

MBR

MASSACHUSETTS BUSINESS ROUNDTABLE

May 1, 2008

Senator
The State House, Room
Boston, MA 02133

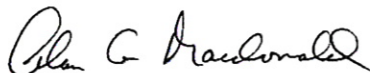
Dear Senator:

When the legislature last considered corporate tax changes in 2005, the Massachusetts Business Roundtable (MBR) sent a letter to policymakers urging you to be guided by the traditional pillars of sound tax policy, namely: certainty, neutrality, fairness and equity, ease of administration; and accountability. As the Senate begins debate on legislation – H.4672 – to once again make substantive changes to corporate tax law, our message is similar, with a specific focus on “fairness” and “certainty.”

During last week’s debate in the House of Representatives, an amendment sponsored by the Associated Industries of Massachusetts (AIM) was incorporated into H.4672. This amendment provides “transparency and clarity” to the bill originally filed by the Governor and addresses the issues of fairness and certainty identified as priorities for MBR. For example, our members have expressed concern that the broad discretion given to the Department of Revenue in the Governor’s proposal creates significant uncertainty in a company’s forecasting of its tax liability and therefore does not allow for the type of stability that encourages companies to plan and invest for long term growth and job creation. For this and other reasons, we urge your favorable consideration of the AIM amendment that was incorporated into H.4672 during debate in the House of Representatives.

Enclosed please find two documents that elaborate on the themes of “fairness” and “certainty.” First, earlier this year, MBR convened its members to discuss how to use fiscal policy to address some of the economic challenges facing the state. Among the items discussed at MBR’s Summit on State Fiscal Policy were corporate tax policy and the changes proposed in H.4672. A summary of that discussion is enclosed. Second, we are providing a copy of the testimony submitted to the Joint Committee on Revenue that was developed based upon the Summit’s discussions. We hope that the experiences and thinking by some of the state’s business leaders represented in the enclosed materials will be helpful in your deliberations.

Sincerely,



Alan G. Macdonald
Executive Director
Massachusetts Business Roundtable