

Remarks of Chairman Thomas Samoluk
83rd Annual Meeting of the Massachusetts Taxpayers Foundation

At this time, I will present my chairman's report. My remarks will be brief but I would like to share with you some highlights from the past year.

2015 was the first year under the new leadership of President Eileen McAnney and she hit the ground running. The Foundation was very active throughout 2015 and the work that was performed has provided a strong foundation from which to move forward.

In March, the foundation released its seminal report entitled "*The T: The End of Its Line*" on the finances of the MBTA and the numerous challenges confronting the agency. Our timing of the release could not have been better as it coincided with the T's shutdown, which brought a focus to the "T" in a way that nothing else could. As this report indicated, the challenges were longstanding, multi-faceted and not weather-related. The Governor called the report 'a must read.'

But the Foundation's work on the MBTA did not end there. Eileen presented the findings to a broad array of business groups and formed the "*Fix Our T Coalition*." Eileen is the co-chair, along with Mayor Robert Dolan of Melrose, of this coalition - comprised of over thirty business organizations and a dozen mayors. The coalition successfully advocated for the establishment of the Fiscal and Management Control Board and the three-year suspension of the Pacheco law.

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Both of these actions were critical first steps to fixing the MBTA and the progress to date from adoption of them has been remarkable.

The Foundation also collaborated with other business organizations to stop the so-called “*FAS 109 deduction*” from being eliminated. This deduction was a hard fought concession the business community won in 2007 when the state adopted mandatory uniformed combined reporting. This elimination was included in the legislature’s budget conference committee report despite the fact it did not appear in either the house or senate versions. The Governor had initially indicated he was also supportive of the measure. However, through a concerted effort, we were able to get the legislature to reverse course and retain this deduction for many of our larger employers.

In the fall, the foundation issued *Stalled Progress* which provided an update on where Massachusetts stood relative to its peer states on the cost components of doing business. While the report followed the long tradition of being a data driven policy piece, it was released in a novel way. The foundation held a forum with secretary jay ash and a panel of business reactors to discuss the findings. Plan on seeing more of these events under Eileen’s leadership.

Later in the year, the foundation released its *Stabilization Fund* report in which we indicated that the state had been diverting money from the fund and how this

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practice left the commonwealth ill-prepared for the next, inevitable downturn. The report got significant media attention and also piqued the interest of the credit rating agencies who issued a negative outlook as a result. Lawmakers have since heeded the foundation's warning and begun to replenish the stabilization fund.

A companion piece on **The State's Overreliance on Capital Gains** followed.

After MTF made the case for how this practice undermines the state's fiscal stability, lawmakers have reduced use of capital gains significantly.

All of this research was in addition to the thorough analysis by MTF of all versions of the budget as well as participation in the consensus revenue hearing.

In summary, despite 2015 being a year of transition, the important work of the foundation continued seamlessly and our reputation as a highly creditable, non-partisan research organization remains untarnished.

I will continue as chairman for the next year and will serve in this leadership position with pride. I am pleased to affiliate with the foundation because of the unique role it plays in the public policy debates of the commonwealth.