



MASSACHUSETTS
HIGH TECHNOLOGY COUNCIL

Dedicated to Growth... Committed to Action

August 4, 2022

State Government News & Public Policy Updates

1986 Voter-Approved State Tax Growth Limit Delivers in 2022

In 1986, Massachusetts adopted a law aimed at limiting the growth of state tax revenues. This “Tax Cap Law” was the result of a long campaign initiated by the Massachusetts High Technology Council and Citizens for Limited Taxation. In November 1986, 54 percent of voters approved a ballot measure to put the Tax Cap into law with a margin of nearly 16,000 votes. The measure tied allowable state revenue collections to the three-year average increase in Massachusetts wages and salaries.

Only once, in 1987, its first year of implementation, did actual tax revenues collected exceed allowable state tax revenue and thus triggered the law’s tax limitation mechanism. The determination by the State Comptroller and the State Auditor that the state had exceeded the Tax Cap required that a tax credit equaling \$29,221,676 be extended to state taxpayers. Of that amount, \$16,823,000 was eventually claimed by taxpayers and credited by the State Department of Revenue.

Dormant since 1987, the Tax Cap will be triggered again in 2022. Following multiple years of multi-billion-dollar state budget surpluses fueled by strong private sector performance, an estimated overcollection of approximately \$3 billion will be returned to taxpayers.

The revelation was [made public by Commonwealth Magazine](#) on July 27. However, while lawmakers were “caught off guard,” it should be noted that legislative leaders receive revenue updates every month, in addition to annual reports on the status of the Tax Cap from the State Auditor. The High Tech Council is proud of this legacy achievement, which represents a fiscally prudent protection for all taxpayers when the private sector dramatically over-performs.



Economic Development Legislation Fades with Tax Cap Revelation

In the final hours of the two-year legislative session that ended on July 31, the Legislature was unable to produce a final economic development package. The \$4 billion legislation included a host of important provisions for Massachusetts’ businesses and residents, including \$1 billion in tax relief and reforms to our outdated estate tax, investments in our research and development capabilities, and funding for our Unemployment Insurance (UI) Trust Fund. Legislative leadership attributed the failure to finalize the bill to the news last week that a historic revenue surplus would trigger a largely forgotten 1986 law which mandates that any tax revenue growth exceeding wage and salary increases be returned to taxpayers.

See our [full commentary](#) on the disappointing conclusion to the *formal* legislative session and the important provisions in the economic development bill that the Legislature could still address in *informal* sessions this fall.



Governor Baker Signs FY23 Budget with Minimal Amendments

On July 28, Governor Baker signed a \$52.7 billion spending budget for FY23, vetoing just \$475,000 of the total spending plan. Of the close to 200 outside sections, which are typically used as an avenue for policy changes that are not necessarily tied to actual appropriations, the Governor signed 153 and amended 41.

Two Baker amendments of note send potentially costly proposals back to the Legislature. The first returns a section that would have established a two-year Healthcare Connector pilot to expand premium assistance payments for applicants at or below 500% of the federal poverty line. Baker amended it ordering a study on what the costs would be and how it would be implemented. The second returns a section that would have allowed employees to supplement their Paid Family Medical Leave (PFML) benefits with accrued sick and vacation time to collect their average weekly wage while on leave. Baker recommended a study of the proposal's impact.

The FY23 budget also included several proposals that the Council advocated for, including \$19 million for Early College investments (an \$8 million increase from FY22).

For additional information on the FY23 budget, see [our summary overview](#).



Other Legislative Developments



One long-anticipated area that the Legislature managed to reach a consensus on is [sports betting legislation](#). In the end, the House and Senate came to a compromise on key differences, settling for a prohibition on bets on Massachusetts-based college/university sports unless the schools are participating in a tournament (though bets on out-of-state schools' athletic contests are allowed across the board). Other provisions of the bill include a 20% tax rate for bets placed via mobile app and a 15% tax rate for in-person bets. In addition to licenses for casinos and racetracks, seven mobile licenses were also approved. With Governor Baker's approval, the overdue legislation will finally position Massachusetts to compete regionally in a rapidly growing industry.



