

September 26, 2023

Media Contact:
Elizabeth Mahoney
elizabeth@mhtc.org
617-842-5693

Statement from the Massachusetts High Technology Council on the Legislature's Tax Relief Package

The Massachusetts High Technology Council appreciates that the Legislature is finally advancing a tax reform package that includes the long-overdue adoption of single sales factor apportionment, a policy that supports Massachusetts-headquartered companies in an increasingly competitive environment among states. While this legislation also includes some modest reforms to the estate tax exemption and short-term capital gains rate, the High Tech Council doesn't believe these changes will do enough to stem the outmigration of people, investment, and wealth from the state. Alarming, there are also several provisions included in this "tax relief" package that represent tax expansions and undermine critical taxpayer protections.

"The adoption of single sales factor apportionment is a win for Massachusetts-headquartered companies, but the otherwise marginal tax relief contained in this package, coupled with a tax expansion and erosion of taxpayer protections, leaves Massachusetts vulnerable to improving business climates in our peer states," said High Tech Council President Chris Anderson. "This legislation should be viewed as a down payment on further and necessary reforms to improve our competitive position relative to other states and rehabilitate Massachusetts' business climate."

With the adoption of a single sales factor, Massachusetts will join thirty-nine other states that take this approach, making the state a more attractive place for businesses to locate. Reducing the short-term capital gains rate is a step towards aligning Massachusetts with other states. However, Massachusetts will continue to be one of only two states that tax short-term capital gains at a higher rate than ordinary income, and, after factoring in the new income surtax, the Commonwealth will have the second-highest rate on short-term capital gains.

The High Tech Council is very concerned that the Legislature has chosen to make changes to the voter-approved state tax growth limit law (Chapter 62F), ignoring the High Tech Council's warnings that these changes would represent a ["clear violation" of the state constitution](#). It is also troubling that the Legislature chose to undermine the will of the voters and expand the so-called "millionaires' tax" to taxpayers who earn less than \$1 million, directly contradicting all the assurances made to the voters by the proponents of the new income surtax.

The High Tech Council recognizes that housing and child care costs are significant contributors to Massachusetts' high cost of living and supports the reforms in this tax package to address those costs.

The High Tech Council thanks the Governor and the Legislature for advancing tax reforms this year but looks forward to continuing to work with policymakers to pass additional much-needed reforms.

About the Massachusetts High Technology Council

The [Massachusetts High Technology Council, Inc.](#) is an organization of CEOs and senior executives representing innovation, technology, and scientific companies, professional services firms, and research institutions dedicated to collaborating to create and sustain 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 and scientific 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 to live and work, and in which to create, operate, and grow businesses within the innovation ecosystem.

###