

March 9, 2018

To the Honorable Senate and House of Representatives,

Over the past three years, you have been tremendous partners with the Lieutenant Governor and me on a number of initiatives that are of deep importance to the people we serve. One highlight of that partnership is the economic development legislation that we enacted in the summer of 2016. That legislation provided state government with a robust set of tools to advance our common economic development goals by investing in our communities, our citizens and our innovation economy. Over the past year and a half, the Baker-Polito Administration has been using those tools to strengthen the Massachusetts economy. Over 130 communities have shared in over \$430 million in awards of capital expenditures. We are already seeing the results of this and our other investments in the Massachusetts economy. In 2017, we had more people working than at any time in state history. Our economy has added nearly 150,000 new jobs since we took office in 2015.

Throughout our implementation of the 2016 legislation, we have been evaluating what works, what doesn't and what new tools we could use to make Massachusetts stronger. That process has identified a number of areas where additional capital expenditures and updates to the law would enhance our ability to grow the economy across all regions of the Commonwealth. I am pleased to submit for your consideration "An Act Enhancing Opportunities for All" as the next step forward in our economic development plan.

This legislation provides over \$610 million in capital authorizations, including \$300 million in capital reauthorization for the MassWorks program. Additional capital authorizations include:

- \$100 million for a new regional development program to partner with communities on projects with the potential to create large numbers of jobs and make a significant regional impact
- \$75 million in skills capital grants to fund equipment to expand and improve career technical education programs and programs focused on training and retraining adults

in high-demand skills in manufacturing, information technology, and other high-growth sectors

- \$50 million to partner with coastal communities to address saltwater dredging needs
- \$50 million to build on the successes of the Seaport Economic Council in stimulating economic development, creating jobs in the maritime economy sector and protecting coastal assets that are vital to achieving these aims
- \$25 million to fund our Massachusetts Manufacturing Innovation Initiative (M2I2) and provide matching grants to institutions of higher education across the Commonwealth to collaborate with private industry around emerging manufacturing technologies
- \$12.5 million to provide matching grants to the federal Small Business Innovation Research and Small Business Technology Transfer programs for accepted Massachusetts businesses that are seeking to commercialize their innovations
- \$1.25 million to enable community development financial institutions to leverage significant federal funding to support lending for small businesses in need of capital

In addition to these capital authorizations, this legislation provides improved tools for municipalities, promotes growth of businesses in Massachusetts, expands our economic development incentive program and encourages workforce development through an apprenticeship tax credit.

Improved tools for municipalities include a series of reforms that would allow local housing authorities to enter redevelopment partnerships more efficiently and grant those authorities greater flexibility in addressing deferred capital needs. Other provisions of the legislation allow municipalities to accept easements outside their boundaries so they can access broadband networks and clarify the permissible uses of Community Preservation Act funds. Additionally, the legislation authorizes the Department of Conservation and Recreation to lease the state piers in New Bedford and Fall River to MassDevelopment to better unlock the potential of this important coastal infrastructure.

This legislation also promotes Massachusetts businesses. For most summers since 2004, Massachusetts consumers and retailers have been able to benefit from a sales tax holiday. However, we have had not a sales tax holiday the past two summers. This legislation would make a sales tax holiday a permanent fixture in Massachusetts, providing consistent benefits to our residents and businesses and predictability for our fiscal planners. Other provisions of the legislation simplify healthcare reporting requirements and bring our insurance laws into compliance with new model standards promulgated by the National Association of Insurance Commissioners so that Massachusetts can maintain its accreditation from that organization. Failure to maintain accreditation will increase costs for insurance companies in Massachusetts that do business in other states. Additionally, the legislation allows fantasy sports gaming to continue in Massachusetts, subject to regulations by the Attorney General, past the July 31, 2018

deadline the legislature established in 2016. The strong consumer protections that the Attorney General put into place have worked well, and this regulatory structure effectively governs the industry while protecting consumers.

In order to increase our ability to attract new businesses to Massachusetts, this legislation includes a number of reforms to our economic development incentive program by expanding the availability of refundable tax credits and creating the opportunity for larger credits commensurate with extraordinary economic opportunities. The legislation also enables the use of credits to fill vacant downtown storefronts and makes a technical correction to an existing tax deduction on the rehabilitation of abandoned buildings.

Lastly, this legislation creates a new apprenticeship tax credit of \$4,800 or 50% of the wages paid to each qualified apprentice, whichever is less, for employers who hire and train new employees in the high demand areas of the healthcare, manufacturing, and information technology fields. Building apprenticeship pipelines in these fields will support unemployed and underemployed people: learn-while-you-earn programs effectively mitigate many of the barriers present in normal training programs. Apprenticeship pipelines will also support businesses by ensuring that they can access a skilled workforce.

I appreciate and value deeply our partnership in securing the Commonwealth's economic future, and I urge your prompt enactment of this legislation.

Finally, in accordance with Section 3 of Article LXII of the Amendments to the Constitution, I am including here and in the bill my recommendation for the terms of the bonds to be issued thereunder to raise funds for the capital authorizations set forth in the bill. Specifically, the term of bonds issued pursuant to Sections 3 and 4 of the bill shall be issued for a maximum term of years not exceeding 30 years from the date of issuance thereof; provided that all such bonds shall be payable not later than June 30, 2053.

Respectfully submitted,

Charles D. Baker  
Governor



## *The Commonwealth of Massachusetts*

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IN THE YEAR TWO THOUSAND AND EIGHTEEN

### AN ACT ENHANCING OPPORTUNITIES FOR ALL

*Whereas, the deferred operation of this act would tend to defeat its purpose, which is to forthwith finance improvements to the Commonwealth's economic infrastructure and promote economic opportunity, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience*

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

SECTION 1. To provide for a program of economic development and job creation, the sums set forth in sections 2A and 2B, for the several purposes and subject to the conditions specified in this act, are hereby made available, subject to the laws regulating the disbursement of public funds; provided, however, that the amounts specified in an item or for a particular project may be adjusted in order to facilitate projects authorized in this act. These sums shall be in addition to any amounts previously authorized and made available for these purposes.

SECTION 2A.

