



News Release

MTF Report: MA Business Costs Among Highest in Nation

Stalled progress during last decade; Refocus urged

BOSTON, September 9, 2015 - Despite numerous efforts at reforms during the last decade, Massachusetts remains a high cost state to conduct business and the gap is growing in several areas, according to a new Massachusetts Taxpayers Foundation (MTF) report released today during a panel discussion held at Suffolk University Law School.

Stalled Progress, the fourth report in a series of business cost studies since 1993, reveals that Massachusetts has made little progress in bringing the cost components of doing business in line with other states and, in some instances, has fallen further behind.

“As globalization continues, other states are evolving and adapting in a variety of cost categories,” said MTF President Eileen McAnneny. “The Commonwealth has relied on our highly educated workforce to be the primary economic driver, but this is no longer enough to keep businesses here and our economy healthy long term. This, combined with a slow growing and aging population, pose serious challenges to the state’s economic future.”

The MTF report reveals that costs, including health insurance and electricity, rank among the highest nationally making Massachusetts businesses less competitive. Even more challenging for state lawmakers, these costs are the same for businesses located in the state’s struggling regions as they are for those thriving in the Boston area.

Additionally, while greater Boston boasts a strong economy, other regions in the state maintain unemployment rates higher than pre-recession levels, wages lower than the state and national averages, and a migration of high-income residents from these regions into other states.

Broadly, the MTF calls on the state to engage business leaders in developing and implementing a comprehensive economic development plan that includes infrastructure and transportation improvements, more affordable housing options, and quality education and workforce training to meet current and future employment needs, while also focusing on our high cost structure. As part of the plan, the MTF makes the following business cost recommendations:

- **Improve state data collection and analysis for both policy development and evaluation;**
- **Address the administration of business taxes;**

- **Reexamine the state’s energy policy to balance affordability, reliability, and environmental impact to better control overall costs;**
- **Reconsider the duration and level of unemployment insurance benefits to better manage overall system costs;**
- **Recognize that property taxes are the largest tax that businesses pay and that they are a significant source of municipal revenue.**
- **Continue to work towards competitive health care costs while keeping in mind the importance of the health sector to the overall Massachusetts economy.**

In collaboration with legislators and MTF members, the MTF plans to hold “fact-finding” forums throughout the state to present its findings and recommendations to communities beyond Boston.

“ Making progress on reducing our high cost structure has been stalled for the past 20 years. Massachusetts cannot waste any more time in addressing these costs if we want to position ourselves for long-term, statewide economic growth and opportunity,” added McAnney.

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The Massachusetts Taxpayers Foundation is a nationally recognized, independent, nonprofit research organization whose purpose is to promote the most effective use of tax dollars, improve the operations of state and local governments, and foster positive economic policies. Over the past 15 years the Foundation has won 16 national awards for its work on health care access and costs, transportation reform, business costs, capital spending, state finances, MBTA restructuring, state government reform, and municipal health reform.

