judicial Court Questions Constitutionality of Tax Amendment

The questions posed by six of the seven SJC Justices present for February 6, 2018 session evidenced their deep understanding and serious consideration of our primary arguments against the proposal's constitutionality. In particular, several justices zeroed in on the array of issues and policy questions presented by the proposed amendment (imposition of new taxes, education spending directives, transportation spending directives) and expressed doubt that all of the disparate aspects were sufficiently related to pass constitutional muster.

Justices also raised questions about the permissibility of segregating and appropriating public funds for particular purposes, outside of the legislature's ultimate control. In an effort to address this concern, the Assistant Attorney General and counsel for the proponents (drafters

### 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).

### UPCOMING EVENTS

#### Board of Directors Meeting

**February 27 –  
10:00 AM – 12:00 PM**  
*By invitation.*

#### Executive Committee

**April 9 –  
6:00 PM – 8:00 PM**  
*By invitation.*

#### Presidents at Pops

**May 10 –  
6:00 PM – 10:00 PM**  
*Location: Symphony Hall, Boston, MA*

Please see news item below for more information.

#### Board of Directors Meeting

**May 21 –  
7:30 AM – 9:30 AM**  
*By invitation.*

of the Amendment) conceded in response to questioning that there is really no guarantee that education or transportation spending would increase over current levels should the measure pass, a direct contradiction to the proponent's core public messaging and political argument in favor of the question.

Following are links to five reports, editorials, and opinion pieces representative of more than 20 such news articles written about the February 6 SJC session:

- [Boston Herald \(editorial\)](#)
- [Boston Herald \(opinion editorial\)](#)
- [Boston Business Journal](#)
- [Boston Globe](#)
- [Commonwealth Magazine](#)

## New Studies Warn of Taxable Income and Revenue Exodus Should Income Tax Amendment Pass

A pair of studies released by our fellow plaintiff--the Massachusetts Taxpayers Foundation (MTF) on February 12, 2018 and the Pioneer Institute on February 13, 2018--paint a stark picture of the economic ramifications should the challenged tax amendment advance. The [Pioneer Institute study](#) cautioned that the proposal is an "economic time bomb" and noted that between 1992 and 2015, nearly \$16 billion in wealth left Massachusetts, largely to Florida and New Hampshire where no state income tax is imposed. [The MTF report](#) found that the state would have collected more than \$1 billion in additional taxes in just one year (2017) had such prior outflows of taxable income and wealth *not* occurred.

MTF analyzed four states that enacted a surtax on income over \$1 million--California, Connecticut, New Jersey, and New York -- and produced data showing people routinely move from high-tax states to low tax states. The 4 states noted here have lost a combined \$17.1 billion in adjusted gross income (AGI) in 2016 alone. As noted in the report, following federal tax reform in December 2017, all four states are now re-thinking their income tax policies in order to prevent further out-migration by their highest-earners.

Both studies also highlight the risk and folly of permanently enshrining tax policy and rates in the State Constitution where they cannot be modified by the Legislature in timely response to changing economic conditions or federal policy shifts--such as the SALT deduction cap imposed via the federal 2017 Tax Cuts and Jobs Act.

## Council Focused on State Fiscal Stability as Proposed State Budget Approaches \$41 Billion Threshold

State government's failure to adequately secure the Commonwealth's long-term fiscal stability is creating significant risks to Massachusetts' economic vitality. Despite a relatively strong economy in recent years, a decade of unrestrained growth in key components of the state budget inhibit the Commonwealth's ability to invest adequately in key areas that foster investment and job growth in our private economy and create economic opportunity for all Massachusetts citizens.

Left unaddressed, ongoing and intensifying revenue demands in these budget categories will likely result in a reduction of resources available for economic development, education, and infrastructure investments, and increasing attempts imposing additional taxes on employers and those who invest in and create jobs.

