

April 7, 2024

Representative Ronald Mariano, Speaker  
Massachusetts House of Representatives  
State House, Room 356  
Boston, MA 02133

Representative Aaron Michlewitz, Chair  
House Committee on Ways and Means  
State House, Room 243  
Boston, MA 02133

Dear Speaker Mariano and Chair Michlewitz,

On behalf of the Greater Boston Chamber of Commerce and our 1,200 members, I would like to thank you and your staff for your diligent and thoughtful efforts in reviewing the Governor's budget proposal (H.1) and developing the House's FY26 budget.

As the Commonwealth navigates federal funding challenges and uncertain fluctuations in the economy, the Chamber appreciates that state policymakers prioritized fiscal responsibility by limiting budget growth through the consensus revenue process this year. In developing the House's proposed budget, we urge you and your colleagues to maintain this responsible approach and avoid outlier policies that may impact Massachusetts' ability to attract and retain talent and job creators.

For your consideration, we offer the following feedback on a few of the Chamber's FY26 budget priorities.

### **Transportation**

#### **SUPPORT: Commonwealth Transportation Fund Transfer to the MBTA (Item 1595-6369 - \$687 million) and Section 17 (Dedicated Income Surtax Revenue to CTF)**

As you know, last year the Governor convened an array of stakeholders by forming the Transportation Funding Task Force to discuss short, medium, and long-term financing mechanisms to provide safe and reliable transportation options across the Commonwealth. The Chamber participated in these conversations throughout 2024 – which resulted in the Governor's proposal to invest up to \$8 billion in our transportation infrastructure statewide utilizing surtax funding, borrowing, and general funds. Spread across H.55, the Governor's FY26 budget proposal, and Chapter 90 legislation, these investments will benefit our transportation infrastructure in all regions of the Commonwealth.

The Chamber supports the Governor's proposal to infuse \$687M into the MBTA's operating budget to help stabilize the agency's short-term finances. As the MBTA makes progress in improving safety and reliability, this investment, in combination with other transportation investments, will contribute to ongoing efforts to improve the T. Employers and workers rely on a strong public transit system to get to and from work and to expand access to economic opportunities. With the elimination of slow zones as an example of necessary progress, the Chamber supports this investment as the MBTA builds trust with its ridership and improves service. Long-term financing solutions may warrant further discussion, but these resources will address short-term funding challenges as the region adjusts to a new normal for public transit utilization.

#### **SUPPORT: Commonwealth Transportation Fund Transfer to RTAs (Item 1595-6370 - \$204 million) and Section 118 (FY26 Regional Transit Authority Funding Formula)**

While MBTA light and commuter rail service is important to Greater Boston, the Chamber recognizes that a strong public transportation system state-wide is important to a strong economy. The Chamber supports these investments in the state's Regional Transit Authorities, providing local transit services and last mile options throughout the state. A well-connected state provides employers and workers with new economic opportunities to thrive in the region.

## **Business Climate**

**SUPPORT: C3 Stabilization Grants (Item 3000-1045 - \$200 million), Childcare Grants to Providers (Item 1596-2410 - \$275 million)**

Access to affordable, high quality early education and care programs is a vital component to attracting and retaining talent in Massachusetts. Stabilization grants are essential to these programs as they face continuing affordability challenges and a tight labor market. These resources will not only support this workforce, but also the workforce of all employers with continued access to childcare options.

**SUPPORT: Early College – Dual Enrollment (Item 7066-0019 – \$13.1 million) and Early Colleges Programs (Item 7009-6600 – \$14 million)**

The Governor's proposed funding will expand access for thousands of students to early college programming in high school. Early college is a proven strategy that increases overall college attainment and helps close equity gaps in college outcomes. This increased funding will meet the growing demand for high-quality early college programs.

**SUPPORT: Small Business Technical Assistance Grant Program (Item 7002-0040 - \$7.5 million)**

The Chamber supports critical funding to provide technical assistance, education, and access to capital for small businesses.

**OPPOSE: Charitable Donation Deduction Cap (Section 32)**

In 2000, Massachusetts residents voted to adopt a state charitable tax deduction. Due to state budget fiscal impacts and other tax policy changes, this deduction only became fully effective in 2023. With only a few full tax years of data, the Governor seeks to cap this deduction to \$10,000 in qualified charitable giving. We oppose this proposal.

