MASSACHUSETTS
HIGH**TECHNOLOGY**COUNCIL
Dedicated to Growth… Committed to Action

To: President Karen Spilka; Speaker Ronald Mariano; Senate Ways and Means Chair Michael Rodrigues; House Ways and Means Chair Aaron Michlewitz; Senate Economic Development and Emerging Technologies Chair Barry Finegold; House Economic Development and Emerging Technologies Chair Carole Fiola; Senate Minority Leader Bruce Tarr; House Minority Leader Brad Jones; Senator Peter Durant; Representative Michael Soter

From: Elizabeth Mahoney, Vice President of Policy & Government Affairs, Massachusetts High Technology Council

Date: July 31, 2026

Subject: Competitiveness Priorities for *An Act relative to economic development in the commonwealth*

The Massachusetts High Technology Council appreciates the work of the Governor, House, and Senate to advance legislation intended to strengthen the Commonwealth's economy, innovation capacity, housing supply, and long-term competitiveness.

Massachusetts is competing in an increasingly difficult national and global environment. Our extraordinary research institutions, skilled workforce, technology companies, and innovation assets remain sources of tremendous strength. At the same time, high housing and energy costs, a shrinking taxpayer and workforce base, weak private-sector job growth, and an increasingly challenging tax and regulatory environment are undermining our ability to translate those assets into sustained economic growth.

The final economic development bill should therefore be evaluated against a straightforward standard: Will it make Massachusetts a more attractive and affordable place in which to live, work, invest, innovate, and grow a business?

The House and Senate bills each include several provisions that materially advance that objective. We respectfully recommend that the conference committee preserve those provisions and reject provisions that would weaken fiscal discipline or make Massachusetts a regulatory outlier.

Preserve strategic investments

The Council strongly supports the following funding included in both the House and Senate bills:

- **$100 million for Massachusetts' defense and national-security ecosystem**: as recognized by the Governor's SHIELD initiative, this industry is a major source of innovation, federal investment, advanced manufacturing, and high-value employment.
- **$75 million for AI and emerging technologies and $25 million for robotics**: these industries play to Massachusetts' strengths, but demand for AI and robotics talent continues to accelerate nationwide, and Massachusetts cannot afford to fall behind.
- **$100 million bridge funding for higher ed institutions to mitigate the loss of federal funding**: federal research funding is foundational to the Massachusetts economy. It supports scientific discovery, graduate education, startup creation, intellectual property, and the talent pipeline serving many of the Commonwealth's most important industries.
    - The Council prefers the House's language making $25 million of the funding available for non-profit private higher education institutions. The loss of federal funding has impacted research at private colleges and universities on a wide range of topics, including infectious diseases, urban planning, renewable energy, and cancer prevention. This research and innovation not only benefits the people of Massachusetts, it also attracts the brightest minds in the world to our universities and employers, an important component of our talent pipeline.
- **$25 million to support the construction or expansion of commercial, industrial or manufacturing facilities**
- **$20 million to support construction of early stage and high growth business ventures**

Lower barriers for entrepreneurs and growing companies

The Council also supports the provision in both bills reducing the initial LLC filing fee from $500 to $100 and establishing a more proportionate annual fee structure. This is a practical step toward making Massachusetts more welcoming to entrepreneurs and small businesses.

The Commonwealth should also conduct a broader review of business fees and administrative requirements that may disproportionately affect startups and smaller employers.

Adopt a balanced approach to artificial intelligence

The Council recommends omitting or substantially revising Senate provisions requiring frequent independent testing and audits of frontier AI developers.

Massachusetts should lead in responsible AI development, deployment, and governance. It should not impose a state-specific regime that makes the Commonwealth less attractive for advanced research, model development, computing infrastructure, or commercialization.

Any final framework should:

- focus on genuinely frontier-scale systems presenting demonstrable risks;
- provide clear and prospective standards, aligning wherever possible with federal and multistate standards;
- avoid duplicative or contradictory compliance obligations;
- protect proprietary models, data, cybersecurity information, and intellectual property;
- recognize the compliance challenges and burdens for smaller, start-up companies;
- include reasonable cure periods for good-faith compliance; and
- undergo periodic review of the positive and negative impacts of the framework.

The Commonwealth should demonstrate that responsible innovation and competitiveness can advance together.

Preserve fiscal discipline and Chapter 62F

We strongly urge the conference committee to reject the Senate amendment altering the Chapter 62F revenue growth limit.

The revenue growth limit is one of the Commonwealth's few structural mechanisms connecting revenue growth to the growth of the economy and taxpayers' ability to pay. It promotes discipline during periods of unusually rapid revenue expansion and provides taxpayers with a share of collections exceeding the statutory limit.

Rewriting that law after citizens completed the constitutional signature-gathering process for a related ballot question would undermine public confidence in both the policy and initiative-petition processes. An economic development bill should not be used to weaken a taxpayer protection unrelated to its central investment and reform provisions.

Notably, and contrary to claims made during the Senate debate, if this language had been in effect in 2022, the overcollection of $3 billion in revenue would have been blocked from being returned to taxpayers.

The final bill should contain no change to Chapter 62F.

Preserve and strengthen housing-production reforms

The cost and availability of housing have become central workforce and competitiveness issues. Employers cannot recruit and retain talent when workers cannot afford to live within reasonable proximity to their jobs.

The Council supports the provisions in both bills that support commercial-to-residential conversions and codify standardized site-plan review.

The final bill should preserve the House provisions regarding multifamily housing on qualifying religious-institution property, and capital investment in housing conversion and remediation. We also recommend incorporating the Senate's provision allowing two-family housing by right on residential lots, subject to reasonable restrictions, as well as its affordable homeownership pilot program.

Together, these reforms would expand the range of housing types and reduce unnecessary barriers to production.

Conclusion

The economic development bill presents a meaningful opportunity to strengthen Massachusetts' innovation economy and address several of the structural barriers constraining growth.

The strongest final bill would preserve investments in defense, AI, robotics, and research; incorporate the most constructive housing provisions from each branch; and reject changes that weaken Chapter 62F or impose uncompetitive, state-specific mandates.

Massachusetts cannot rely on its historical strengths alone. We must pair strategic investment with affordability, fiscal responsibility, regulatory predictability, and a clear commitment to making the Commonwealth the best place in the world to build the industries and jobs of the future.

The Massachusetts High Technology Council welcomes the opportunity to work with the conferees and legislative leadership to advance those objectives.