EXECUTIVE OFFICE OF HOUSING AND ECONOMIC DEVELOPMENT

*Office of the Secretary*

- 6720-1351. For a grant program to coastal communities to be administered by the Seaport Economic Council; provided that funding shall be used for community planning and investment activities that stimulate economic development and create jobs in the maritime economy sector, and to construct, improve, repair, maintain and protect coastal assets that are vital to achieving these aims; provided further, that that the planning, prioritization, selection and implementation of projects shall consider climate change impacts in furtherance of the goals of climate change mitigation and adaptation and consistent with the integrated state hazard mitigation and climate change adaptation plan .....\$50,000,000
- 7002-8006. For the MassWorks infrastructure program established by section 63 of chapter 23A of the General Laws .....\$300,000,000
- 7002-8007. For matching grants to enable institutions of higher education, including state and municipal colleges and universities, to participate in and receive federal funding through Manufacturing USA, formerly known as the National Network for Manufacturing Innovation .....\$25,000,000
- 7002-8019. For the Massachusetts Growth Capital Corporation established pursuant to section 2 of chapter 40W of the General Laws, for a program to provide matching grants to community development financial institutions certified by the United States Treasury or community development corporations certified under chapter 40H of the General Laws to enable them to leverage federal or private investments for the purpose of making loans to small businesses .....\$1,250,000

- 7002-1501. For grants administered by Massachusetts Technology Development Corporation established by section 2 of chapter 40G of the General Laws, and doing business as MassVentures; provided such grants shall be made on a competitive basis to growing Massachusetts-based companies commercializing technologies developed with assistance of a Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) grant from a federal agency such as, but not limited to, the Department of Defense, the Department of Energy, or the National Science Foundation .....\$12,500,000
- 7002-8022. For certified regional development investment projects approved pursuant to section 68 of chapter 23A of the General Laws .....\$100,000,000
- 7002-8023. For grants to coastal communities to undertake dredging projects that will promote job creation, increase commercial activity, contribute to downtown revitalization, or advance other local economic development goals; provided that all grants shall be matched on a 1:1 basis by the grantee .....\$50,000,000

SECTION 2B.

EXECUTIVE OFFICE OF EDUCATION

*Office of the Secretary*

- 7009-2005. For a competitive grant program to be administered by the executive office of education, in consultation with the executive office of housing and economic development and the executive office of labor and workforce development, to provide funding for the purchase and installation of equipment and any related improvements and renovations to facilities necessary for the installation and use of such equipment, in order to establish, upgrade and expand career technical education and training programs that are aligned to regional economic and workforce development priorities; provided, that grant applications may facilitate collaboration to provide students enrolled in eligible vocational technical schools with postsecondary opportunities consistent with clause (o) of the first paragraph

of section 22 of chapter 15A of the General Laws and section 37A of chapter 74 of the General Laws; provided further, that community colleges, and innovation centers that receive funds from the Massachusetts Life Sciences Center shall also be eligible for funds from this program; provided further, that the executive office of education, in consultation with the executive office of housing and economic development and the executive office of labor and workforce development, shall adopt additional guidelines as necessary for the administration of the program; provided further, that awards may be made to community-based organizations with recognized success in training adults with barriers to employment .....\$75,000,000

SECTION 3. Notwithstanding any general or special law to the contrary, to meet the expenditures necessary in carrying out section 2A, the state treasurer shall, upon receipt of a request by the governor, issue and sell bonds of the commonwealth in an amount to be specified by the governor from time to time but not exceeding, in the aggregate, \$538,750,000. All bonds issued by the commonwealth, as aforesaid, shall be designated on their face, Commonwealth Economic Development Act of 2018, and shall be issued for a maximum term of years, not exceeding 30 years, as the governor may recommend to the general court pursuant to Section 3 of Article LXII of the Amendments to the Constitution; provided, however, that all such bonds shall be payable not later than June 30, 2053. All interest and payments on account of principal on such obligations shall be payable from the General Fund. Bonds and interest thereon issued under the authority of this section shall, notwithstanding any other provision of this act, be general obligations of the commonwealth.

SECTION 4. Notwithstanding any general or special law to the contrary, to meet the expenditures necessary in carrying out section 2B, the state treasurer shall, upon receipt of a request by the governor, issue and sell bonds of the commonwealth in an amount to be specified by the governor from time to time but not exceeding, in the aggregate, \$75,000,000. All bonds issued by the commonwealth, as aforesaid,

shall be designated on their face, Commonwealth Economic Development Act of 2018, and shall be issued for a maximum term of years, not exceeding 30 years, as the governor may recommend to the general court pursuant to Section 3 of Article LXII of the Amendments to the Constitution; provided, however, that all such bonds shall be payable not later than June 30, 2053. All interest and payments on account of principal on such obligations shall be payable from the General Fund. Bonds and interest thereon issued under the authority of this section shall, notwithstanding any other provision of this act, be general obligations of the commonwealth.

SECTION 5. Section 16 of chapter 6D of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by striking out subsection (c).

SECTION 6. Subsection (b) of section 3A of chapter 23A of the General Laws, as so appearing, is hereby amended by inserting after the definition of “expansion of an existing facility” the following definition:-

“Extraordinary economic development opportunity”, a proposed project that is jointly designated by the secretary of the executive office of housing and economic development and the secretary of the executive office for administration and finance as an extraordinary economic development opportunity as provided in subsection (e) of section 3C.

SECTION 7. Section 3C of said chapter 23A, as so appearing, is hereby amended by adding the following 2 subsections:-

(d) Notwithstanding the requirements of subsections (b) and (c), the EACC may by guidelines or regulations establish a program to incent businesses to occupy vacant storefronts in downtown areas. The EACC may award EDIP tax credits to storefront tenants on a competitive basis taking into account factors such as the number of jobs to be created; the volume of pedestrian traffic to be generated; potential synergy with other downtown businesses; whether there is a matching contribution from the municipality



or the landlord; commitment to storefront improvements; and whether the municipality has made local plans or investments to revitalize the downtown. Certification of such projects shall require that a business commit to occupy the vacant storefront for a period of not less than 1 year, but shall not require the business to invest in improvements or to create new jobs. The EACC shall not award more than \$500,000 in EDIP tax credits in a calendar year to projects certified pursuant to this subsection.

(e) The secretary of the executive office of housing and economic development and the secretary of the executive office for administration and finance may from time to time jointly designate a proposed project as an extraordinary economic development opportunity if the secretaries jointly determine that the proposed project involves the construction or substantial rehabilitation of a new facility or expansion of an existing facility within the commonwealth that is not a replacement of an existing facility in the commonwealth, or involves the relocation of an existing business to the commonwealth from a facility located outside of the commonwealth, and the proposed project meets at least one of the following additional criteria:

- (1) The proposed project, if approved and constructed, will create at least 400 new jobs; or
- (2) The proposed project, if approved and constructed, will result in the creation of at least 200 new jobs in a gateway municipality or in an adjacent city or town that is accessible by public transportation to residents of a gateway municipality.

The decision by the secretaries to designate or not to designate a proposed project as an extraordinary economic development opportunity shall be a decision that is within the sole discretion of each of the secretaries, and may include such conditions as the secretaries shall in their discretion impose. Such decisions shall be final and shall not be subject to administrative appeal or judicial review under chapter 30A or give rise to any other cause of action or legal or equitable claim or remedy.

SECTION 8. Subsection (b) of section 3D of said chapter 23A, as so appearing, is hereby amended by striking out, in line 44, the figure “\$5,000,000” and inserting in place thereof the following figure:-  
\$7,500,000.

SECTION 9. Subsection (b) of said section 3D of said chapter 23A, as so appearing, is hereby further amended by adding the following sentence:-

Refundable credits awarded to a certified project that has been designated as an extraordinary economic development opportunity shall not be counted against the cap set forth in this subsection.

