



M A S S A C H U S E T T S  
**HIGHTECHNOLOGYCOUNCIL**

*Dedicated to Growth... Committed to Action*

**To:** Members of the 192<sup>nd</sup> Massachusetts General Court  
**From:** Mark J. Gallagher, Vice President, Policy & Government Affairs,  
Massachusetts High Technology Council  
**Date:** January 25, 2021  
**Subject:** Supporting Recovery and Job Growth in the 2021-22 Biennial Session

The Massachusetts High Technology Council (the "Council") congratulates you on your election to the 192<sup>nd</sup> General Court of Massachusetts and we thank you for your commitment to public service, which comes at a time when the Commonwealth finds itself at a health care and economic crossroads. At this crucial juncture, substantive collaboration between the private sector and public officials is essential because the risks are real.

The COVID-19 pandemic has destroyed hundreds of thousands of Massachusetts jobs and decimated key parts of the economy. Employers and business sectors that have weathered the COVID-19 storm to-date nonetheless face seismic shifts in the way they do business; how they engage with employees and customers; and confront new challenges to their ability to compete globally. Restoring employment will be fundamental to a swift and sustained recovery.

The Council is committed to partnering with you and your colleagues to identify and advance policy options that support a sustained economic recovery, contribute to an impactful response to the pandemic and help the Commonwealth manage and meet its fiscal needs now and in the future.

The Council is an organization of CEOs and senior executives representing technology companies, professional services firms, and research institutions who are dedicated to creating and sustaining conditions that support investment, job growth and improved quality of life in Massachusetts. Our mission is simple: 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. Our leaders are dedicated to growth and committed to action.

**Continued Collaboration on COVID is Critical**

In 2020, the Council convened business and civic leaders in response to COVID-19. We brought together subject matter experts and produced a series of [COVID-19 Recovery and Return to the Workplace Roundtables](#) to share data, information and insights to help employers and public officials make the best decisions possible to ensure employee safety, advance public health strategies, and minimize economic damage.

Council leaders and collaborators presented data and analysis from our [Recovery and Return to the Workplace Framework](#) to Baker Administration officials and legislative leaders, including at a May 13 session for all State Senate members hosted by Senate President Spilka. We look forward to continuing our work on effective responses to COVID-19 in collaboration with you in 2021 and invite you to join us for upcoming forums on testing, vaccination and the future of work post-pandemic.

### **Restoring Employment Growth: First Do No Harm**

As the 2021-22 biennial legislative session begins, Massachusetts employers are watchful for a clear message of support from you and your legislative colleagues. The substantive policy choices you make will send unmistakable signals to job creators in Massachusetts and those in other states that are--[according to recent surveys of local employers](#)-considering options for where they might re-locate.

During the past several years, the cost of a job in Massachusetts has increased substantially with the imposition of new paid leave benefit mandates, rising employee health insurance costs, and looming 60% increases to unemployment insurance costs that are already the highest in the nation. Today, Massachusetts employers are increasingly concerned about both emerging and long-standing proposals that would further increase the cost of doing business in 2021 and 2022, creating an imminent risk of significant harm to the Commonwealth's climate for job growth, investment, and recovery. This includes both the RaiseUp Massachusetts legislative agenda of business tax increases and the legislatively-proposed graduated income tax constitutional amendment.

Each day, the rationale for increasing taxes to meet the Commonwealth's fiscal needs is diminished by reports from within Massachusetts and news from Washington. According to Mass. DOR, actual revenue collections for FY21 are running well ahead of expectations. While some uncertainty about future revenues remains, it is clear that fiscal damage to the state is far less severe than once thought. The official consensus revenue estimate for FY22 adopted on January 15 is just 3% (\$1.03B) below the pre-pandemic estimates of record-high revenues for FY21. As importantly, the prospects for additional large-scale federal aid to the states seem more certain and initial estimates show that President Biden's proposed \$1.9 trillion American Rescue Plan could bring more than \$10 billion in aid to Massachusetts if enacted.

Let's not aim at the wrong target by acting on tax increases prematurely and unnecessarily. Instead, the Council urges you and your colleagues to continue to take a cautious and methodical approach to budget and tax decisions, focusing 2021 efforts and policy responses on maximizing the use of non-tax mechanisms to meet FY22 budgeting needs, while resisting efforts by pro-tax advocates to shift focus to revenue maximization objectives they have consistently pursued both pre-and post-COVID.

