

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

*Dedicated to Growth... Committed to Action*

June 30, 2022

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

The Honorable Michael Rodrigues  
Massachusetts Senate  
State House, Room 212  
Boston, MA 02133

Dear Senate President Spilka and Chair Rodrigues,

As we move closer to the end of the 2022 session, the Massachusetts High Technology Council urges you to treat the following items with high priority as we navigate significant economic uncertainty in Massachusetts and momentous shifts across the country.

1. Enact balanced tax relief that makes Massachusetts more competitive

The Council's top priority in concluding this session is meaningful reforms to our tax system. As we noted in prior correspondence, we support the proposals in Governor Baker's tax relief plan because they (a) are fiscally sustainable; and (b) strike a balance between making our system more competitive while providing relief to residents who need it most. To summarize our proposals from our June 3 letter, the first two echoing the Governor's, we recommend: (1) reducing the short-term capital gains tax rate from 12 to 5%; (2) raising the estate tax exemption from \$1 million to \$2 million and eliminating the cliff effect; and (3) reducing the state's capital stock tax from the current rate of 0.26% and capping the maximum liability.

As Governor Baker mentioned at the Council's 2022 Annual Meeting, the entire \$700 million tax plan could be paid for twice with just the tax revenue over budget in the month of April. Recent analysis from the Massachusetts' Taxpayers Foundation notes that tax collections in FY22 are on pace to exceed FY23 revenue assumptions by \$3 billion, and we are tracking towards another year of 20+ percent annual revenue growth. In short: the Governor's tax proposals are affordable given current resources.

Consider, too, the broader context of tax reforms across the country. So far in 2022, 27 states, plus the District of Columbia, have successfully advanced significant tax cuts, according to the [Tax Policy Center](#). Last year, 29 states, plus the District of Columbia, did so. The tax reform efforts in most state legislatures reflect growing recognition that tax environment has become an increasingly important aspect of state competitiveness, largely due to pandemic-related economic shifts.

On the Council's Tax Environment Index, Massachusetts ranked 40th out of all 50 states. Being in a tier of states with more onerous tax environments has influenced wealth outmigration in recent years. We encourage you to be forward-looking—and not just in terms of losing existing wealth to other states. Consider the opportunity cost of future resource generation in the Commonwealth: the foregone wealth that would otherwise be generated here if we pass reforms to make our tax policy more competitive.

2. Dedicate \$300 million to cover employers' share of Unemployment Insurance (UI) overpayments

As part of the process of resolving \$2.3 billion in overpayments, the Commonwealth is waiving \$1.6 billion, with \$300 million representing the Commonwealth's share and the remainder through federal waivers. The \$1.6 billion total reflects benefits based on fraudulent claims and those who received overpayments in good faith but are unable to pay it back. The \$300 million in state-funded overpayments came from the employer-funded UI Trust Fund—money that employers paid into the system to fund legitimate claims but went to recipients who received benefits either fraudulently or unknowing of the correct amount. The ask is to set aside \$300 million to replenish funds that employers contributed but were paid out due to fraud or error.

We urge expedient decision-making on this item because allocating \$300 million—whether from ARPA or surplus tax collections—to this employer-born cost would reduce the total amount that the state will bond for if the decision is made before the Commonwealth goes to market next month. This would significantly reduce what employers will otherwise be on the hook for through solvency assessments meant to cover the cost of the bonding.

3. Get sports betting legislation across the finish line

The data on sports betting on spring events tells a telling picture of Massachusetts residents leaving the state to do their wagering. That is foregone revenue that would otherwise be going towards public needs here.

Since 2018, Massachusetts' four neighboring states with sports betting laws (CT, NH, NY, and RI) have generated \$373.9 million in state and local tax revenue from sports wagering in their states. Approximately \$274 million of this has been in New York alone. The Commonwealth is leaving millions on the table as more time goes by without a deal. We urge prompt action to pass sports betting legislation, which will provide a significant economic development boost to our state.

4. Advance HB1234 An Act establishing portable benefit accounts for app-based drivers to give drivers more benefits while retaining flexibility

The Council supports this legislation because it would set a sustainable framework for app-based drivers and companies that reconciles a flexible work model with providing app-based workers robust benefits and protections. App-based drivers are a diverse group of over 200,000 workers in our state, most of whom work less than 15 hours per week and do gigs through these platforms because of the flexibility. Numerous surveys point to the fact that the vast majority of drivers want the model proposed in HB1234. Advancing this framework would likewise enable Massachusetts to continue to be a state that welcomes innovative technology companies—and one that takes a reasonable path to ensure firms with new business models continue to thrive here.

Thank you for considering these priorities as you conclude another productive session.

Sincerely,

Matthew Blackburn  
*Director of Policy and Research*

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June 30, 2022

The Honorable Ronald Mariano  
Massachusetts House of Representatives  
State House, Room 356  
Boston, MA 02133

The Honorable Aaron Michlewitz  
Massachusetts House of Representatives  
State House, Room 243  
Boston, MA 02133

Dear Speaker Mariano and Chair Michlewitz,

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