

MASSACHUSETTS
HIGHTECHNOLOGYCOUNCIL

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WRITTEN TESTIMONY

**Submitted to the Joint Committee on Economic Development and Emerging
Technologies**

Regarding:

H.4459, An Act Relative to Strengthening Massachusetts' Economic Leadership

May 7, 2024

**Elizabeth Mahoney, Vice President of Policy and Government Affairs
Massachusetts High Technology Council**

The Honorable Jerald Parisella
House Chair, Special Joint Committee on Initiative Petitions
State House, Room 42

The Honorable Barry Finegold
Senate Chair, Joint Committee on Economic Development and Emerging Technologies
State House, Room 511-A

Dear Chair Parisella, Chair Finegold, and Members of the Committee,

Thank you for the opportunity to submit testimony on behalf of the Massachusetts High Technology Council, the Commonwealth's oldest cross-sector association of CEO-level leaders of technology, professional services, and research institutions.

The High Tech Council is concerned about the headwinds affecting the Commonwealth's business climate and the troubling consequences of the outmigration of residents and tax revenue. Two recent reports highlighted these trends, revealing that Massachusetts is experiencing a [large and growing net loss of 25 to 44-year-olds](#) to other states, that income tax rates and housing and health care costs are top drivers of outmigration, and estimating that [by 2030 net outmigration could cost the state nearly \\$1 billion in lost tax revenue](#).

These reports underscore the concerning repercussions of the increasing exodus of residents, taxpayers, job creators, and philanthropists from Massachusetts to comparable states. It is imperative that we all collectively acknowledge these trends as more than just a series of isolated anecdotes and implement measures to strengthen the diminishing business environment, tackle burdensome housing expenses, ensure stability in access to healthcare, and attract and retain skilled talent.

H.4459 is a good step in that direction, containing the framework to expand economic opportunities across our innovation economy so that we can attract and retain businesses and workers to Massachusetts.

Together with Governor Healey's economic development plan, this bill resonates strongly with the data and opportunities for expanding state GDP being generated under the High Tech Council's [MassVision2050](#) member-led efforts.

MassVision2050 aims to accelerate capital investment and job creation, expand economic opportunities, and enhance social mobility by establishing a framework for Massachusetts' future prosperity. Central to this effort is the understanding that a strong and supportive business climate directly correlates with a high quality of life for those who live and work in Massachusetts.

The High Tech Council particularly supports the proposal in this bill to dedicate \$100 million to an Applied AI Hub, informed by the work of the Governor's Artificial Intelligence Strategic Task Force.

Massachusetts has the right ingredients to realize AI's full potential, but other states and countries are investing aggressively and gaining a competitive advantage. Just in the healthcare and life sciences sectors alone, other states are dedicating significant resources to compete for AI talent and business: California has invested \$47 million in health data interoperability and \$20 million in tech internship programs, and at least three biopharma companies have selected the Bay Area over Boston as the location for their Data and AI hubs. New York has invested \$400 million in a public-private partnership and set up a federated platform for health data interoperability.

When it comes to having the right talent to be a leader in AI, Massachusetts has a robust pipeline of AI talent with more than 6,500 students receiving AI-related degrees in 2022. However, our retention of those students is low compared with other states—about 40% of graduates in AI-related fields from Massachusetts higher education institutions remain in Massachusetts, compared with more than 80% of graduates in New York, California, and Texas that remain in those states.

Maintaining the state's leading position will require a concerted, and well-funded, statewide effort and the Applied AI Hub could play a key role in that effort.

The High Tech Council is currently working with our members on several initiatives that seek to establish Massachusetts as a leader in AI across multiple industry sectors and are well-aligned with the Administration's proposed Applied AI Hub and that, we believe, are worthy of consideration by the Legislature as you develop an economic development strategy.

One of these initiatives is examining the impact of AI in Healthcare and Life Sciences, assessing how AI can revolutionize healthcare delivery and improve patient outcomes. AI has already demonstrated potential for accelerating drug discovery, enabling earlier and more accurate diagnoses, and reducing healthcare worker burnout.

Guided by the expertise of an advisory council of senior leaders from industry, hospitals, and academia, the High Tech Council and Boston Consulting Group will be releasing a report in the coming weeks with our findings and recommendations for steps the Commonwealth can take to further our aspiration of making Massachusetts the global leader in "Applied AI" for Healthcare & Life Sciences, realizing an AI-enabled leap in patient outcomes and health equity. The report and recommendations will focus on attracting and retaining talent, advancing data sharing, and utilizing pilot programs to demonstrate the ways in which AI can improve health outcomes and reduce administrative burden for healthcare workers.

On talent, the report will recommend establishing public-private partnerships to ensure an adequate supply of AI skills in line with the needs of the Healthcare & Life Sciences industry, including building an AI skill forecasting capability, retaining talent through branded internship programs, facilitating the upskilling of incumbent front-line workers to use AI tools responsibly and effectively, and supporting AI-focused educational programs in community colleges.

On data, as high-quality, diverse data is essential for developing cutting-edge AI tools without perpetuating biases, the report looks at potential steps the state could take to enhance data interoperability and develop comprehensive guidelines on intellectual property ownership and patient privacy.

The report will also look at several potential pilot programs that could generate momentum as the state addresses its broader AI agenda. These pilots would focus on enhancing patient care delivery, improving healthcare system efficiency, and advancing breakthrough innovations.

We look forward to sharing this report with the Committee and would be happy to brief any members on its findings and recommendations.

The High Tech Council is also working with several of our members on the development of a proposal to establish a long-term AI-driven financial technology (FinTech) sector in Massachusetts. This initiative will pioneer unbiased research to accelerate global FinTech and applied AI innovation, ensuring responsible and ethical adoption of AI by businesses. This initiative will focus on cutting-edge research (producing groundbreaking research on AI applications for financial products, technologies, regulations, and ethical considerations) and responsible innovation (championing responsible AI adoption by evaluating its impact and developing policy implications and best practices).

The goals of this initiative are to establish Massachusetts as a talent hub for AI in FinTech, accelerate the incubation and launch of applied AI startups, and create new jobs and economic development in Massachusetts in the applied AI and FinTech fields.

The High Tech Council is sharing the research and ideas we are developing through these member-led projects with the Administration's AI Strategic Task Force and would welcome the opportunity to share additional details with the Committee. We believe these ideas are the types of concrete actions that could be funded by the \$100M requested in this bill, keeping Massachusetts competitive with the other states seeking to be AI leaders while advancing innovations that can improve the lives of the state's residents.

The High Tech Council looks forward to continued collaboration with the Legislature and the Administration to secure the state's economic success for current and future generations.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Mahoney".

Elizabeth Mahoney
Vice President of Policy and Government Affairs
Massachusetts High Technology Council