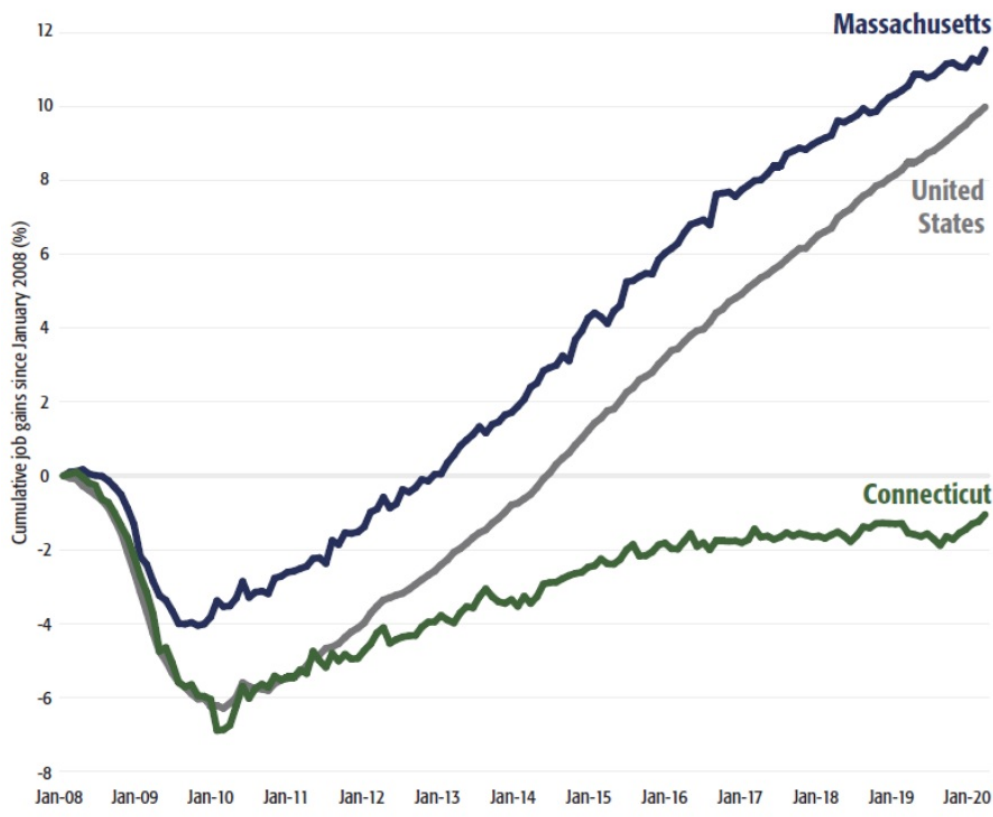
### **Connecticut: A Casestudy in Economic Stagnation**

While the Commonwealth's fiscal and revenue outlook continues to lack clarity, the negative impacts of unwise policy choices to impose higher taxes on employers and individuals are crystal clear. The experience in states like Connecticut serve as a warning and troubling example to political and economic leaders in Massachusetts.

Since 1991, Connecticut has pursued a path of steadily increasing personal income tax rates, going from no income tax to a flat-rate tax to a highly graduated tax. The result? Devastating effects on both economic opportunities for Connecticut residents and the Nutmeg State's ability to make public investments in education, infrastructure, and other shared priorities.

Again and again, Connecticut leaders made policy choices that antagonized and over-burdened its employers, with ruinous, but predictable, consequences. As highlighted in a [recent analysis and report](#) by the Pioneer Institute, from 2008 to 2020 Connecticut ranked 49th among the 50 states in private sector wage gains and employment levels in the state still have not recovered from the 2008 recession. Clearly Connecticut policymakers have failed to heed our former US Senator Paul Tsongas' maxim that **"You cannot**

Figure 3. Cumulative nonfarm employment gains in the U.S. and Connecticut, January 2008 – January 2020<sup>21</sup>



Source: *Dangerous Game: How the Nation's Wealthiest State Scared Off Businesses and Worsened Its Fiscal Crisis* ; Pioneer Institute, January 14, 2021

The damaging impacts of these tax policies go far beyond individual Connecticut citizens and private employers. Massachusetts budget makers and advocates for increased state spending should take note that state budget expenditures in Connecticut have increased by just 22% since 2008, compared with 63% in Massachusetts. Imagine what Massachusetts' investments in human services, public education, local aid, and infrastructure would look like had the Commonwealth experienced similar economic and revenue stagnation over the past 12 years.

It's no wonder that when asked just last month about increasing state taxes on high-income households, Connecticut Governor Ned Lamont responded: ***"It's really dumb to [raise taxes on the wealthiest] just by the state [and doing so would] totally disadvantage the state. [Connecticut] already [has] some of the highest income tax rates in the country and we pay a price for that."***

### Massachusetts: The Benefits of a Different Approach

The radically different job growth and public investment outcomes in Massachusetts are due not to fortuitous happenstance, but instead to a radically different approach and conscious policy choices that helped the Commonwealth shed the long-lingering and damaging "Taxachusetts" brand. For more than 20 years Massachusetts policymakers and business leaders have worked to "manage to the middle" our relative tax burden. Not surprisingly, under this approach, the Massachusetts private sector was responsible for expanding state tax revenue. Pre-pandemic, state revenues grew at three times the rate of inflation, unemployment reached historic lows of 2.8% and the Commonwealth enjoyed successive billion-dollar budget surpluses. In many ways, we can see the path forward by looking at our own recent past.

In the coming weeks, I will reach out to your office to find a mutually convenient time to meet to discuss

shared priorities and find opportunities to collaborate to address shared challenges and take advantage of promising opportunities to move the Commonwealth forward.

## OUR MISSION

The Massachusetts High Technology Council, Inc. is an organization of CEOs and senior executives representing technology companies, professional services firms, and research institutions who are dedicated to creating and sustaining conditions that support investment, job growth and improved quality of life 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—a definition which covers just about all business enterprises in Massachusetts today.

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](#).

