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*Contact Samantha Levine at 617-723-2277 ext. 211, or slevine@pioneerinstitute.org,
or Cort Boulanger at 339-222-2442, or ccb@boulangerpa.com*

**Massachusetts Technology CEOs Concerned Over
Business Climate, Direction of State Economy:
New Survey and Brief Reveals Effects of Uncertain Tax Climate**

BOSTON – Massachusetts business and technology leaders overwhelmingly view tax policy as the primary determinant of the state’s business climate and offer a pessimistic outlook on the economy due to what they consider an inconsistent and uncompetitive state business tax policy, according to a policy brief released today.

The Massachusetts High Technology Council’s (MHTC) annual CEO survey results, released in a joint paper with Pioneer Institute, [Keeping Massachusetts Competitive: The Business Climate in Context](http://www.pioneerinstitute.org/pdf/100916_keeping_ma_competitive.pdf) (http://www.pioneerinstitute.org/pdf/100916_keeping_ma_competitive.pdf), reveals the importance of tax policy to job creators in the state and how the Commonwealth is falling behind competitors. The brief shows that 77 percent of those surveyed view business taxes as the most important factor in determining the competitiveness of the state’s business climate. CEOs also have clear concerns about the state’s future prospects, with 40 percent saying the Massachusetts business climate is “worsening” – the highest level since 1991.

“Massachusetts has many economic virtues - like a strong innovation workforce, world-class universities and access to venture capital - but for too long the Commonwealth has taken these strengths for granted,” said MHTC President Chris Anderson. “Massachusetts now has a choice: respond like we did in the early 1990s by reducing employer costs and creating jobs, or continue to foster an unpredictable business climate that stifles innovation and sends jobs out of state.” The annual survey of MHTC members, conducted since 1987, also finds that the corporate income tax rate is the most important single aspect of state tax policy, followed by the personal income tax rate, Research & Development tax credits, Unemployment Insurance taxes, and the investment tax credit.

This paper outlines how Massachusetts, in an effort to increase short-term revenues, has made numerous tax increases in recent years, including many changes to the corporate tax structure. The Commonwealth has also failed to address sufficiently chronic high-cost taxes like Unemployment Insurance, which has the highest per employee costs in the nation. At the same time, Massachusetts has experienced more than a decade of flat employment growth.

“Education and workforce quality are critical to competitiveness, but so is the tax climate,” said Pioneer Institute Executive Director Jim Stergios. “This paper reinforces that Massachusetts needs to focus on creating a favorable climate for all employers, rather than singling out hot sectors or spending taxpayer funds to land big-fish employers from out of state.”

The survey and policy brief are part of a series of projects by MHTC and Pioneer Institute examining the state's competitiveness. The series will culminate with the release of a major white paper, produced with Global Insight, which examines the potential economic and employment impacts of reforms to different aspects of state taxation. The study will be released in October.



[The Massachusetts High Technology Council](#) is composed of CEOs from the state's top technology employers who work to make Massachusetts a more competitive place for technology growth. The nonpartisan Council has a 33-year record of working with state and federal leaders in a decisive and effective manner on issues of education, taxation, economic development, energy, defense technology and more. Council members run leading global companies from all sectors of the state's diverse innovation economy.

[Pioneer Institute](#) is an independent, non-partisan, privately funded research organization that seeks to change the intellectual climate in the Commonwealth by supporting scholarship that tests marked solutions against the conventional wisdom of more governmental involvement in Massachusetts public policy issues.