

M A S S A C H U S E T T S
HIGHTECHNOLOGYCOUNCIL
Dedicated to Growth... Committed to Action

May 20, 2022

The Honorable Karen Spilka
State House, Room 332
Boston, MA 02133

Dear Senate President Spilka,

The Massachusetts High Technology Council is grateful for your ongoing efforts to resolve the state budgeting decisions before you. The following is a short list of our priorities as you consider amendments to the FY23 budget.

1. Adopt amendments with targeted education and workforce funding:
 - Amendment 696 (Sen. Moore) – Early College
 - Amendment 714 (Sen. Feeney) – Expanding Career and Technical Education and Reducing Waitlists
 - Amendment 636 (Sen. Gobi) – Community College SUCCESS Fund
 - Amendment 272 (Sen. Cronin) - Career Technical Institutes (CTI)

According to the Executive Office of Labor and Workforce Development, Massachusetts has gained 600,100 jobs since April 2020. Yet still, the labor market is the tightest it has been in decades with job openings at historic highs.

This has impacted employees positively as the labor shortage has resulted in wage growth. For employers, though, it has caused significant challenges in recruiting talent. Consider that as of March there is an average of just over 29,300 technology job postings with just 6,270 average monthly technology hires, according to [our labor market analysis](#). Consider the broader context: Recruitment challenges, when coupled with continued supply chain issues and rising inflation and higher labor costs, pose significant impediments to business stability and growth. Targeted investments to widen the funnel for Massachusetts resident seeking technical training would help to alleviate employers' recruitment challenges.

We encourage you to adopt Amendment 696 to ensure appropriated funds for Early College can be used during the summer. This would maximize the impact of increases in funding for Early College (7009-6600). We also support Amendments 714, 636, and 272 as additional efforts to augment resources for technical education and community colleges students and boost funding for Career Technical Institutes, which help adult learners pursue industry-recognized credentials.

We urge you to see the value in these items, and the importance of the proposed funding for them, in advancing the Commonwealth's workforce goals.

2. Advance common sense tax relief proposals.
 - Amendment 784 (Sen. Tarr) - Estate Tax Modernization and Amendment 796 (Sen. O'Connor) Estate Tax Threshold
 - Amendment 785 (Sen. Tarr) - Competitive Short-Term Capital Gains Tax Rate and Amendment 792 (Sen. O'Connor) – Capital Gains

We support tax relief efforts because tax policy is a critical facet of state competitiveness today. Amendments 784/796 and 785/792 would help us be competitive on two key dimensions of tax environment where we are a national outlier: our capital gains tax rate and estate tax threshold.

The economic rebound has helped drive robust state tax collections—an important factor that should inform tax relief debate. Massachusetts is currently projecting a surplus of \$7.5 billion (25%) above initial projections for FY22. As you know, this is in addition to billions in federal funds directed to the state from various Congressional spending packages.

In most states, significant tax surpluses and federal spending packages have enabled budget writers to examine their tax policies and consider tax relief efforts. High inflationary pressures have prompted leaders to consider how they can remedy rapidly rising living costs.

Many states are looking to enact tax reforms, such as lowering income taxes, providing tax breaks to small businesses, or pausing the state corporate tax with the explicit motive of boosting competitiveness. According to the Tax Foundation's [February analysis of state tax reform proposals](#), around 40 states in active session by March showed a “flurry of activity on taxes” with tax relief at the center of most states’ policy debates. But Massachusetts is noted as being just one of two states with meaningful initiatives to raise taxes (the other being Hawaii). An important observation is that tax reform discussions nationwide are not along partisan lines.

Reducing the short-term capital gains tax rate from 12 to 5% and doubling the threshold for covered estates to \$2 million would materially help Massachusetts compete with other states, many of whom are already benefiting from outmigration trends from high-tax and high-cost-of-living states like ours. These amendments are prudent policy, acknowledging similar initiatives of a much larger scale in other states—and we urge you to support them as well.

Thank you for your leadership and considering our perspective.

Sincerely,

Matthew Blackburn
Director of Policy and Research