

THE HIGH TECH AGENDA

MASSACHUSETTS HIGHTECHNOLOGYCOUNCIL

Dedicated to Growth... Committed to Action

As I See It: Home Field Advantage – Chris Anderson



Every competitive team seeks and fights for home field advantage for key contests. Home field has two basic components: the home field environment itself (especially the fans) and the team that occupies the field on a regular basis (the conditions that determine success). Election year 2018 will feature high-profile reelection bids by U.S. Senator Warren and Governor Baker. We'll see a race for an open U.S. Congressional District seat being vacated by Rep. Niki Tsongas. The entire Massachusetts House and Senate will be elected and/or re-elected. And Massachusetts voters will be asked to decide several

questions that have an array of consequences for the Commonwealth's home field capacity for supporting investment and job growth.

However, prior to the November election, the Supreme Judicial Court will determine the constitutionality of a proposed amendment to the Massachusetts Constitution. We believe that decision will have far-reaching "home field" consequences related to how taxing and spending decisions are made in our Commonwealth.

And you thought the 4th Quarter of the Patriot's home game against the Jacksonville Jags was packed with thrills!

Regardless of the outcome in each of these high-impact decisions, avoiding future proposals to raise taxes that reduce the incentive to invest in job growth in Massachusetts will require a multi-year game plan that keeps the focus on how best to nurture the changing workforce requirements of the innovative Massachusetts economy that has become the envy of the world. Remember Taxachusetts? Let's keep that image in the rear view mirror.

The media will follow each of these election-year issues in depth. We will too, but our focus is quickly shifting to solutions to manage a set of health care-related cost-drivers that consume the greatest share of the state budget and threaten to overwhelm what otherwise would be prudent state policy priorities around economic development, workforce development, education, and infrastructure.

Let's protect our home field advantage. Massachusetts needs a multi-year plan and a unified commitment from the private sector across the Commonwealth to protect and enhance the attributes that thousands of Massachusetts-based businesses benefit from, and that attracts serious consideration from would-be employers such as Amazon who want the Massachusetts home field advantage.

Massachusetts Attorney General Responds to Grad Tax Amendment Challenge

On Friday, January 12, 2018, Attorney General Maura Healy and the public-sector union proponents of the ballot initiative (Raise Up Massachusetts), each filed a brief with the

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

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.

Board of Directors Meeting

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

Directors Reception

October 11 –
6:00 PM – 10:00 PM
By invitation.

Supreme Judicial Court in response to our December 11, 2017 brief. Click [here](#) to view the AG's brief, and [here](#) to view the proponents brief.

Interestingly, the Attorney General's first instinct is to avoid defending the initiative as it actually is written, repeatedly arguing that the initiative does not actually require spending the graduated income tax revenue "only" on transportation or education. She argues instead that the Legislature has "plenary" authority to decide how to spend the revenue. That is plainly not what the initiative says, and not what the initiative's proponents argue the initiative means in their own brief.

Furthermore, the Attorney General concedes that notwithstanding this tax increase, spending on transportation and education could remain stable, or even decrease substantially, because tax dollars are fungible. That obviously is not how the initiative is being sold to the public.

Our legal team, led by Kevin Martin of Goodwin Procter, will file our subsequent reply brief on January 26. The SJC will review these legal pleadings in preparation for the parties' oral arguments before the Court on February 6 at 9:00 AM and we anticipate a decision from the Court in the spring of 2018. (Note that SJC proceedings are webcast live and the February 6, 2018 session will be viewable [here](#).)

To learn more about how you can support this effort, contact [Chris Anderson](#).

Progressives Push Grad Tax Amendment in Wake of Federal Tax Reform

As reported on January 23 by the State House News Service, advocates for raising taxes on high-wealth job creators in Massachusetts are quite active. The left-leaning Massachusetts Budget and Policy Center is using testimony before the Legislature's Revenue Committee to plug the graduated income tax constitutional amendment. They claim the new federal tax law will reduce the taxes paid by the state's top 1 percent of income earners by more than \$2.96 billion in 2019. "If the people of Massachusetts determine that \$2.96 billion could be better spent on investments in education and transportation, which could make our economy more productive and expand opportunity for our young people, the state could adjust our tax code in ways that would effectively redirect a portion of that \$2.96 billion to those higher priority areas," MassBudget's Phineas Baxandall wrote in an analysis of the tax changes. "That could be done by raising state income taxes for our highest-income taxpayers, who will be receiving large federal income tax cuts and benefitting from large federal corporate tax cuts."