Massachusetts nonprofits face a challenging and uncertain environment. As affordability impacts more residents, uncertainty about access to Federal funding, along with worsening economic conditions have led to dwindling revenue streams to nonprofits from private philanthropy. Many nonprofit institutions still grapple with challenges stemming from the pandemic, and placing a cap on the Charitable Donation Deduction will add a new layer of uncertainty and will have the potential to further reduce private funding. Research has shown that caps on charitable deduction impact donor behavior. A recent study conducted by researchers from the University of Notre Dame and Indiana University Indianapolis in the National Bureau of Economic Research found that a Federal cap led to a decrease in giving equaling \$880 per taxpayer, or \$20B in total <sup>1</sup>.

Massachusetts voters overwhelmingly approved this deduction without a cap in 2000, and only recently can properly utilize it. We urge the Committee to oppose Section 32 until the full impact on the Commonwealth's nonprofit community is analyzed.

**OPPOSE: Penalty on Excessive Prescription Drug Price Growth (Sections 41 & 130)**

While the Chamber appreciates the impact that prescription drug prices may have on overall health care costs, we oppose sections 41 and 130. This one size fits all approach to penalizing drug manufacturing companies for price increases that exceed the Consumer Price Index does not reflect the complexities of drug pricing in our health care system and overlooks the many benefits of the Commonwealth's life sciences industry in providing treatments and cures to a variety of health conditions and diseases. Contrary to the goals of the Massachusetts Life Sciences Initiative recently reauthorized by the Legislature, this policy disincentivizes robust development of new treatments just as the industry faces headwinds from changes in federal policy and funding. While we look forward to the Health Policy Commission's ongoing work once it deploys new policy tools authorized by the Legislature last session, we oppose the excessive penalties included in Section 41.

### OPPOSE: Room Occupancy Excise (Section 45)

Section 45 imposes a new tax on complimentary or discounted hotel room accommodations. By assessing the hotel tax on rooms at the fair market value despite offering complimentary or discounted rates, the Commonwealth threatens hotel business in particular economic sectors such as the brick-and-mortar gaming industry and convention business.

For example, hotels may offer room blocks at discounted rates to lure and attract national convention or conference business to Boston or Massachusetts – a common practice nationally to bring significant economic activity that large conventions or meetings provide to local businesses. By imposing the hotel tax on the full market rate of these hotel rooms, the Commonwealth will increase costs to those traveling to Boston for such conferences – who will now pay higher tax rates despite discounted room offerings. This impacts our competitiveness and recruitment efforts for these large gatherings just as in-person gatherings and travel rebound from the pandemic.

The limited revenue gained by this tax policy does not outweigh the negative impacts to economic activity flowing from a robust hospitality & tourism sector. We urge the House to oppose Section 45.

### OPPOSE: Pharmacy Assessment (Section 78)

The Chamber opposes Section 75, which would impose a fee of either \$2 fee per prescription or 6% of the revenues received by a pharmacy over an applicable time period. After passing legislation last session to enhance transparency in prescription drug costs, this policy runs contrary to legislative efforts to reign in prescription drug prices by directly increasing the costs of prescriptions and on pharmacies doing business in the Commonwealth. As you know, almost 30% of pharmacies operating between 2010-2020 closed by 2021, a number that has only grown locally and nationally<sup>2</sup>.

The Legislature passed important legislation last session that would cap the co-payments of certain prescription drugs at \$25 per 30-day supply, among other provisions. Adding an additional fee is counter-intuitive to the goals of recent legislation, as well as the Commonwealth's overall policy goals to increase affordability for businesses and residents.

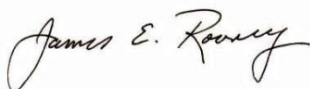
### **Climate & Energy**

#### SUPPORT: Clean Energy Investment Fund (Item 1595-6232 - \$30 million)

The Chamber supports additional investments in the clean energy workforce as the Commonwealth adopts new sources of renewable energy and strives to reduce its greenhouse gas emissions. With the passage of the Mass Leads Act, Massachusetts is in a strong position to lead in innovation and talent in clean energy technologies such as offshore wind, solar, and energy efficiency. These industries will need access to a talented and trained workforce as the state moves from planning to implementing clean energy projects and necessary infrastructure improvements in the transition to new forms of energy.

Please do not hesitate to reach out with any questions or concerns.

Sincerely,



James E. Rooney  
President and CEO

<sup>1</sup> <https://news.nd.edu/news/tax-policies-impact-donors-generosity-affecting-bottom-line-for-nonprofits/>

<sup>2</sup> <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2024.00192>