SECTION 10. Subsection (c) of said section 3D of said chapter 23A, as so appearing, is hereby amended by inserting after the first sentence the following sentence:-

Notwithstanding the cap set forth in the preceding sentence, the EACC may authorize credits in excess of the annual cap of \$30,000,000 for a certified project that is designated as an extraordinary economic development opportunity; provided that the total amount awarded shall not exceed \$50,000,000 in a calendar year.

SECTION 11. Said chapter 23A is hereby amended by striking out section 10B, as so appearing, and inserting in place thereof the following section:-

Section 10B. The secretary of housing and economic development shall establish a Massachusetts advanced manufacturing collaborative, hereinafter referred to as the collaborative, within the executive office of housing and economic development, which shall be responsible for advising and assisting on the development, implementation and periodic update of a plan to foster and strengthen the conditions necessary for growth and innovation of manufacturing within the commonwealth. The collaborative shall include, but not be limited to: the secretary of housing and economic development, or a designee, who will serve as chair; the secretary of labor and workforce development, or a designee; 1 member of the house of representatives; 1 member of the senate; the director of the office of business development; the executive director of the Massachusetts clean energy center; the executive director of the Massachusetts Life Sciences Center; the executive director of the John Adams Innovation Institute; the director of the Massachusetts Technology Transfer Center; a representative from the Associated Industries of

Massachusetts; a representative from the Massachusetts Workforce Board Association; a representative from the Massachusetts Development Finance Agency; a representative from the Massachusetts Technology Park Corporation; a representative from a local chamber of commerce appointed by the governor; and 9 members appointed by the governor to represent the commonwealth's large manufacturers, small-to-medium sized enterprises, incubators, innovation centers and federally-funded research and development centers. The collaborative shall consult with stakeholders in the public and private sector in the development and implementation of the commonwealth's manufacturing plan, identify emerging priorities within the commonwealth's manufacturing sector in order to make recommendations for high impact projects and initiatives, and facilitate the implementation of goals established under the plan. The collaborative may establish working groups that aid in the development and implementation of the plan.

SECTION 12. Said chapter 23A of the General Laws is hereby amended by adding the following section:-

Section 68. (a) As used in this section, the following words shall, unless the context clearly requires otherwise, have the following meanings:

“Certified regional development investment project” or “project”, the job creation or economic development project defined in a regional development investment proposal approved by the secretary.

“Commissioner”, the commissioner of revenue.

“Costs”, the cost of construction, the cost of acquisition of land and other property rights, the cost of engineering, financial and legal services, and such other expenses as may be necessary or incidental to the public infrastructure improvements.

“Developer”, any person or entity, or any successor thereto, undertaking a certified regional development investment project.

“Municipality”, a city or town within which a proposed or certified economic development project is located, if a proposed or certified economic development project is located in more than one city or town, each such city or town.

“New state tax revenues”, any new revenue collected by the commonwealth from a certified regional development investment project, as may be more fully defined by rules, regulations or guidelines promulgated by the secretary in consultation with the commissioner.

“Public infrastructure improvements”, the acquisition, construction or improvement of facilities described in a regional development investment proposal, or interests therein, owned or to be owned by a municipality or the commonwealth or an agency or instrumentality thereof, including without limitation streets, sidewalks, street lighting, seawalls, docks, wharves and similar facilities, landscaping, water and wastewater facilities, storm drainage systems, bridges, culverts, tunnels, transportation facilities, parks, playgrounds, and recreational facilities, parking garages and all similar facilities serving an essential governmental function within or adjacent to a regional development investment project, and all real property and buildings, structures, equipment and other property, or interests therein, forming a part thereof.

“Regional development investment proposal”, a proposal for the acquisition, construction, expansion, improvement or equipping of industrial, manufacturing, office, retail, research and development, residential or other commercial facilities, or any combination thereof, including facilities to be used by governmental or non-profit entities, and all lands, buildings, and other structures, equipment and property or interests therein forming a part thereof, with the potential for significant regional impact taking into consideration factors such as, but not limited to, the amount of private investment; the number of new jobs created or retained; the level of new investment or job opportunity provided to economically distressed areas; the accrual of economic benefits in more than one municipality; and an endorsement of the proposal by multiple municipalities or by a regional planning commission established pursuant to section 5B of chapter 40B; provided that such a proposal shall be submitted by one or more municipalities

and shall include a description of all public infrastructure improvements necessary or desirable for the development of the project.

“Secretary”, the secretary of the executive office of housing and economic development, established pursuant to section 16G of chapter 6A.

“State infrastructure development assistance”, financial assistance provided by the commonwealth pursuant to this section to cover a portion of the cost of public infrastructure improvements that will benefit or be constructed as part of a certified regional development investment project.

(b) There shall be in the executive office of housing and economic development a regional development investment program to issue grants to municipalities and other public instrumentalities to support economic development opportunities determined by the secretary to offer significant job creation and economic growth and development on a regional level.

(c) The secretary shall, within 120 days of receipt of an application to certify a regional development investment proposal, take action on the application by certifying the proposal, denying the application, requesting an amendment of the application, or requesting further information. In certifying a regional development investment proposal, the secretary shall certify in writing that he determines such proposal offers the potential for significant positive regional economic impact; that matching funds are or will be committed to match any state infrastructure development assistance to be contributed to the project; and, after consultation with the commissioner, that the amount of projected new state tax revenues allocable to the certified regional development investment project following completion and occupancy thereof will be at least equal to the state infrastructure development assistance. The secretary’s decision to certify a project or take any other action with respect to an application shall be discretionary and in writing and shall not be subject to appeal or judicial review.

(d) Upon the certification of a regional development investment project, the commonwealth, acting by and through the secretary, the municipality and the developer, if any, shall jointly enter into one or more infrastructure development assistance agreements governing (1) the completion of the certified regional development investment project, (2) the provision of state infrastructure development assistance

to the municipality to cover part of the costs of public infrastructure improvements included in or utilized by such project; provided, however, that the municipal grantee shall contribute \$1 for every \$4 of state infrastructure development assistance provided by the commonwealth; and (3) such other terms, conditions and commitments as the secretary shall determine are appropriate to achieve the public purposes of the project.

(e) Notwithstanding any general or special law to the contrary, a municipality may contract with a developer to undertake the construction or maintenance of the public infrastructure improvements as part of the certified regional development investment project. If such developer owns the land upon which the public infrastructure improvements are located, then upon completion of the public infrastructure improvements, such developer shall convey to the municipality or other public entity all rights, title and interest to the public infrastructure improvements, or such lesser interest therein as shall be satisfactory to the secretary and the municipality, as set forth in the infrastructure development assistance agreement. The sole consideration for such conveyance shall be the state infrastructure development assistance and the financial assistance provided by the municipality. The municipality or other governmental entity to which such public infrastructure improvements shall be conveyed may enter into an agreement with such developer for the maintenance, repair and improvement by such developer of all or any portion of the public infrastructure improvements for such period, and with such other terms and conditions, as the parties shall deem appropriate and desirable.