State Imposes New "Temporary" Surcharge on Employers to Fund MassHealth Medicaid Bailout

Beginning on January 1, required annual contributions to the Employer Medical Assistance Contribution (EMAC) will rise from a maximum of \$51 per employee to \$77. An additional EMAC penalty of up to \$750 will be imposed for each employee who chooses MassHealth/Medicaid over employer-offered coverage. Additional information on the new EMAC surcharges and implementing regulations can be found [here](#).

In 2017, the Council and other business associations supported a package of reforms to MassHealth proposed by Governor Baker that would preserve health care coverage for Massachusetts citizens and begin to move the \$16 billion state program toward long-term fiscal stability. Provided such reforms were adopted, the Council and other associations were willing to support additional temporary EMAC charges through December 31, 2019, in order to provide additional financial resources necessary to stabilize MassHealth in the immediate term.

Legislative sessions for 2017 ended with the EMAC surcharges (which will impose \$200M in

UPCOMING EVENTS

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.

BOARD OF DIRECTORS

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The MITRE Corporation
The University of Massachusetts System
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Worcester Polytechnic Institute

new annual costs on Massachusetts employers), but no meaningful reforms to MassHealth, enacted into law. This failure to advance MassHealth reforms sends a tremendously negative message to the state's business leaders while doing nothing to address the root causes of MassHealth's explosive growth.

The proposed state budget for FY 2019 filed by the Governor on January 24 includes the lowest percentage increase in this budget item in years and reflects the Baker Administration's ongoing efforts to stabilize the program. However, the Legislature must adopt still-pending changes to the MassHealth Medicaid program this year or risk returning it to a period of rapid cost escalation.

As it currently exists, the MassHealth program is undeniably and fundamentally unsustainable, putting at risk the very people it is designed to protect. Today, more than 40% of the entire state budget is spent to maintain MassHealth, seriously undermining the Commonwealth's ability to make the type of investments in public education, transportation and quality of life that are critical to the economic future of all Massachusetts residents. Massachusetts can adopt better, more effective policies to provide the health care coverage that our most vulnerable fellow citizens need while ensuring MassHealth spending is sustainable and compatible with other state needs and priorities.

As the Senate and House return to formal legislative sessions this month, the Council is continuing to support passage of reforms that will address the financial condition and fiscal impacts of MassHealth in both FY18 and FY19.

Please contact [Mark Gallagher](#) to learn more about how you can get involved.

Council's Veteran Ready Employer Certification Program Supports New Policy Recognized in Governor's State of the Commonwealth Address

During the State of the Commonwealth address on January 23, the Governor acknowledged a bi-partisan effort that resulted in our recently-launched New England Tech Vets "Veteran Ready Employer Education and Certification" program. Council members and all Massachusetts employers are invited to [register now](#) to participate free of charge in the program.

The Veteran Ready Education and Certification program is an important new addition to the New England Tech Vets career portal and talent database the Council launched in 2015 and provides a great example of the Council's member-driven and solution-focused approach to maintaining and expanding a robust talent pipeline. The program addresses the gap between an employer being "veteran friendly" and its ability to be "veteran ready" by providing the organizational knowledge and structure to help veteran employees transition successfully to a civilian workforce environment.

The Council worked with Governor Baker and State Senator Karen Spilka in 2017 to enact a new veteran hiring tax credit for emerging and small Massachusetts companies. Effective immediately, employees with 100 or fewer employees can be certified by the Massachusetts Department of Veterans Services (DVS) as eligible for a state tax credit of up to \$4,000 for each veteran they hire and retain. DVS will certify as eligible for the tax credit any Massachusetts employer that completes the NETV training and meets other applicable DVS criteria. In November, our program became the first veteran employer education program approved by DVS to enable Massachusetts employers to satisfy eligibility requirements for the newly enacted veteran hiring credit.

To learn more about the program and how to participate, contact [Andrew DeFalco](#).

