

WBJ: The State's ROI

Shop Talk: The State's ROI
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State Rep. Thomas Conroy, D-Wayland, has some interesting views on Gov. Deval Patrick's \$1 billion life sciences initiative. Conroy is not content to give companies tax and infrastructure incentives blindly in the hopes they will stay in Massachusetts once those incentives expire. Instead, the freshman legislator with an extensive background in international economics and policy, wants the commonwealth to get a piece of the action. Here, Conroy opens up about his ideas and perspective about the state of the commonwealth.

From an economist's perspective, what makes the Commonwealth tick?

In Massachusetts you've got things like higher education. You've got health care. You've got technology. You not only have these clusters that attract talent and skills, but schools start teaching and focusing on those areas, and it becomes a self-perpetuating, self-reinforcing expertise that gets developed in the region.

What should the state stop doing, or do more of?

I think we do fundamentally need to pick industries and help certain industries. Pursuant to the clustering idea, we cannot be all things to all industries. It's not clear to me that the goal of corporate tax reform should be fairness. Its anathema to a lot of people, but to me your tax program should be consistent with your overall strategy. If your overall strategy is to pick industries, then your corporate tax structure and system should favor those industries. I'm very much running against the grain on that one.

In terms of the life sciences bill, what do you think is the most valuable component of it?

There's a balancing act here, and we're trying to do a lot of things for a lot of companies. There is great need for infrastructure and capital spending here, as evidenced by UMass saying they're \$2 billion undercapitalized. And that's just in Amherst and the UMass system. The other piece that's really important is about keeping successful companies here. They're creating jobs, they're creating confidence, they're spinning off corporate taxes for the commonwealth revenues and their employees are spinning off sales taxes. The third piece is incentivizing young scientists to stay in Massachusetts.

You've proposed that the state should get an ownership stake in companies that receive tax breaks under the life sciences bill. Couldn't that be a disincentive for some companies?

[It's] to ensure that if we do see companies depart, we still have some return on our investment. If we've created a tax break for a company, or invested in infrastructure that allows them to either stay here or build out here, but in five years they are bought out by another company, that's a real fear. If we have an ownership stake in those companies, in terms of equity, then the loss of that corporation and corporate headquarters is reduced.

How does this increase our competitiveness as a state and region?

We're making a commitment to infrastructure, to educating the workforce, to funding more scientists, making a commitment to keep the large companies here. It all will accentuate and enhance this clustering effect of expertise and innovation. It leads to job growth. We have a lot of that stuff here now. Let's not lose it.