In the mad dash to finalize formal legislative business for the year, the Legislature sent a rehashed version of its climate and energy bill back to Governor Baker, adopting his amendment to eliminate the cap on offshore wind projects but rejecting other amendments, such as his proposal to include \$750 million in federal American Rescue Plan Act (ARPA) funds in the bill.



The Legislature also finalized an \$11.3 billion infrastructure bill with numerous transportation improvement investments. The bill includes \$400 million for the MBTA to perform work that will help them comply with FTA-identified safety issues and \$275 million for the East-West Rail project.

Massachusetts Slips in CNBC's Top States for Business Rankings

On July 13, CNBC published its annual [Top States for Business rankings](#), which scores each state on more than 60 measures of competitiveness. Overall, Massachusetts fell from 14 to 24 from 2021 to 2022. We are among just five states whose ranking dropped by double digits, the others being Maryland, New York, Connecticut, and New Jersey. The most worrying shift for Massachusetts was big drops in the "Technology & Innovation" category (2 to 10) and the "Workforce" category (9 to 24).

Later this year, the Council will host a program with Scott Cohn, the lead journalist behind the Top States for Business series. Cohn will provide insight on where Massachusetts stands in a competitive context and highlight key aspects of [MATTERS](#), our [50-State Competitiveness](#) and [Technology Workforce](#) Dashboards, to inform policy discussion on areas where the Commonwealth can improve.



MATTERS Graphic of the Month

The five-year trend for tech job postings shows tech job demand is stronger than ever.

MA Tech Job Postings Over Time

5-Year Trend (hover to display values)



MHTC News & Updates

MHTC Policy Series Program Recap: A Discussion with Pioneer Institute on the Organization's New Book, *Back to Taxachusetts?*

Thank you to everyone who attended our July 19 [Policy Series event, *Back to Taxachusetts?* A Policy Discussion on the Legislature's Tax Hike Amendment with Pioneer Institute](#). Our sincere thanks to Pioneer Senior Fellow, Charlie Chieppo, for the helpful overview of how the proposed Tax Hike Amendment would impact Massachusetts' businesses and residents.

You can watch the recorded version of the July 19 discussion with Pioneer Institute [here](#). An overview of what we discussed, as well as a copy of Pioneer's presentation, are available [here](#).

We will continue to provide opportunities to engage with partnering organizations with useful analysis to further our understanding of how the Tax Hike Amendment would upend our strong economy. Please refer to [our website](#) for additional updates.



[Read Event Summary](#)

MHTC School Series: STEMatch Middle School Tech Career Days

On June 29, **Chris Zannetos**, [STEMatch](#) founder and co-founder and CEO of Covered Security, **Mark Coggin**, Vice President of Marketing at Care Everywhere, and **Kathy Wright**, Lead Coach and Program Manager at the Boston Public Schools STEM Department, joined the Council for the latest [School Series](#) program.

Co-hosted by 2022 Annual School Series Sponsor **Analog Devices**, the discussion focused on the critical need to foster early interest in STEM fields—particularly within lower income communities—to address both the chronic shortage of tech talent and the persistent representation and opportunity gaps for underrepresented communities.

The problem starts in middle schools in majority-minority and lower-income communities, where interest in STEM subjects drops by as much as 44%. If students enter high school with a reduced interest in STEM, it greatly reduces the likelihood that they will ever work in tech industries. Unfortunately, a large percentage of young students in these communities don't see the opportunities that STEM education makes possible. And this lack of visibility and inspiration further reduces the odds that they can gain STEM jobs, with entry-level salaries in these areas ranging from 100% to 234% of the US median personal income, which can improve the financial security of their families.