Council Adds New VP of Member Development and Engagement

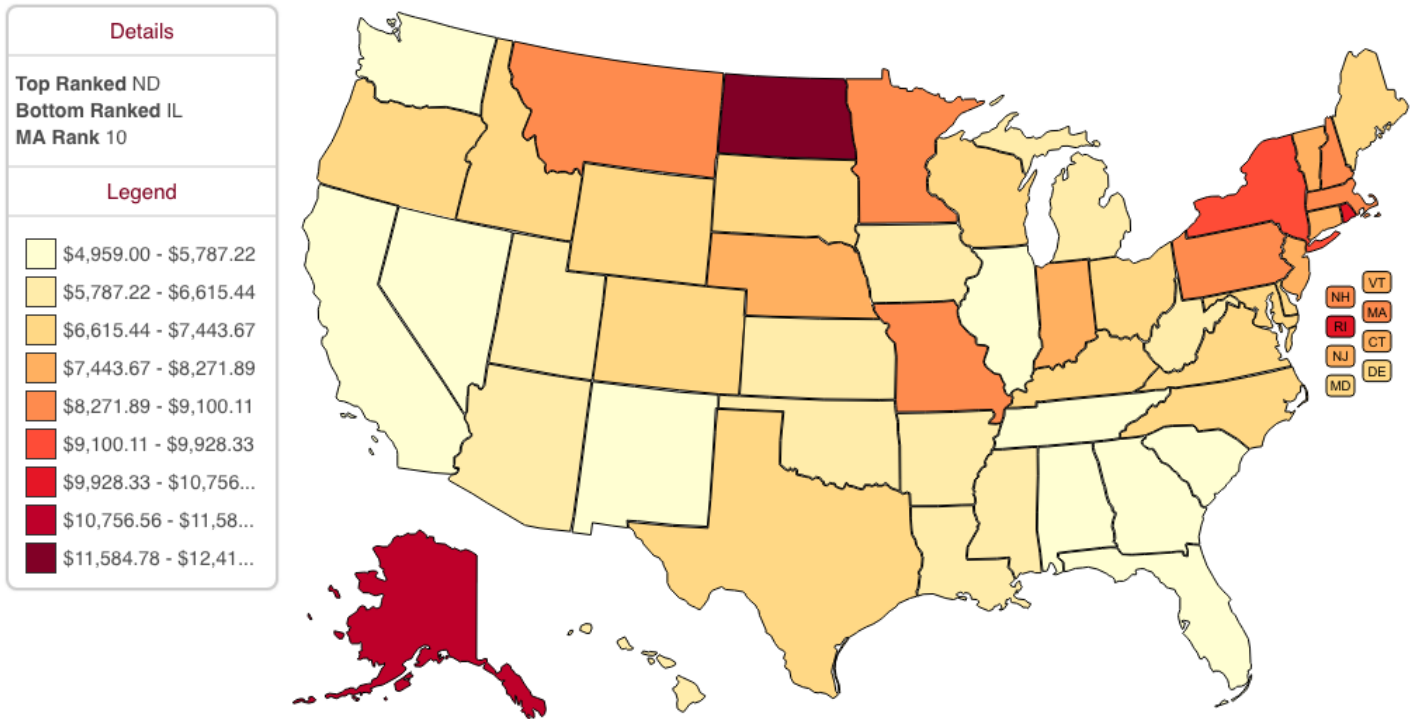
The Council is pleased to announce that Bernie Prusaczyk is supporting the Council as Vice President of Member Development and Engagement. Bernie recently served as Founder and Managing Director of VIC Technology Venture Development Boston Branch office and served as CEO in VIC established portfolio companies. Prusaczyk led the effort to build new companies in Massachusetts with the purpose of commercializing innovative technologies exclusively licensed from research institutions.

A graduate of the College of the Holy Cross, he is a technology executive with more than twenty-five years of leadership in various industries, ranging across software, mobility, life sciences data management, search and database technologies, medical devices and printing technologies. He has served in an executive capacity at multiple Massachusetts based companies including Agfa (now Monotype Imaging), Polaroid, Progress Software and Nugenesis Technologies, acquired by Waters Corporation.

Please join us in welcoming [Bernie](#) to the Council team.

Data that MATTERS

At \$8,922 annually, Massachusetts has the 10th highest Medicaid cost per enrollee in the country, 30% higher than the national average of \$6,815.



Contact Us

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