



July 13, 2023

The Honorable Aaron Michlewitz, Chair, House Ways and Means
The Honorable Michael J. Rodrigues, Chair, Senate Ways and Means
The Honorable Mark J. Cusack, Chair, Joint Committee on Revenue
The Honorable Susan L. Moran, Chair, Joint Committee on Revenue
The Honorable Michael J. Soter, Ranking Minority Member, Joint Committee on Revenue
The Honorable Bruce E. Tarr, Minority Leader

Dear Chair Michlewitz, Chair Rodrigues, Chair Cusack, Chair Moran, Ranking Member Soter, and Minority Leader Tarr:

I am writing to provide comments and recommendations on H.3770 and S.2397, *An Act to improve the commonwealth's competitiveness affordability and equity*, both currently before this conference committee. We are grateful for the commitment to targeted tax relief by both branches, with a common goal to enact changes that together can move the Commonwealth forward.

The Massachusetts Business Roundtable is a public policy organization comprised of Chief Executive Officers and Senior Executives from some of the state's largest employers representing over 250,000 Massachusetts employees. The mission of the Roundtable is to make Massachusetts the most desirable place to live, work and do business by engaging private sector executives and public leaders to ensure access to a robust, diverse, and talented workforce that enhances the Commonwealth's competitiveness in a global economy.

In Massachusetts, our competitiveness is fundamentally about people. It always has been. Massachusetts' economic success is based on access to well-trained and highly educated workers, our nation-leading public K-12 education system, and world-class colleges and universities. We enjoy a unique ecosystem of innovation, a highly educated and trained workforce, and anchor industries such as health care, biotech, education, financial services, and tech. This all results in a solid foundation to build upon.

Yet there are headwinds that we can't ignore. According to the 2022 CNBC Competitiveness Rankings, Massachusetts is ranked 49th in cost of doing business and

47th in cost of living. An analysis published in The Hill found that Massachusetts residents pay the highest share of their income in taxes in the nation, at 24.07%. Additionally, earlier this year, the Boston Globe reported that “from July 2021 through July 2022, some 57,000 more people moved out of the state than into it, one of the highest rates of so-called domestic outmigration in the country. Go back to April 2020, and that number tops 110,000.” Not surprisingly, residents are moving to lower cost states like New Hampshire and Florida.

Tax policy impacts residents, workers, small businesses, and larger employers, and contributes to the cost of doing business in Massachusetts. As such, tax policy should be a key consideration in the state’s short- and long-term competitiveness strategy. As people and employers increase mobility, it is imperative that Massachusetts adopts policies aimed to attract and retain them in the region. While taxes are not the only reason for this outmigration, it is a contributing factor that can be addressed through tax policy changes.

The Roundtable recommends supporting the tax proposals included in the House and Senate bills that will best position the Commonwealth, its residents, and employers, to be competitive in an increasingly global economy. Specifically, we respectfully request that you include:

- **Child Dependent Tax Credit:** The House’s proposal to establish a \$600 per child credit to be phased in over three years. The Roundtable has long supported efforts to address the access and affordability of child care and this measure would make a significant difference to families struggling with the state’s high costs of care and lower a barrier to them engaging in the workforce.
- **Short Term Capital Gains:** The House’s proposal to reduce the rate of short-term capital gains from 12% to 5% to be phased in over 2 years.
- **Low Income Housing Tax Credit:** The Senate’s proposal to increase the base authorization cap.
- **Housing Development Incentive Program (HDIP):** The Senate’s proposal to increase the cap on the HDIP tax credit.
- **Estate Tax:** We agree that changes are needed to the estate tax and support the committee’s efforts to increase the Commonwealth’s estate tax threshold.
- **Single Sales:** We agree that the single sales factor apportionment deserves a fresh look by the committee to ensure companies headquartered in Massachusetts remain competitive.

The proposals included above, and other tax measures that the House and Senate have already agreed upon, meet the Roundtable’s objective as stated in our [Talent Agenda](#) of prioritizing “policies that support a competitive business climate while also providing much needed tax relief to some of our most vulnerable residents. Massachusetts’ competitiveness relies on being a state where businesses want to locate and individuals and families want to live and work.”

As a recent [Massachusetts Taxpayers Foundation analysis shows](#), we agree that combining the focus of the House's proposals to address cost pressures with the Senate's proposals to address the high cost of living, together will produce a tax relief package that demonstrates the Legislature's commitment to improving competitiveness, affordability, and equity in the Commonwealth. As MTF concludes, *"House and Senate conferees have the opportunity to negotiate a compromise tax relief bill that adheres to these principles, includes all of the proposals put forward by both branches, and remains within the \$600 million set aside for FY 2024."* The Roundtable agrees.

The Roundtable and business community are committed and willing partners in promoting a competitiveness agenda that prioritizes the attraction, retention, development, and diversity of workers while creating a cost environment that allows for both people and employers to thrive. Thank you for your consideration, and for your efforts to produce a balanced tax relief bill. We are grateful for your work and commitment to the Commonwealth.

Sincerely,

A handwritten signature in black ink that reads "Jordan Chesloff". The signature is written in a cursive, flowing style.

JD Chesloff
President & CEO
Massachusetts Business Roundtable