## UPCOMING EVENTS

### Run to Home Base 2018

July 28 –  
8:00 AM

*The 2018 Run to Home Base supports our nation's Veterans and Service Members and helps raise much needed funds for clinical care provided to veterans, service members and their families. The Run is a unique fundraising event ending with the unforgettable experience of crossing home plate at historic Fenway.*

*For more information, please visit the [Run to Home Base website](#) or contact [Monica Collins](#), Director of Development at Home Base, a Red Sox and Mass General Hospital Program.*

### Directors Reception

October 2018 (Exact date TBD)  
6:00 PM – 10:00 PM  
*By invitation.*

### Executive Committee

November 28 –  
6:00 PM – 8:00 PM  
*By invitation.*

### Board of Directors Meeting

December 13 –  
10:00 AM – 12:00 PM  
*By invitation.*

On January 24, Governor Baker filed House Bill 2, his proposed budget for FY2019 which includes plans for \$40.9 billion in state spending, an increase of 2.6% over FY2018 levels. The proposal is based on an anticipated \$27.6 billion in state-generated revenues, with the balance supported by federal funds and reimbursements. The budget proposes to transfer \$96 million to the “rainy day” or Stabilization Fund, bringing the balance of the fund to \$1.463 billion.

MassHealth, the state’s Medicaid program, continues to consume in excess of 40% of the state budget at a cost of \$15.9 billion. MassHealth’s budget is supported in part by a new “temporary” \$200 million annual tax on employers, many of whom are already shouldering significant and growing costs to insure their own employees.

In a positive development, the proposed budget would limit year-over-year growth in MassHealth spending to just 1.3%, a sign of progress in efforts to slow the pace of growth. However, because MassHealth has expanded in size and cost so rapidly over the past 10 years, it is imperative that policymakers do more than just stabilize the program at its current size and level of budgetary impact which are clearly unsustainable over the long term.

The Council’s directors are analyzing data and considering strategies to engage stakeholders and policymakers in a sustained and concerted effort to address these challenges.

Contact [Mark Gallagher](#) to learn more about how you can get involved in this important multi-year Council initiative.

## Jeff Riley Selected as the Next State Commissioner of Elementary and Secondary Education

The state’s talent pipeline begins in our public K-12 education delivery system. We are pleased that in January the Massachusetts Department of Elementary and Secondary Education (“DESE”) Board voted to hire Jeff Riley as its next Commissioner. As Commissioner of Elementary and Secondary Education, Riley will play a critically important role in setting and maintaining state curriculum standards and ensuring accountability in every K-12 public school in the Commonwealth.

In 2012, Jeff was appointed by the Commonwealth to oversee the chronically-underperforming public school system in Lawrence, and the results have been remarkable. As outlined in this [Boston Globe column](#) praising his selection as Commissioner, Riley has changed the trajectory for the schools in Lawrence where 10th-grade English scores rose 24 percentage points and math scores went up 18 percentage points. Lawrence’s high school graduation rate rose 19 percentage points to 71.4 percent and the annual dropout rate was cut in half, to 4.2 percent.

The Council applauds Jeff’s appointment and is confident that he will continue and expand his track record of collaborative, data driven and results focused leadership on behalf of Massachusetts public schools and students and looks forward to hosting Commissioner Riley for a CEO Roundtable later this year.

## Council Leaders Collaborate with BSO on Presidents at Pops

This year, the Council is again pleased to partner with the Boston Symphony Orchestra and Boston Pops and invites you to join fellow Council members and Massachusetts business leaders at the 37th Annual Presidents at Pops corporate gala on Thursday, May 10. Under the continuing leadership of BSO Chairman Bill Achtmeyer, this year’s benefit concert is co-chaired by Jim Judge, CEO of Eversource Energy.

Presidents at Pops 2018 will showcase the world-renowned Boston Pops under the leadership of Keith Lockhart, together with special guest artist, multi-platinum-selling pop artist Andy

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Inaugurated in 1982, Presidents at Pops celebrates the extraordinary partnership between the Boston business community and the Boston Symphony Orchestra and has proven to be one of the BSO's most successful events and has become a model for other arts organizations across the country.

Additional details about event ticketing and sponsorship opportunities can be found [here](#). Contact [Chris Anderson](#) to learn more about how you can participate in this entertaining event and leverage this important sponsorship opportunity.

## Data that MATTERS

Between 1992 and 2015, Massachusetts experienced a nearly \$16 billion net outflow of wealth.

(Source: [The Pioneer Institute](#))

## Contact Us

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