



October 3, 2025

Chair James Eldridge
Joint Committee on Revenue
The State House, Room 511-C
Boston, MA 02133

Chair Adrian Madaro
Joint Committee on Revenue
The State House, Room 34
Boston, MA 02133

Dear Chair Eldridge, Chair Madaro, and Members of the Committee:

We are writing to convey our strong opposition to H.3110/S.2033 - An Act relative to offshore tax avoidance. The legislation seeks to change the state tax treatment of Global Intangible Limited Tax Income (GILTI). While the revenue impacts of these bills are unclear, with a recent DOR analysis suggesting revenues of \$150 million or less, proponents maintain this change would come at a projected cost to employers of more than \$400 million, which would be the largest tax increase on employers in the state's history. Given the dramatic uncertainty and instability in the nation's economy, and the misguided policy premise behind this legislation, we respectfully urge you not to advance it.

In April of this year, our four organizations sent a letter to the Legislature, offering a collaborative approach to addressing the state's competitiveness challenges. We offered a framework for competitiveness that "will lead to continued collaboration and progress as we pursue our shared goal of making Massachusetts a highly desirable place to live, work, and do business." The letter highlighted three critical challenges before us: 1) the cost of living and doing business; 2) external threats to our core strengths; and 3) troubling outmigration trends, particularly of working-age adults.

In its recently released Massachusetts Competitiveness Index for 2025, the Massachusetts Taxpayers Foundation confirmed the concerns we expressed earlier in the year. While the state continued to perform well in our traditional areas of strength, such as economic output, wages, workforce education levels, and health care quality, the state remained near the bottom in categories such as business taxes, energy costs, affordable child care, and housing. Some got worse.

To address these competitiveness concerns, our organizations offered four areas of focus that we collectively view as critical to continuing our shared work on addressing the state's competitiveness: growing and maximizing the state's labor force; supporting core economic sectors; viewing policy through the prism of cost; and maintaining strong public finances. Particularly relevant to the discussion of H.3110/S.2033 is the cost issue. For employers, increased costs can lead to reduced hiring, expanding or locating outside of the state, or reducing footprint or investment within it. In fact, it already is: the Index found that Massachusetts ranks last in the nation for private employment growth between 2023 and 2204. These trends are a threat to Massachusetts and speak to the need to reduce cost differentials between Massachusetts and other states.

H.3110/S.2033 would move the state in the opposite direction by making Massachusetts an outlier on business taxes. Under our current tax law, Massachusetts companies pay more in state GILTI taxes than they do in 29 other states. The state, under guidance from DOR, treats GILTI income the same as New York, Connecticut and New Jersey, and taxes this federal structure at as high or higher a rate as 34 other states. Massachusetts is not an outlier in its current tax treatment of GILTI, as some have suggested. With passage of this legislation, we would be.

Additionally, recent passage on the federal level of the One Big Beautiful Bill Act made significant changes to GILTI. In fact, it's not called GILTI anymore but is now known as "net CFC tested income," or NCTI, with major changes to exclusions, deductions, and rates on this income. These are complicated changes that have not gone into effect yet. Making significant changes at the state level before knowing the impact of these federal changes would be unwise and irresponsible. The new analysis by DOR is indicative of that. In fact, in its analysis, DOR warns that "in the wake of recent heightened economic and financial market uncertainties, the estimates reported above should be used with caution." Attempting to make significant changes now to the treatment of GILTI is not only bad policy but bad timing.

In addition, given ongoing uncertainty driven by constant changes to federal policy, making major changes to the corporate tax code, on the state level, would be particularly harmful. Employers are facing uncertainty around the economy, around federal policy, and around the future of their workforce. Inflationary pressures, the constantly shifting federal landscape, global trade disruptions, and rising costs are converging to create an economic crisis waiting to happen. In this environment, employers are much more cautious around investment and hiring which is slowing our economy. A massive, unprecedented and misguided tax increase at this time would further exacerbate this uncertainty, causing further retreat from investment and, more concerning for Massachusetts, a continued slide into a less competitive environment for growth.

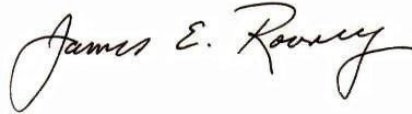
In our April letter, we took collective responsibility on behalf of the business community to work collaboratively with each other and in partnership with government to collectively address the state's competitiveness. Our four organizations are reaching out in that spirit of

collaboration with an offer to work with your Committee and our public leaders to meet this moment, protect the Commonwealth, and engage in meaningful and productive public-private partnership to ensure our state remains competitive in these unprecedented times. H.3110/S.2033 is antithetical to that goal and we urge you to reject it.

Sincerely,



Brooke Thomson
President & CEO
Associated Industries of Massachusetts



James E. Rooney
President & CEO
Greater Boston Chamber of Commerce



JD Chesloff
President & CEO
Massachusetts Business Roundtable



Doug Howgate
President
Massachusetts Taxpayers Foundation