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News Release

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BHI: Biotech bill is not sound investment

(BOSTON) – A proposal to establish a Massachusetts Life Science Center would do little to improve the state’s economic competitiveness according to testimony offered by the Beacon Hill Institute at Suffolk University today before the Joint Committee on Bonding, Capital Expenditures and State Assets.

House No. 4234, a bill to encourage investment and expand the state’s life sciences industry, would provide \$500 million in bond funding for specific capital projects. It would also establish an “investment fund” for fellowships, research grants, loans and workforce training. The bill also calls for an incentive program that grants tax breaks to biotech firms that locate in Massachusetts.

“What Massachusetts has never needed and doesn’t need now is a policy of throwing state money at sectors deemed to be ‘winners,’ to the inevitable disadvantage of those implicitly ruled out as ‘losers,’” BHI Executive Director David Tuerck told the panel. “Just because other states want to glamorize biotech with ill-considered public subsidies doesn’t mean that Massachusetts has to go along.”

According to several studies published by the institute since 2001, Massachusetts is a highly competitive state with an economy that enables both growth and high wages. Massachusetts ranks second in the most recent index compiled by the institute. At the same time, the state faces huge infrastructure, housing and energy challenges. Throwing money at high tech, rather than attending to these challenges is bad policy.

“Maintaining a high level of competitiveness is like riding a bicycle: You have to go forward to stay up. We need to repair our roads, bridges and tunnels. We should find ways to reduce energy costs and reduce – not increase – corporate taxes. But it is these matters that should get our attention, not the professed needs of one sector that seems now to represent the next wave of innovation,” said Tuerck.

Both the administration and the legislature should focus on policies that address all of the state’s economic sectors. “We should not get back into the business of targeting corporate tax cuts to special pleaders as we did back in the 90s. “ Instead, what’s needed is comprehensive corporate tax reform that will broaden the base and lower the rate; a sensible transportation policy; and, an education system that trains the workforce of tomorrow whether in biotechnology or other areas in which the Bay State excels.”