[STEMatch](#) has created a program that enables businesses—with a very small investment of time and money—to impact young students' lives, address this problem, and build their internal culture and team.

Tech Career Days: Helping More Students Visualize a Future in STEM

STEMatch partners Boston Public Middle Schools with tech companies to host career days that introduce students to the many opportunities and possibilities that exist for them within STEM fields. It's a light lift for companies, a rewarding engagement for their employees, and a deeply impactful experience for the students who participate.

About STEMatch:

STEMatch was founded to make STEM education and the opportunities it creates accessible to all. Through company-school collaborations at critical inflection points in the educational journey, STEMatch programs inspire and support students to pursue STEM education and careers.

For middle school students, STEMatch and its tech company partners provide hands-on experiences to inspire students' continued interest in STEM fields before we lose them to "tracking" in high schools.

STEMatch also brings community colleges and companies together to create a new pathway to in-demand, high paying tech jobs for people who can't afford the time or money required for a 4-year college degree – the education typically required for STEM jobs that suffer from a chronic shortage of candidates.

Interested in getting involved?

Please email MHTC's Program Manager, [Anita Alden](#), to learn about engagement opportunities.

[View Program Materials](#)

[Learn More About Tech Career Days](#)



Mental Health in the Workplace: a MHTC Women in Leadership Program

According to McKinsey's Center for Societal Benefit Through Healthcare, the pandemic has disproportionately impacted the mental health of three important employee groups: mothers, senior-level women, and Black women—with burnout persisting as a significant challenge across age groups.

Join us on [Tuesday, September 20 at 1:30 PM ET](#) for an important panel discussion regarding the impacts of the pandemic and remote work on mental health and employee well-being in the workplace—with a special focus on the unique challenges women face as they navigate this new landscape. This session will explore mental health issues in the workplace and discuss practical strategies employers can pursue to address them.

Moderated by **Kana Enomoto**, Senior Knowledge Expert and Director of Brain Health for the McKinsey Health Institute, we'll hear from healthcare and human resource experts:

- **Louisa Sylvia, Ph.D.**, Associate Director, Dauten Family Center for Bipolar Treatment Innovation; Director, Office of Women's Careers, Massachusetts General Hospital; Associate Professor of Psychology, Harvard Medical School
- **Jo Ayoub**, Vice President/Business Partner, Human Resources, Beth Israel Deaconess Medical Center



[Click Here to RSVP](#)

MHTC in the News

- [Sports betting, gun control, tax relief. Here's what Mass. lawmakers did — and didn't — agree to overnight.](#), *The Boston Globe*, August 1, 2022
- [After 23 hours and billions in relief left on the table, lawmakers promise to revisit their proposals.](#), *The Boston Globe*, August 1, 2022
- [Baker pulls rabbit out of hat with 1986 refund law.](#), *The Salem News*, August 1, 2022
- [Baker sees 1986 law triggering \\$2.5 billion in rebates.](#), WBUR via State House News Service, July 29, 2022
- [In rush to the finish, Mass. lawmakers face unexpected hurdle in 1986 tax cap law.](#), *The Boston Globe*, July 29, 2022
- MHTC President, Chris Anderson, [on Bloomberg Radio](#) discussing the 1986 tax growth limit law, July 28, 2022
- [In a surprise, Baker says taxpayers could receive 'north of \\$2.5 billion' in tax relief under little-known law.](#), *The Boston Globe*, July 28, 2022
- [Thank you 1986: Rebate checks may be coming, with billions in 2022 excess tax takings expected.](#), *The Boston Herald*, July 28, 2022
- [Long-forgotten tax cap about to be triggered.](#), *CommonWealth Magazine*, July 27, 2022
- [Should millionaires be taxed at a higher rate? Massachusetts voters to decide this fall.](#), Boston 25 News, July 18, 2022
- [At least 13 municipal boards now back millionaires tax.](#), *Boston Business Journal*, July 14, 2022

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 that 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.](#)