(f) Notwithstanding any general or special law to the contrary, the provisions of chapter 30B of the General Laws shall not apply to the procurement by any municipality or other governmental entity of public infrastructure improvements financed in accordance with this section and the provisions of sections 38A½ to 38O, inclusive, of chapter 7, section 39M of chapter 30, sections 44A to 44M, inclusive, of chapter 149 of the General Laws and any other general or special law, regulation, ordinance or bylaw providing for the advertising, bidding or awarding of contracts for design or construction or improvement to property shall not apply to the design and construction by the developer of any public infrastructure improvements located in a certified regional development project. Notwithstanding the foregoing, the

developer shall make good faith efforts to comply with the hiring goals contained in any resident hiring policy adopted by the municipality and with any ordinance, bylaw or policy adopted by the municipality relative to contracting with minority and woman-owned enterprises; and to comply with any responsible employer ordinance, so-called, adopted by the municipality.

(g) The secretary shall promulgate rules, regulations, instructions or guidelines relative to the administration and enforcement of this section.

SECTION 13. Chapter 40M of the General Laws is hereby amended by adding the following section:-

Section 18. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to groups governed by this chapter.

SECTION 14. Section 2 of chapter 44B of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by inserting after the word “affordable,” in line 107, the following words:- ; and feasibility studies, land use and development plans, affordable housing plans, site assessments and preparations, including infrastructure installations, appraisals or other pre-development activities undertaken in connection with any acquisition of land for community housing or any acquisition, creation or rehabilitation of community housing.

SECTION 15. Section 5 of said chapter 44B, as so appearing, is hereby amended by striking out, in lines 42 to 43, the words “and support” and inserting in place thereof the following words:- , support, rehabilitation and restoration.

SECTION 16. Said section 5 of said chapter 44B, as so appearing, is hereby further amended by striking out, in line 44, the words “and community housing”.

SECTION 17. Paragraph (a) of part B of section 3 of chapter 62 of the General Laws, as so appearing, is hereby amended by striking out subparagraph (10) and inserting in place thereof the following subparagraph:- (10) An amount equal to ten per cent of the cost of renovating any abandoned building that is part of a certified project as defined in section 3A of chapter 23A.

SECTION 18. Paragraph (1) of subsection (g) of section 6 of said chapter 62, as so appearing, is hereby amended by inserting after the word “contract,” in line 149, the following words:- “, “extraordinary economic development opportunity.

SECTION 19. Paragraph (3) of said subsection (g) of said section 6 of said chapter 62, as so appearing, is hereby further amended by inserting after the second sentence the following sentence:-

Notwithstanding the cap set forth in this paragraph, the EACC may authorize an additional \$20,000,000 in EDIP tax credits to any project designated as an extraordinary economic development opportunity in accordance with subsection (e) of section 3C of chapter 23A; provided that if such designation and authorization occurs, the total amount of EDIP tax credits awarded by the EACC pursuant to this subsection and section 38N of chapter 63 shall not exceed \$50,000,000 in a calendar year.

SECTION 20. Said section 6 of said chapter 62, as so appearing, is hereby amended by adding the following subsection:-

(u)(1) An employer that is not a business corporation subject to the excise under chapter 63, shall be allowed a credit equal to \$4,800 or 50% of the wages paid to each qualified apprentice in a taxable year, whichever is less, against the tax liability imposed by this chapter. If a credit allowed by this subsection exceeds the tax otherwise due under this chapter, 100 per cent of the balance of such credit may, at the option of the taxpayer, be refundable to the taxpayer. In order to qualify, the apprentice must meet the definition of apprentice in section 11H of chapter 23 and must be hired and trained in one of the following occupations, as defined by the Bureau of Labor Statistics: computer occupations, as defined by



Standard Occupational Codes 15-1200; healthcare technologists and technicians, as defined by Standard Occupational Codes 29-2000; healthcare practitioner support technologists and technicians, as defined by Standard Occupational Codes 29-2050; healthcare support occupations, as defined by Standard Occupational Codes 310000; or production occupations employed in the manufacturing industry, as defined by Standard Occupational Codes 51-000, NAICS code 31-33.

(2) To be eligible for a credit under this subsection, (a) the primary place of employment of the apprentice must be in the commonwealth, (b) the business must be registered with the division of apprentice standards as an apprenticeship program sponsor and have an apprentice agreement, as defined in section 11H of chapter 23, with each apprentice for whom the credit is claimed, and (c) the apprentice must have been employed as an apprentice by the business for at least 180 calendar days in the taxable year in which the credit is claimed.

(3) An employer that is eligible for and claims the credit allowed under this subsection in a taxable year with respect to a qualified apprentice shall be eligible for a credit in the subsequent taxable year with respect to such qualified apprentice, subject to certification by the division of apprentice standards of continued employment as an apprentice during the subsequent taxable year in the manner required by the commissioner. Any credit allowed under this subsection shall not be transferable

(4) The secretary of labor and workforce development, in consultation with the commissioner, shall promulgate regulations establishing an application process for the credit; provided, however, that the regulations shall include a maximum number of qualified apprentices for which a taxpayer may claim the credit in a year.

(5) The credit under this subsection shall be attributed on a pro rata basis to the owners, partners or members of the legal entity entitled to the credit under this subsection, and shall be allowed as a credit against the tax due under this chapter of such owners, partners or members, in a manner determined by the commissioner.

(6) The secretaries of labor and workforce development and administration and finance, acting jointly and in writing shall authorize tax credits pursuant to this subsection and section 38GG of chapter

63. The total amount of credits that may be authorized in a calendar year pursuant to this subsection and said section 38GG of chapter 63 shall not exceed \$2,500,000. No credits shall be allowed under this section except to the extent in this subsection. The commissioner, after consulting with the secretaries, on the criteria set forth in paragraphs (1) and (2) of this subsection, shall adopt regulations governing applications for and other administration of the tax credits. The secretaries and the division of apprentice standards shall provide the commissioner with the documentation that the commissioner deems necessary to confirm compliance with the annual cap.

SECTION 21. Subsection (a) of section 38N of chapter 63 of the General Laws, as so appearing, is hereby amended by inserting after the word “contract,” in line 2, the following words:- “, “extraordinary economic development opportunity.

SECTION 22. The first paragraph of subsection (c) of said section 38N of said chapter 63, as so appearing, is hereby amended by adding the following sentence:-

Notwithstanding the cap set forth in this paragraph, the EACC may authorize an award of an additional \$20,000,000 in EDIP tax credits to any project designated as an extraordinary economic development opportunity in accordance with subsection (e) of section 3C of chapter 23A; provided that that if such designation and authorization occurs, the total amount of EDIP tax credits awarded by the EACC pursuant to this section and subsection (g) of section 6 of chapter 62 shall not exceed \$50,000,000 in a calendar year.

SECTION 23. Section 38O of said chapter 63, as so appearing , is hereby amended by striking out, in lines 4 to 5, the words “either located within an economic target area designated under section 3G of chapter 23A, or”.

