

For Immediate Release
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**Business and Technology Leaders United Against New Tax on Innovation;
File Ballot Petition for Repeal**

(August 7, 2013 – BOSTON) Citing the recently passed technology tax “as a grave danger to the future of the innovation economy,” 20 Massachusetts business leaders, representing both small and large companies, today filed an initiative petition to repeal legislation (St. 2013, c.46, sections 48 and 49), which applies the state’s 6.25% sales tax to computer and software technology services.

The proposed repeal comes after unsuccessful efforts to educate the Legislature about the true impact of this new tax. After the Legislature overrode the Governor’s veto of the transportation financing legislation on July 24- which included the sales tax on computer and software services- a diverse coalition of business leaders and entrepreneurs had no choice but to file an initiative petition to repeal the tax.

The filing of the petition with the Attorney General commences a year-long process that would eventually result in a statewide ballot question on November 4, 2014, asking voters to repeal this tax. If the Attorney General certifies the petition language, proponents must collect at least 68,911 signatures from registered voters in the Commonwealth this fall. Once the signatures are certified, the Legislature must move to repeal, modify, or take no action on the petition by May 2014. The last step is the collection of at least an additional 11,485 signatures following the May deadline.

One of the signatories on the petition, Andy Singleton, CEO of Assembla, a software company based in Needham, called this new technology tax the “death knell for innovation.” Singleton, who employs 42 people in his eight-year-old business, stated that “this technology sales tax will negatively affect almost every sector of the state’s economy.” As examples, Singleton said retailers rely on vendors to design and integrate systems to track sales and manage inventory, health care insurers and providers manage costs with electronic health data systems, biopharmaceutical companies use complex data systems to analyze data, manufactures rely on computer aided design for production, and many businesses increase productivity by modifying standardized computer systems to meet specific needs.

Michael Widmer, President of the Massachusetts Taxpayers Foundation and one of the signatories to the petition, said that while the Legislature’s intent was to limit the tax, the Foundation estimates the tax will impose at least an additional \$500 million burden on the state’s employers. Pointing out that this is the most far-reaching tax on software services in the nation, Widmer said the tax is “the most anti-competitive piece of legislation in my 21 years as head of the Foundation and will cause incalculable damage to job creation and the Massachusetts economy.”

The other significant factor that led this cross section of the state’s business community to file this initiative petition was that “this technology tax penalizes investments in Massachusetts,” stated Chris

Anderson, President of the Massachusetts High Technology Council, and also one of the signatories to the petition. Anderson said that Massachusetts purchasers of computer and software services will bear a disproportionate share of the new technology tax. "It is impossible for multi-state or multi-national companies to apportion those costs to their out of state users," Anderson said. "As more and more businesses have multiple data centers or IT locations, this new law favors that work being performed outside the Commonwealth."

"As an entrepreneur who founded a Massachusetts-based company that develops life-saving technology that today employs more than 25,000 people here and around the world, I have grave concerns about the chilling effect this tax will have on technology innovators seeking to start or grow a business here," said Pete M. Nicholas, Chairman of the Massachusetts High Technology Council and a founder of Boston Scientific Corporation. "Innovation has always been central to our state's DNA, and that is why it is so disappointing to now see anti-innovation policies such as this tax enacted by state policymakers who today more than ever should be supportive partners in growing and strengthening our technology economy."

"Thanks to the ingenuity of its people Massachusetts has long been a leader in innovation, which is why we have been proud to call this state home since our founding in 1967," said Jim Green, CEO of Analogic Corporation, a medical technology company that employs 900 people at its Peabody headquarters. Green, a Massachusetts High Technology Council board member, added: "This tax will negatively impact our ability to compete and win business and will likely pose an array of challenges to technology companies seeking to invest and grow in Massachusetts."

Paula Hersey, Chair of the Cape Cod Technology Council and another signatory, noted, "In an economy like Massachusetts that depends on maximizing your competitive advantage, this technology tax will negatively impact business investment that produces greater productivity, growth, and innovation, all central to the future of the Commonwealth and its people."

Carl Rubin, President of Monument Data Solutions located in Needham and another signatory, said, "It will be very difficult to calculate the tax amount when the servers are in Virginia, the IT staff in Florida, the end users in Ireland, and the headquarters in Massachusetts for ten different types of work of which only six are taxable and the proportion of the location where the work occurs changes on a day-to-day basis."

Rubin was adamant that "this new law must be repealed and we will do everything possible to ensure that Massachusetts voters have that opportunity at the November 2014 statewide elections."

The following are the names and titles of the individuals who signed the initiative petition. The name of the organization is for identification purposes only.

Name	Title	Organization
Robert Bradford	President	North Shore Chamber of Commerce
Andy Singleton	CEO	Assembla
Carl Rubin	President	Monument Data Solutions
Veda Clark	Consultant	Member of MTF Executive Committee
Ray Stata	Chairman	Analog Devices
Jim Gorin	CEO, Founder	Health E-Maps
Rich Bowen	CFO & Treasurer	Work Tech
Larry O'Brien	Sr. VP & General Manager of Business Development	DRC
Tom Colatosti	President & CEO	Oasis Systems
Paula Hersey	Chair	Cape Cod Technology Council
Stephen Greene	VP of Communications	Textron Systems
Chris Anderson	President	MHTC
Michael Widmer	President	MTF
Laura Sen	President & CEO	BJ's
Michael Costello	Corporate Director	Member of MTF Executive Committee
Ron Sargent	Chairman & CEO	Staples
Kirill Bensonoff	Principal Consultant & Partner	Computersupport.com
Tom Hopcroft	President & CEO	Mass. Technology Leadership Council
Jeff Ciuffreda	President	Affiliated Chambers of Commerce of Greater Springfield
Bryan Sullo	Vice President, Co-Owner	Clocktower Tech Services

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