

TESTIMONY

Submitted to Joint Committee on Economic Development and Emerging Technologies

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H.5386, An Act relative to Massachusetts winning global investment, talent, and innovation

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

Key Takeaways:

- Massachusetts remains a global innovation leader, but rising costs, outmigration, and weak business formation threaten long-term competitiveness.
- The “Mass Wins Act” is an important step toward strengthening Massachusetts’ leadership in AI, robotics, advanced manufacturing, defense technologies, and emerging industries.
- The Council strongly supports the bill’s SHIELD defense innovation initiative and investments in AI and quantum technologies.
- Investments alone are not enough; Massachusetts must also improve the business climate by addressing costs, permitting, regulation, and workforce challenges.
- Massachusetts cannot assume its historic advantages will sustain themselves; leadership must be continually renewed through policies that attract and retain talent, investment, and innovation.

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Chairs Fiola and Finegold and members of the Committee:

Thank you for the opportunity to submit testimony on behalf of the Massachusetts High Technology Council regarding Governor Healey’s economic development legislation, the “Mass Wins Act.”

For nearly five decades, the Council has represented leaders from Massachusetts’ innovation economy — including technology, advanced manufacturing, defense, cybersecurity, robotics, AI, life sciences, and research-driven enterprises — committed to strengthening the Commonwealth’s long-term economic competitiveness and global leadership.

Through initiatives such as [MassVision2050](#), the Council brings together leaders from the private sector, academia, and government to identify the strategies necessary to ensure Massachusetts remains a global leader in innovation and economic opportunity in the decades ahead.

The Council appreciates the Healey-Driscoll Administration's continued focus on competitiveness, innovation, and economic growth. We particularly appreciate the Administration's recognition that Massachusetts is operating in an increasingly competitive national and global environment, where states are aggressively competing for talent, investment, emerging industries, and business expansion opportunities.

The "Mass Wins Act" represents an important step toward reinforcing the Commonwealth's leadership in areas such as artificial intelligence, robotics, advanced manufacturing, defense technologies, and other emerging industries. The Council supports the bill's emphasis on strengthening innovation capacity and positioning Massachusetts to compete successfully for the industries and jobs of the future.

At the same time, we believe the legislation should be viewed as part of a broader competitiveness agenda. While Massachusetts remains one of the world's premier innovation economies, the Commonwealth also faces mounting challenges that threaten long-term economic growth and business confidence. Strategic investments must therefore be paired with structural reforms that improve the overall business climate and reduce barriers to growth.

Massachusetts' Competitive Position: Extraordinary Strengths, Growing Risks

Massachusetts continues to possess remarkable economic advantages.

The Commonwealth is home to world-class colleges and universities, a highly educated workforce, globally recognized research institutions, and one of the most dynamic innovation ecosystems in the world. Massachusetts remains a leader in life sciences, advanced manufacturing, robotics, clean energy, cybersecurity, defense innovation, and artificial intelligence.

These strengths have made Massachusetts a destination for entrepreneurs, researchers, venture capital investment, and highly skilled talent for generations.

However, we cannot ignore the growing competitive headwinds facing the Commonwealth.

Massachusetts consistently ranks poorly on measures related to business costs, affordability, and tax competitiveness. The Tax Foundation ranks Massachusetts 43rd nationally on its [State Tax Competitiveness Index](#), while CNBC [ranks Massachusetts](#) 49th for cost of doing business, 42nd for business friendliness, and 43rd for cost of living.

These rankings reflect concerns that employers increasingly raise about the high cost of operating and expanding in Massachusetts, including some of the highest energy, housing, labor, and regulatory costs in the nation.

The Commonwealth is also experiencing [sustained outmigration](#) of residents and businesses. In 2023 alone, Massachusetts experienced a net migration loss of more than 30,000 residents and an estimated [\\$4.2 billion in adjusted gross income](#) through outmigration.

Massachusetts is also facing troubling trends in business formation and private-sector growth.

The Commonwealth has lost approximately 35,000 private-sector jobs since 2020 and now ranks near the bottom nationally in [net business formation](#) after previously ranking near the top. From January 2020 through September 2024, Massachusetts posted the lowest average quarterly net business formation rate in the country.

From the Council's perspective, this reality requires urgency.

Massachusetts cannot assume that its historic strengths alone will guarantee future economic leadership. States across the country are aggressively competing for employers, investment, innovation industries, and highly skilled workers. The Commonwealth must therefore pursue policies that both strengthen innovation leadership and improve the overall climate for doing business.

Support for the SHIELD Initiative and Defense Innovation Investments

The Council strongly supports the bill's proposed \$100 million investment in defense sector innovation through the Administration's [SHIELD initiative](#).

Massachusetts possesses one of the nation's most strategically important defense innovation ecosystems, anchored by institutions and companies spanning advanced manufacturing, microelectronics, cybersecurity, autonomous systems, AI-enabled defense technologies, robotics, mission systems, and dual-use innovation.

The Commonwealth's defense sector strengths are deeply connected to the same innovation ecosystem that drives broader economic growth across Massachusetts. The convergence of AI, cyber, autonomy, advanced sensing, secure communications, and next-generation manufacturing presents Massachusetts with a unique opportunity to strengthen both national security leadership and economic competitiveness.

