



June 14, 2005

RE: "TAX LOOPHOLE" LEGISLATION

Dear Legislator:

Earlier today, the Committee on Revenue approved legislation which changes various provisions of tax law that affect businesses, raising \$85M in revenue. The legislation may come before you for debate as early as this week. As the debate begins, the Massachusetts Business Roundtable (MBR) is respectfully submitting for your consideration an article written by Jeffrey N. Saviano, the New England Director of State & Local Tax Services for Ernst & Young, which will appear in the July issue of the Journal of Multistate Taxation and Incentives. We hope you find it helpful in your debate.

The article summarizes the substantive provisions in the tax bills submitted by Governor Romney in January and March - as well as in the legislation released today - including the practical implications for businesses. It also measures this legislation against the traditional pillars of sound tax policy: certainty; neutrality; fairness and equity; ease of administration; and accountability. MBR urges you to be guided by these pillars in your consideration of this legislation. Finally, the article suggests the development of a "Master Plan" for business taxes in the Commonwealth suggesting that - as in other states - business, advocacy groups, and members of the executive and legislative branches of government "work together to understand the issues and develop a plan that would represent a sound business tax policy."

The article points out that, "*The frequency and significance of business tax proposals and law enactments in Massachusetts over the past three years decrease the certainty of taxes for companies doing business in the Commonwealth...the annual tax increases borne by businesses in Massachusetts may deter some companies from expanding, relocating, or remaining in the Bay State.*" Our shared goal should be to advocate for tax policy that fosters vigorous economic growth in Massachusetts and creates a business environment that ensures our competitiveness in an increasingly global marketplace. We must work together to achieve that goal.

Sincerely,

Alan G. Macdonald, Executive Director
Massachusetts Business Roundtable