

# The Boston Globe

## PUSHING THE STATE OUT OF FISCAL CRISIS

By Thomas M. Finneran, 7/14/2003

Massachusetts has begun the third consecutive fiscal year in which state services will be cut to the poor, mentally retarded, and elderly and the first year of dramatic cuts in state aid to support municipalities' education, fire, and police services. Thousands of workers are losing their jobs or earning less. Tax revenues generated from having more citizens work - rather than imposing new taxes - are the best way to ensure a solution to our fiscal crisis. The creation of jobs and economic opportunity will drive our fiscal and social recovery.

As a society, we focus enormous attention on specific quality of life issues such as prescription drugs, early childhood education, class sizes, and community policing patrols. These programs are dependent on a vibrant, healthy, and diverse economy.

During the prosperous years of the 1990s, Massachusetts was able to increase access to health care substantially and funnel billions of dollars into our public education system while reforming many budget busters, building an impressive rainy day fund and making numerous substantial tax cuts. None of this would have been possible in 1989 when our state was grappling with an economic crisis.

Despite our national and global economies, we can create an environment for strong economic growth through recognition of natural strengths and adoption of growth policies. Our hospitals and medical research centers, as well as colleges and universities, are our strongest assets.

Now we need to match our commitment to these sectors with investment in emerging technologies - biotechnology, pharmaceuticals, medical devices, plastics and polymers, new defense and security, environmental technologies/renewable energy, and information technology. While Massachusetts has lost more than 160,000 jobs since the recession began, these industries have added 37,454 jobs in the last year alone. The biotechnology industry estimates that by 2010 it can create 100,000 jobs, generating an additional \$320 million in income tax revenue.

We already have a dominant presence in the emerging technologies, and our state is poised to surpass our closest competitors of Ohio, New York, Pennsylvania, and California to become the next Silicon Valley. However, in terms of current state support, we are outpaced and out-invested by each of them.

The House is proposing a package that will maximize the effect of every state dollar spent on the emerging technology sector. In turn, this will create jobs on all levels and strengthen the entire state economy. The proposal is a six-pronged, innovation-friendly plan to streamline government functions and encourage growth through capital formation, regional development, and stability in regulation and taxation.

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First, we must identify our strengths region by region. The new John Adams Innovation Enterprise will inventory economic assets, identify industry clusters, and make strategic investments to ensure that all of our regional economies are boosted.

Next, we must encourage the infusion of research and development money into our economy. Massachusetts ranks second nationally for total grant dollars from the National Institutes of Health, collecting nearly \$2 billion in research and development grants. We need to position our state to attract even more grants.

Third, we should invest \$110 million in targeted financial assistance to create jobs. The funding will take place through MassDevelopment's Emerging Technology Fund and the majority will be used for "bricks and mortar" investments.

Fourth, businesses need the ability to predict their expenses with a reasonable degree of certainty, and government regulations need to be minimally burdensome.

To accomplish this, the House has extended the Investment Tax Credit and is proposing that all new state government regulations undergo a thorough cost-effectiveness analysis.

Fifth, we are overhauling the state's permitting process and consolidating the functions of the Executive Office of Economic Affairs to make them more responsive, timely, and professional. This will save businesses time and money, allowing them to get started and grow at a faster rate, creating more jobs.

Finally, because much of this development relies upon the strength of our educational system, the House will continue its strong commitment to education on all levels, strengthening Massachusetts in our nation's increasingly knowledge-based economy.

We are in the midst of a global economic crisis, but we must find local solutions to prepare our state for economic and fiscal recovery. Through wise investment and regulatory overhaul, emerging technologies can help bring the Massachusetts economy back into prosperity, providing our families financial security and giving the state the revenues necessary to fully fund the programs and services upon which we all rely.