The Council believes SHIELD represents an important strategic step toward:

- Strengthening Massachusetts' defense industrial base
- Supporting commercialization and technology transition
- Expanding advanced manufacturing capabilities
- Reinforcing domestic supply chain resilience
- Positioning Massachusetts to compete more effectively for federal defense investment
- Accelerating the growth of emerging defense and dual-use companies

Importantly, SHIELD also aligns closely with Massachusetts' broader innovation strengths and workforce capabilities. The Commonwealth is uniquely positioned to lead in mission-oriented innovation where research, commercialization, advanced manufacturing, and national security priorities increasingly intersect.

Artificial Intelligence and Emerging Technologies

The Council also supports the bill's investments in applied AI and quantum technologies.

Massachusetts has a strong foundation in AI. According to the Council's [MassVision2050 innovation sector data](#), Massachusetts ranks among the leading states nationally for AI-related jobs and AI talent. Approximately 68,000 Massachusetts workers possess AI-related skills or roles, and the Commonwealth ranks fifth nationally in AI talent supply, despite representing less than 2 percent of the nation's population.

Massachusetts also ranks fourth nationally in AI patent ownership since 2017, reflecting the strength of the Commonwealth's universities, startups, research institutions, and innovation ecosystem.

At the same time, competition is intensifying rapidly.

States such as California, New York, Washington, Texas, and North Carolina are making aggressive investments and implementing policies designed to attract AI companies, talent, and capital.

Demand for AI and robotics talent continues to accelerate nationwide, and Massachusetts cannot afford to fall behind.

The Commonwealth must act with urgency, and we encourage the state to work closely with industry stakeholders to ensure these investments are implemented effectively and aligned with the needs of employers, entrepreneurs, researchers, and workforce leaders.

The Council believes Massachusetts must avoid creating conditions where groundbreaking technologies are invented here but scaled elsewhere.

Supporting Innovation Requires Improving the Business Climate

Importantly, improving Massachusetts' competitiveness is not solely about additional spending.

The Commonwealth must also address the policy, regulatory, and cost barriers that increasingly discourage businesses from locating, growing, or remaining in Massachusetts.

The Council therefore supports several policy reforms included in the legislation that would make it easier to establish, expand, and retain businesses in the Commonwealth.

These include:

- Reducing barriers to business formation through lower LLC filing fees
- Aligning job creation tax credit programs across agencies
- Authorizing utility companies to offer discounted electricity rates to large employers relocating to Massachusetts, where appropriate
- Establishing clearer and more consistent standards for site plan review and permitting processes to create greater predictability for development projects

These reforms represent important steps toward improving the Commonwealth’s competitiveness and business environment.

At the same time, the Council is concerned about the Governor’s proposal to impose additional limitations on noncompete agreements between employers and employees. This language could unintentionally exclude certain types of compensation (such as equity) that employees may prefer.

Massachusetts must continue moving toward a regulatory and economic climate that encourages investment, innovation, business formation, and long-term growth.

Additional Areas Requiring Attention

While the “Mass Wins Act” contains many positive provisions, the Council believes there are additional areas that require sustained attention if Massachusetts is to strengthen its long-term economic competitiveness.

The Council appreciates Governor Healey’s decision to establish a Competitiveness Council to examine these issues and develop recommendations to strengthen Massachusetts’ economic position.

Critical areas requiring attention include:

- Reviewing state and local tax burdens, employer assessments, and other costs that affect competitiveness
- Streamlining permitting processes, modernizing outdated regulations, and eliminating duplicative licensing and compliance requirements that add cost and uncertainty for employers
- Addressing housing affordability, transportation reliability, and high energy costs to remain an attractive place for businesses, families, entrepreneurs, and highly skilled talent
- Strengthening alignment between higher education institutions and workforce needs and investing in workforce development strategies related to AI, robotics, cybersecurity, advanced manufacturing, and other emerging technologies

The Council is particularly focused on workforce readiness through its [Skills & Talent Intelligence initiative](#) — a first-of-its-kind effort developed in collaboration with MITRE and transitioning to a scaled capability housed at Bentley University.

This initiative is designed to provide near real-time insights into workforce trends, skills demand, and talent flows so Massachusetts can better prepare workers for future industries and technologies.

At a time when more than half of the skills required for leading roles are expected to change significantly, and Massachusetts retains only about 40 percent of its AI talent, workforce planning and talent retention must become central components of the Commonwealth's economic strategy.

Conclusion

The Council's broader work through MassVision2050 reflects the belief that Massachusetts must think strategically and long-term about its competitive position.

MassVision2050 is a multi-year collaboration among business, academic, and public-sector leaders focused on strengthening Massachusetts' global economic leadership and identifying the industries most likely to drive future growth and employment.

These efforts are grounded in a simple reality: Massachusetts possesses extraordinary assets, but maintaining economic leadership will require continuous adaptation, investment, and reform.

The Council appreciates the Healey Administration's focus on competitiveness and innovation through the "Mass Wins Act." The bill's investments in strategic industries and emerging technologies are important and timely.

At the same time, Massachusetts must continue addressing the underlying structural challenges that affect affordability, business costs, regulatory efficiency, workforce competitiveness, and long-term economic growth.

Massachusetts has extraordinary assets. But long-term leadership cannot be assumed. It must be earned — and continually renewed — through policies that make Massachusetts not only a place where innovation begins, but a place where companies and workers choose to stay, grow, invest, and build the future.

Massachusetts' long-term economic leadership will depend on sustained focus, strategic investment, and policy discipline, and the Council remains committed to helping advance that work.

Thank you for the opportunity to submit testimony.