SECTION 24. Said chapter 63 is hereby amended by inserting after section 38FF the following section:-

Section 38GG.

(a) A business corporation engaged in business in the commonwealth shall be allowed a credit against its excise due under this chapter in an amount equal to \$4,800 or 50% of the wages paid to each qualified apprentice in a taxable year, whichever is less. If a credit allowed by this section exceeds the tax otherwise due under this chapter, 100 per cent of the balance of such credit may, at the option of the taxpayer, be refundable to the taxpayer. In order to qualify, the apprentice must meet the definition of apprentice in section 11H of chapter 23 and must be hired and trained in one of the following occupations, as defined by the Bureau of Labor Statistics: computer occupations, as defined by Standard Occupational Codes 15-1200; healthcare technologists and technicians, as defined by Standard Occupational Codes 29-2000; healthcare practitioner support technologists and technicians, as defined by Standard Occupational Codes 29-2050; healthcare support occupations, as defined by Standard Occupational Codes 310000; or production occupations if employed in the manufacturing industry, as defined by Standard Occupational Codes 51-000, NAICS code 31-33.

(b) To be eligible for a credit under this section, (a) the primary place of employment of the apprentice must be in the commonwealth, (b) the business corporation must be registered with the division of apprentice standards as an apprenticeship program sponsor and have an apprentice agreement, as defined in section 11H of chapter 23, with each apprentice for whom the credit is claimed, and (c) the apprentice must have been employed by the business corporation as an apprentice for at least 180 calendar days in the taxable year in which the credit is claimed.

(c) A business corporation that is eligible for and claims the credit allowed under this section in a taxable year with respect to a qualified apprentice shall be eligible for a credit in the subsequent taxable year with respect to such qualified apprentice, subject to certification by the division of apprentice standards of continued employment as an apprentice during the subsequent taxable year in the manner required by the commissioner. Any credit allowed under this section shall not be transferable.

(d) The secretary of labor and workforce development, in consultation with the commissioner, shall promulgate regulations establishing an application process for the credit; provided, however, that the regulations shall include a maximum number of qualified apprentices for which a taxpayer may claim the credit in a year.

(e) The secretaries of labor and workforce development and administration and finance, acting jointly and in writing shall authorize tax credits pursuant to this section and subsection (u) of section 6 of chapter 62. The total amount of credits that may be authorized in a calendar year pursuant to this section and said subsection (u) of section 6 of chapter 62 shall not exceed \$2,500,000. No credits shall be allowed under this section except to the extent in this section. The commissioner, after consulting with the secretaries, on the criteria set forth in subsections (a) and (b) of this section, shall adopt regulations governing applications for and other administration of the tax credits. The secretaries and the division of apprentice standards shall provide the commissioner with the documentation that the commissioner deems necessary to confirm compliance with the annual cap.

SECTION 25. Chapter 64H of the General Laws is hereby amended by inserting, after section 6, the following section:-

Section 6A. (a) The commissioner of revenue is hereby authorized and directed to annually designate, by July 15 of each calendar year, a two-day weekend in August during which excise shall not be imposed upon non-business sales at retail in the commonwealth of tangible personal property, as defined in section 1 of this chapter. For the purposes of this section, tangible personal property shall not include telecommunications services, tobacco products subject to the excise imposed by chapter 64C, marijuana or marijuana products, as defined in section 1 of chapter 94G, gas, steam, electricity, motor vehicles, motorboats, meals or a single item the price of which is in excess of \$2,500.

For the days designated by the commissioner pursuant to this section, a vendor in the commonwealth shall not add to the sales price or collect from any non-business purchaser an excise upon sales at retail of tangible personal property, as defined in section 1 of this chapter. The commissioner of

revenue shall not require a vendor to collect and pay excise upon sales at retail of tangible personal property purchased on the designated days. Any excise erroneously or improperly collected during the designated days shall be remitted to the department of revenue. This section shall not apply to the sale of telecommunications services, tobacco products subject to the excise imposed by chapter 64C, marijuana or marijuana products, as defined in section 1 of chapter 94G, gas, steam, electricity, motor vehicles, motorboats, meals, or a single item the price of which is in excess of \$2,500.

Eligible sales at retail of tangible personal property under this section are restricted to those transactions occurring on 1 of the designated days. Transfer of possession of or original payment in full for the property shall occur on 1 of the designated days. The following transactions shall be ineligible for the purposes of this section: (i) transactions where a deposit, prepayment, or binding promise to pay is made before the designated days; (ii) prior sales; and (iii) layaway sales.

(b) When choosing the designated days, the commissioner shall take into consideration the observance of any religious and secular days of observation occurring therein and the maximum economic benefit to the commonwealth.

(c) Reporting requirements imposed upon vendors of tangible personal property, by law or by regulation, including, but not limited to, the requirements for filing returns required by chapter 62C, shall remain in effect for sales for the days designated by the commissioner.

(d) On or before December 31 of each year, the commissioner of revenue shall certify to the comptroller the amount of sales tax forgone, as well as new revenue raised from personal and corporate income taxes and other sources, because of the designation made under this section. The commissioner shall file a report with the joint committee on revenue and the house and senate committees on ways and means detailing by fund the amounts under general and special laws governing the distribution of revenues under this chapter which would have been deposited in each fund, without a designation under this section.

(e) The commissioner shall issue instructions or forms, or promulgate rules or regulations, necessary for the implementation of this section.

SECTION 26. Section 1 of chapter 121B of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by inserting, after the definition of “Blighted open area,” the following definition:-  
“Capital funds”, funds advanced by the department to a housing authority under state legislation financing capital outlays for housing production and/or preservation, including without limitation state legislation authorizing the issuance and sale of bonds by the Commonwealth to finance capital expenditures.

SECTION 27. Said section 1 of said chapter 121B, as so appearing, is hereby further amended by inserting, after the definition of “Relocation project,” the following definition:-  
“Replacement units”, low rent housing created to replace an existing housing project that is demolished or disposed of under subsection (k) of section 26; such units may be included within a privately owned mixed-income development that also includes dwellings that are not low rent housing, provided that the use and occupancy of the replacement units is subject to a binding legal contract and land use restriction under paragraph (7) of subsection (k) of section 26.

SECTION 28. Section 11 of said chapter 121B, as so appearing, is hereby amended by adding the following paragraph:-

Notwithstanding any general or special law to the contrary, a housing authority, with the approval of the department, shall have the power to secure indebtedness incurred for the preservation, modernization and maintenance of one or more of its low-rent housing developments assisted under section 32 or section 34 of chapter 121B by a pledge of a portion of capital funds awarded to it for improvements to be carried out pursuant to a department-approved capital improvement plan in accordance with department regulations governing capital projects. The department shall promulgate regulations establishing limitations on the percentage of awarded capital funds that may be pledged to secure indebtedness, describing permitted terms for borrowing and repayment, and establishing criteria for housing authorities that will be permitted to incur indebtedness secured by a pledge of capital funds.

