

April 26, 2021

The Honorable Ronald Mariano
Speaker of the House of
Representatives
State House, Room 356
Boston, MA 02133

The Honorable Aaron Michlewitz
Chair, House Committee on Ways and
Means
State House, Room 243
Boston, MA 02133

Dear Speaker Mariano, Chairman Michlewitz and Members of the House of Representatives,

On behalf of the 11,000 members of the Massachusetts Society of Certified Public Accountants (MSCPA), thank you for your leadership in crafting a balanced and measured Fiscal Year 2022 budget proposal during this uncertain economic time. As you begin your deliberations, I am writing to provide our input on several amendments before you.

Amendment #426 - College in High School

Amendment #428 - Early College Reimbursement

We write in support of both amendments. As long-time supporters of early college programs, we have seen the direct impact of these programs make in helping to create a more diverse and highly skilled talent pipeline and economic opportunity for Massachusetts' students. Through the support of the state and private investment from the employer community, including many of the MSCPA's member-firms, students enrolled in Early College programs go to college and stay in college at higher rates than their peers and enter the workforce better prepared for a host of career opportunities. Restoring funding to these line-items will help assure these valuable programs are expanded, providing additional career and college readiness programing to more Massachusetts students.

Amendment # 840 - Digital Advertising Tax

We write in opposition to amendment # 840, which closely models recent legislation signed into law in Maryland. Despite the intention, it is likely that this excise would not be borne by large out-of-state technology, communication, and e-commerce outlets, but by their customers, largely small businesses who use their advertising reach to grow their businesses. This proposal also violates generally accepted tax principles that caution against excessive business-to-business taxes since they lead to pyramiding, a structure that taxes the same final good or service multiple times along the production process. It is also important to note that in addition to the two aforementioned concerns, Maryland's first-in-the-national digital advertising tax proposal has spurred legal challenges that claim the tax scheme violates the Federal Internet Freedom Act. If these challenges are successful, they would establish caselaw making it likely that the Massachusetts-based approach would also be ruled unconstitutional.

Amendment # 1137 - Sales Tax Modernization

We write in opposition to amendment #1137. If passed, Massachusetts would become the first state to require daily remittance of sales tax. While the goal of expedited sales tax remittance is admirable, there remains only one provider who has patented the process for "real time" sales tax collection, which remains unproven and untested. This proposal would raise several significant

challenges, creates additional burdens for both retailers and state tax administrators, and imposes new burdens on businesses not currently involved in the sales tax collections process.

Thank you for you are the opportunity to provide our feedback on these amendments. As you prepare for this week's debate on these and many other issues, I would also like to offer the MSCPA's resources and the expertise of our tax professionals to assist you in evaluating important policy initiatives. Our 11,000 members represent 3,500 public accounting firms and business organizations specializing in a variety of areas, making them a valuable resource for you and your staff.

Sincerely,

A handwritten signature in black ink that reads "Amy A. Pitter". The signature is written in a cursive, flowing style.

Amy A. Pitter
President & CEO