

2013-2014



Legislative Scorecard

Every two years, Associated Industries of Massachusetts (AIM) produces the commonwealth's most widely read scorecard of the votes taken by members of the Massachusetts House and Senate on issues important to the business community.

AIM is departing from its normal scorecard practice for the 2013-2014 legislative session because the complexity of the lawmaking process and the sometimes arcane rules of each chamber make it nearly impossible to render a fair judgment on the votes taken by individual legislators.



AIM has historically followed a clear set of principles in developing its scorecard. We use roll call votes that are similar in both branches, on issues that are clearly important to the AIM membership and representative of the overall objectives of the membership of AIM as directed by the association's board. But the roll calls taken by both House and Senate often differ significantly, and those roll calls are open to alternative interpretation based on the wide number of issues contained in the legislation.

For example, the Legislature this year passed much-needed structural reform to the Unemployment Insurance system in the same bill that raised the \$8 per hour state minimum wage to \$11 per hour over three years. Should a lawmaker who voted against the bill because of objections to the minimum wage increase be marked down because she or he did not vote in favor of UI reform?

Another key victory for employers came when a legislative conference committee decided to omit from an economic development bill a provision banning the use of non-compete agreements. The action meant that lawmakers did not take a recordable vote on non-competes with final passage of the bill.

There is another issue as well. An unusually large number of representatives and senators left office during the session either to pursue other careers or to fill vacancies in other offices – nearly 30 in all over two years. Assigning a percentage

of good or bad business votes to people who have been present for differing numbers of debates gets pretty dicey.

So how do we evaluate the 188th session of the Massachusetts general Court?

The legislature steered a notably moderate course on business and economic issues during 2013-2014. In addition to UI reform, minimum wage and non-competes, lawmakers wisely rejected a proposed version of the Uniform Trade Secrets Act that would have made defense of intellectual property and trade secrets nearly impossible; and expanded the research-and-development tax credit in an effort to reverse a troubling 19.3 percent decline in R&D spending among Massachusetts employers between 2007 and 2011.

And though they extended a troubling solar-energy subsidy program, legislators also created a task force to study the long-term feasibility of such subsidies in Massachusetts.

"Employers did not get everything they wanted during this session – most, for example, opposed increasing the minimum wage because it causes wage compression and hinders economic growth – but lawmakers by and large shared the belief that only a vibrant, private-sector economy creates opportunity that binds the social, governmental, and economic foundations of our commonwealth," said John Regan, Executive Vice President of Government Affairs at AIM.

Here is how the Legislature came out on the five most important issues for employers:



Repeal of software tax – Lawmakers initially approved a tax on software and computer services as part of a scaled-down version of Governor Deval Patrick’s massive \$2 billion transportation-and-education tax proposal. The software tax created a firestorm of criticism from the fast-growing information technology sector, prompting repeal.



Non-Competes – Lawmakers passed an economic development bill that preserved the ability of employers to protect intellectual property with non-compete agreements and expanded the research and development tax credit.



Minimum Wage – The Legislature, despite strong opposition from AIM, voted to give Massachusetts the highest minimum wage in the country by increasing the rate from \$8 to \$11 per hour by 2017.



Unemployment Insurance – Lawmakers passed an Unemployment Insurance reform designed to stabilize UI tax rates and create relief for companies that seldom lay off workers. Beacon Hill also froze UI rates in both 2013 and 2014, heading off more than \$1 billion in automatic tax increases.



Health care costs – The Legislature passed a measure in 2013 directing Governor Deval Patrick to seek a waiver from rating-factor changes in federal health reform that raised premiums for some small employers by 57 percent.

The Legislature declined to pass a workplace bullying bill that would have left employers open to litigation for taking corrective action against employees. Also left in the “no” pile was a bill that would have prevented employers from accessing the social-media logins of job candidates or employees. Legislators did pass a compromise worked out between AIM and domestic violence prevention advocates that would provide up to 15 days of leave to domestic violence victims who work for companies with 50 or more employees.

AIM notes the impending departures of several key lawmakers, including Senate

President Therese Murray, Senate Ways and Means Committee Chairman Stephen Brewer and Assistant House Minority Leader George Peterson Jr. New leaders in the Senate, and perhaps the House, will also be dealing with a new governor as Democrat Martha Coakley, Republican Charlie Baker and three independents battle to succeed Patrick in the corner office.

AIM urges member employers to review the votes of their state representatives and senators on each of these issues and determine the degree to which the elected official merits support.

Economic Snapshot:

	1/7/2008	1/13/2013 Start of 188th Session	6/14/2014 End of 188th Session (almost)	8/14/2014 End of 188th Session	9/18/2014	1/1/2015
Unemployment	4.6%	6.9%	5.5%	5.6%	5.8%	TBD
Business Confidence Index	46.4%	50.2%	56.2%	56.2%	54.2%	TBD
Non-farm Employment	3,280,000	3,240,100	3,310,500	3,315,500	3,313,200	TBD
Non-Farm / Civilian Workforce	3,439,100	3,478,900	3,501,500	3,511,200	3,517,000	TBD
Workforce Participation Rate	67.2%	64.8%	64.4%	64.5%	64.6%	TBD
FY Budget	\$31.7B	\$35.6B	\$38.1B	\$38.1B	\$40.1B (GAA)	TBD