Any pledge of future year capital funds under this section is subject to the availability of funds under the department's capital spending plan as approved by the Governor for that year. All financing documents related to future year capital fund amounts must include a statement that the pledging of funds is subject to the availability of funds under the department's capital spending plan as approved by the Governor.

SECTION 29. Section 16 of said chapter 121B, as so appearing, is hereby amended by adding the following paragraph:-

Notwithstanding any provision to the contrary in this chapter or in any other general or special law relative to the tax status of real property, where a housing authority sells or transfers ownership of buildings or other structures on land owned by it to a private entity, including without limitation a for-profit or charitable corporation, general or limited partnership, or limited liability company, for the purpose of rehabilitation, repair, development, or redevelopment of multifamily housing that will contain replacement units as defined in section 1, so much of the resulting buildings or structures as is restricted for use as replacement units, including associated common areas, and associated land shall be exempt from taxation, betterments and special assessments. If replacement units and associated common areas constitute only a portion of such resulting buildings or structures, the exemption shall be prorated based on the ratio which the square footage of replacement units bears to the square footage of all other residential or commercial units within the buildings or structures. The private entity shall pay (i) with respect to the exempt portion of the buildings or structures and land, a payment in lieu of taxes consistent with the valuation or other formula generally applicable under this section to the housing authority's real estate in the city or town in which such real estate is located, or as otherwise previously agreed upon between the city or town and the housing authority as the method for computing the payments to be made in lieu of taxes, and using the ratio described above, and (ii) with respect to the non-exempt portion of the buildings or structures and land, real estate taxes in accordance with chapter 59 of the General Laws based on the fair cash value of the non-exempt portion of the buildings or structures and non-exempt portion of the land using the ratio described above.

SECTION 30. Section 26 of said chapter 121B, as so appearing, is hereby amended by inserting after the word “sale,” in line 91, the following words:- or other disposition.

SECTION 31. Said section 26 of said chapter 121B, as so appearing, is hereby further amended by striking out, in lines 94 to 95, the words “notwithstanding the provisions of clause (d) or section thirty-four,”.

SECTION 32. Subsection (k) of said section 26 of said chapter 121B, as so appearing, is hereby further amended by striking out paragraphs (1), (2), (3) and (4) and inserting in place thereof the following 4 paragraphs:-

(1) found that all or a substantial portion of such existing housing project or part thereof requires such substantial modernization or rehabilitation to continue to provide decent, safe and sanitary housing that, in the judgment of the department, the required substantial modernization or rehabilitation cannot feasibly be executed by the housing authority pursuant to the provisions of this chapter;

(2) approved the proposed project, including a relocation plan for occupants of the existing project and a plan to make housing available on the land where the existing project is situated, in which the number of replacement units restricted as low rent housing for occupancy by low income persons or families shall be the same as the number of low rent housing units in the existing housing project or part thereof that is subject to demolition or disposition, unless the department determines that (A) a shortage of low-rent housing no longer exists in the applicable city or town, or (B) the reduction in the number of units is necessary to increase the number of units that are accessible for persons with disabilities, which project may include plans to use a portion of such land for market-rate housing or for a public purpose ancillary to such development and approved by the department;



(3) approved the sale or other disposition and the terms thereof, which shall be at the fair market value for the proposed reuse unless the department determines that a below-market disposition would be in the public interest in order to support the continued occupancy of dwelling units in the new development by families of low income;

(4) determined that the availability of funds to the housing authority for such project is conditioned upon the occurrence of the initial mortgage loan closing for the development of new or rehabilitated housing on the land where the existing project is situated; and the selection by the housing authority through a qualifications-based competitive procurement process approved by the department of a developer best qualified to develop, own and operate the new or rehabilitated housing on the existing land, for providing for such development of the new housing within a reasonable time in accordance with department-approved contracts, and for assuring continued occupancy of the required number of replacement units in the new development by families of low income in accordance with the requirements of this chapter.

SECTION 33. Said subsection (k) of said section 26 of said chapter 121B, as so appearing, is hereby further amended by adding the following paragraph:-

(7) approved a binding legal contract and land use restriction to be entered into by the transferee of the property in favor of the local housing authority and the department of housing and community development that requires compliance with chapter 121B of the General Laws and 760 CMR §§ 4.00 et seq., 5.00 et seq. and 6.00 et seq. with respect to the replacement units in the same manner and to the same effect as if such entity were a housing authority, subject to such regulatory waivers given by the department of housing and community development as may be necessary to secure financing. The contract shall require compliance in perpetuity unless the department determines that the project financing requires the use of Federal low income housing tax credits and that compliance in perpetuity would make it infeasible to comply with Internal Revenue Service requirements with respect to the low income housing tax credit program.

SECTION 34. Said section 26 of said chapter 121B, as so appearing, is hereby further amended by striking out, in line 242, the words “section or section 34” and inserting in place thereof the following words:- any provision of this chapter.

SECTION 35. Said section 26 of said chapter 121B, as so appearing, is hereby further amended by inserting after the words “feasible to”, in line 247, the following words:- maintain or to.

SECTION 36. Said section 26 of said chapter 121B, as so appearing, is hereby further amended by inserting after the word “demolition,” in line 251, the following words:- or other disposition.

SECTION 37. Said section 26 of said chapter 121B, as so appearing, is hereby further amended by striking out, in line 253, the words “as of November 1, 2012” and inserting in place thereof the following words:- for at least two years.

SECTION 38. Said section 26 of said chapter 121B, as so appearing, is hereby further amended by adding the following subsection:-

(q) Notwithstanding any general or special law to the contrary, including without limitation section 16 of chapter 30B of the General Laws, a housing authority may dispose of property pursuant to this section or section 34 of this chapter to a developer selected by competitive, qualifications-based procurement without separately soliciting proposals for the property disposition, provided that the developer procurement declares the property available for disposition and that, in the case of a disposition of property pursuant to subsection (k), the number of replacement units required under paragraph (2) of said subsection (k) are provided. Without limiting the generality of the foregoing:

(1) A housing authority shall not be required to determine the value of the property prior to soliciting proposals for selection of a developer best qualified to develop, own and operate the

new or rehabilitated housing on the land. Prior to disposition of property by deed or other instrument, the housing authority shall determine the value of the property through procedures customarily accepted by the appraising profession as valid prior to the sale or other disposition of the property, and if, with the approval of the department, the housing authority decides to dispose of the property at a price less than the value as so determined, the housing authority shall publish notice of its decision in the central register, explaining the reasons for its decision and disclosing the difference between such value and the price to be received; and

(2) A housing authority shall not be required to specify all of the restrictions that may be placed on the subsequent use of property prior to selecting a developer through a qualifications-based competitive procurement process, provided that the developer procurement identifies the minimum number of dwelling units in the new development that must be occupied by families of low income. In the case of a disposition pursuant to subsection (k), such minimum number must conform to the requirements of paragraph (2) of subsection (k).

SECTION 39. Section 29 of said chapter 121B, as so appearing, is hereby amended by adding the following paragraph:-

Notwithstanding any provision to the contrary in this section or elsewhere in this chapter, if a housing authority does not own, lease or manage any housing project eligible to receive ongoing capital or operating assistance under section 32 or section 34 of this chapter, the department shall not investigate such housing authority's budgets, finances, dealings, transactions and relationships or other affairs, nor shall the department require periodic reporting by any such housing authority. Without limiting the generality of the foregoing, a housing authority that does not own, lease or manage any housing project eligible to receive ongoing capital or operating assistance under section 32 or section 34 of this chapter shall not be required to (a) conduct elections for tenant board members under section 5A, (b) participate in a training program under section 5B, (c) submit contracts with its executive director to the department for review pursuant to section 7A, (d) participate in the performance-based monitoring program

established pursuant to section 26B, (e) participate in the regional capital assistance team program established pursuant to section 26C, (f) prepare and submit an annual plan pursuant to section 28A and this section, or (g) prepare and submit, or make available, a written report and agreed upon procedures for review of housing authority financial records pursuant to this section 29.

SECTION 40. Section 34 of said chapter 121B, as so appearing, is hereby amended by striking out the fifth paragraph and inserting in place thereof the following paragraph:-

The proceeds of any sale or other disposition of such project in excess of the total of all obligations of the housing authority with respect to such project shall, after the payment of all bonds issued by the housing authority to finance the cost of such project and payment of the costs of the sale or disposition, be retained by the housing authority for the preservation, modernization and maintenance of its public housing assisted under this chapter as approved by the department, or where the housing authority has no public housing assisted under this chapter, such proceeds shall be paid to the department to fund capital improvements for the preservation, modernization and maintenance of state-aided public housing.

SECTION 41. Said section 34 of said chapter 121B, as so appearing, is hereby further amended by striking out the tenth paragraph and inserting in place thereof the following paragraph:-

Whenever a housing authority shall determine that land acquired by it under clause (d) of section 11 for the purpose of this section is in excess of or no longer required for such purposes it may, upon approval by the department, sell or otherwise dispose of such land by deed or instrument approved as to form by the attorney general. If the housing authority is disposing of such land for purposes of housing development, it may do so in accordance with section 26 of this chapter. So long as any bonds issued by a housing authority to finance the cost of a project under this section or section 35 and guaranteed by the commonwealth are outstanding, funds received from a disposition of land as provided in this chapter shall be applied in accordance with the fourth paragraph of this section. After the payment of all bonds issued

by the housing authority to finance the cost of such project, funds received shall be applied in accordance with the fifth paragraph of this section.

SECTION 42. Said section 34 of said chapter 121B, as so appearing, is hereby further amended by adding the following paragraph:-

Notwithstanding any general or special law to the contrary, construction and development activity related to redevelopment of state-aided public housing projects where the land, buildings or structures associated with the housing project have been conveyed or transferred to a private entity for purposes of completing the redevelopment shall not be subject to any general or special law related to the procurement and award of contracts for the planning, design, construction management, construction, reconstruction, installation, demolition, maintenance or repair of buildings by a public agency, provided that the department shall review and approve the procurement processes used to undertake this redevelopment in accordance with subsection (q) of section 26. Nothing in this section shall be deemed to exempt a housing project from sections 26 to 27H, inclusive, of chapter 149 of the General Laws.

SECTION 43. Section 25E of chapter 152 of the General Laws, as so appearing, is hereby amended by striking out, in lines 1, 14 and 16, the words “twenty-five V,” and inserting in place thereof, in each instance, the following figure:- 25W.

SECTION 44. Said chapter 152 is hereby further amended by inserting after section 25V the following section:-

Section 25W. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to groups governed by sections 25E to 25U of this chapter.

SECTION 45. Subsection (1) of section 20A of chapter 175 of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by adding the following 2 paragraphs:—

(I) If an accredited or certified reinsurer ceases to meet the requirements for accreditation or certification, the commissioner may suspend or revoke the reinsurer's accreditation or certification.

(i) The commissioner must give the reinsurer notice and opportunity for hearing. The suspension or revocation may not take effect until after the commissioner's order on hearing, unless:

(a) The reinsurer waives its right to hearing;

(b) The commissioner's order is based on regulatory action by the reinsurer's domiciliary jurisdiction or the voluntary surrender or termination of the reinsurer's eligibility to transact insurance or reinsurance business in its domiciliary jurisdiction or in the primary certifying state of the reinsurer under subparagraph (vi) of paragraph (E) of this subsection; or

(c) the commissioner finds that an emergency requires immediate action and a court of competent jurisdiction has not stayed the commissioner's action.

(ii) While a reinsurer's accreditation or certification is suspended, no reinsurance contract issued or renewed after the effective date of the suspension qualifies for credit except to the extent that the reinsurer's obligations under the contract are secured in accordance with subsection (2) of this section. If a reinsurer's accreditation or certification is revoked, no credit for reinsurance may be granted after the effective date of the revocation except to the extent that the reinsurer's obligations under the contract are secured in accordance with subparagraph (v) of paragraph (E) of this subsection or subsection (2) of this section.

(J)

(i) A ceding insurer shall take steps to manage its reinsurance recoverables proportionate to its own book of business. A domestic ceding insurer shall notify the commissioner within 30 days after reinsurance recoverables from any single assuming insurer, or group of affiliated assuming insurers, exceeds 50 per cent of the domestic ceding insurer's last reported surplus to policyholders, or after it is determined that reinsurance recoverables from any single assuming

insurer, or group of affiliated assuming insurers, is likely to exceed this limit. The notification shall demonstrate that the exposure is safely managed by the domestic ceding insurer.

(ii) A ceding insurer shall take steps to diversify its reinsurance program. A domestic ceding insurer shall notify the commissioner within 30 days after ceding to any single assuming insurer, or group of affiliated assuming insurers, more than 20 per cent of the ceding insurer's gross written premium in the prior calendar year, or after it has determined that the reinsurance ceded to any single assuming insurer, or group of affiliated assuming insurers, is likely to exceed this limit. The notification shall demonstrate that the exposure is safely managed by the domestic ceding insurer.

SECTION 46. Said section 20A of said chapter 175, as so appearing, is hereby further amended by striking out subsection (5) and inserting in place thereof the following subsection:-

(5) (A) The commissioner may in accordance with the provisions of chapter 30A, after notice and hearing, promulgate reasonable rules and regulations necessary to effectuate the provisions of this section.

(B) The commissioner is further authorized to adopt rules and regulations applicable to reinsurance arrangements described in subparagraph (i) of paragraph (B) of this subsection.

(i) A regulation adopted pursuant to paragraph (B) of this subsection, may apply only to reinsurance relating to:

(a) Life insurance policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits;

(b) Universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period;

(c) Variable annuities with guaranteed death or living benefits;

(d) Long-term care insurance policies; or

(e) Such other life and health insurance and annuity products as to which the NAIC adopts model regulatory requirements with respect to credit for reinsurance.

(ii) A regulation adopted pursuant to clauses (a) and (b) of subparagraph (i) of paragraph (B) of this subsection may apply to any treaty containing:

(a) Policies issued on or after January 1, 2015, and/or

(b) Policies issued prior to January 1, 2015, if risk pertaining to such pre-2015 policies is ceded in connection with the treaty, in whole or in part, on or after January 1, 2015.

(iii) A regulation adopted pursuant to paragraph (B) of this subsection may require the ceding insurer, in calculating the amounts or forms of security required to be held under regulations promulgated under this authority, to use the Valuation Manual adopted by the NAIC under Section 11B(1) of the NAIC Standard Valuation Law, including all amendments adopted by the NAIC and in effect on the date as of which the calculation is made, to the extent applicable.

(iv) A regulation adopted pursuant to this paragraph (B) of this subsection shall not apply to cessions to an assuming insurer that:

(a) Is certified in the commonwealth;

(b) Maintains at least \$250,000,000 in capital and surplus when determined in accordance with the NAIC Accounting Practices and Procedures Manual, including all amendments thereto adopted by the NAIC, excluding the impact of any permitted or prescribed practices; and is (1) licensed in at least 26 states; or (2) licensed in at least 10 states, and licensed or accredited in a total of at least 35 states.

(v) The authority to adopt regulations pursuant to this paragraph (B) does not limit the commissioner's general authority to adopt regulations pursuant to paragraph (A) of subsection 5 of this section.

SECTION 47. Section 206 of said chapter 175, as so appearing, is hereby amended by inserting after the definition of "Control" the following definition:-



“Group-wide supervisor”, the regulatory official authorized to engage in conducting and coordinating group-wide supervision activities who is determined or acknowledged by the commissioner under subsection (y) of section 206C to have sufficient significant contacts with the internationally active insurance group.

SECTION 48. Said section 206 of said chapter 175, as so appearing, is hereby further amended by inserting after the definition of “Insurer” the following definition:-

“Internationally active insurance group”, an insurance holding company system that (1) includes an insurer registered under section 206C; and (2) meets the following criteria: (a) premiums written in at least 3 countries, (b) the percentage of gross premiums written outside the United States is at least 10 per cent of the insurance holding company system’s total gross written premiums, and (c) based on a 3-year rolling average, the total assets of the insurance holding company system are at least \$50,000,000,000 or the total gross written premiums of the insurance holding company system are at least \$10,000,000,000.

SECTION 49. Section 206C of said chapter 175, as so appearing, is hereby amended by inserting, in line 291, after the word “reported,” the following words:- or provided to the division of insurance.

SECTION 50. Said section 206C of said chapter 175, as so appearing, is hereby further amended by adding the following subsection:-

(y)(1) The commissioner is authorized to act as the group-wide supervisor for any internationally active insurance group in accordance with the provisions of this subsection. However, the commissioner may otherwise acknowledge another regulatory official as the group-wide supervisor where the internationally active insurance group:

- (i) Does not have substantial insurance operations in the United States;
- (ii) Has substantial insurance operations in the United States, but not the commonwealth;

or

(iii) Has substantial insurance operations in the United States and the commonwealth, but the commissioner has determined pursuant to the factors set forth in paragraphs (2) and (6) of this subsection that the other regulatory official is the appropriate group-wide supervisor.

An insurance holding company system that does not qualify as an internationally active insurance group may request that the commissioner make a determination or acknowledgement as to a group-wide supervisor pursuant to this subsection.

(2) In cooperation with other state, federal and international regulatory agencies, the commissioner shall identify a single group-wide supervisor for an internationally active insurance group. The commissioner may determine that the commissioner is the appropriate group-wide supervisor for an internationally active insurance group that conducts substantial insurance operations concentrated in the commonwealth. However, the commissioner may acknowledge that a regulatory official from another jurisdiction is the appropriate group-wide supervisor for the internationally active insurance group. The commissioner shall consider the following factors when making a determination or acknowledgement under this subsection:

(i) The place of domicile of the insurers within the internationally active insurance group that hold the largest share of the group's written premiums, assets or liabilities;

(ii) The place of domicile of the top-tiered insurer(s) in the insurance holding company system of the internationally active insurance group;

(iii) The location of the executive offices or largest operational offices of the internationally active insurance group;

(iv) Whether another regulatory official is acting or is seeking to act as the group-wide supervisor under a regulatory system that the commissioner determines to be substantially similar to the system of regulation provided under the laws of the commonwealth, or otherwise sufficient in terms of providing for group-wide supervision, enterprise risk analysis, and cooperation with other regulatory officials; and

(v) Whether another regulatory official acting or seeking to act as the group-wide supervisor provides the commissioner with reasonably reciprocal recognition and cooperation. However, a commissioner identified under this subsection as the group-wide supervisor may determine that it is appropriate to acknowledge another supervisor to serve as the group-wide supervisor. The acknowledgement of the group-wide supervisor shall be made after consideration of the factors listed in subparagraphs (i) through (v), and shall be made in cooperation with and subject to the acknowledgment of other regulatory officials involved with supervision of members of the internationally active insurance group, and in consultation with the internationally active insurance group.

(3) Notwithstanding any other provision of law, when another regulatory official is acting as the group-wide supervisor of an internationally active insurance group, the commissioner shall acknowledge that regulatory official as the group-wide supervisor. However, in the event of a material change in the internationally active insurance group that results in: (i) the internationally active insurance group's insurers domiciled in the commonwealth holding the largest share of the group's premiums, assets or liabilities; or (ii) the commonwealth being the place of domicile of the top-tiered insurer(s) in the insurance holding company system of the internationally active insurance group, the commissioner shall make a determination or acknowledgment as to the appropriate group-wide supervisor for such an internationally active insurance group pursuant to paragraph (2) of this subsection.

(4) Pursuant to subsection (u), the commissioner is authorized to collect from any insurer registered pursuant to subsection (a) all information necessary to determine whether the commissioner may act as the group-wide supervisor of an internationally active insurance group or if the commissioner may acknowledge another regulatory official to act as the group-wide supervisor. Prior to issuing a determination that an internationally active insurance group is subject to group-wide supervision by the commissioner, the commissioner shall notify the insurer registered pursuant to subsection (a) and the ultimate controlling person within the internationally active insurance group. The internationally active insurance group shall have not less than 30 days to provide the commissioner with additional information pertinent to the pending determination. The commissioner shall publish on the division of insurance's

website the identity of internationally active insurance groups that the commissioner has determined are subject to group-wide supervision by the commissioner.

(5) If the commissioner is the group-wide supervisor for an internationally active insurance group, the commissioner is authorized to engage in any of the following group-wide supervision activities:

(i) Assess the enterprise risks within the internationally active insurance group to ensure that the material financial condition and liquidity risks to the members of the internationally active insurance group that are engaged in the business of insurance are identified by management, and reasonable and effective mitigation measures are in place;

(ii) Request, from any member of an internationally active insurance group subject to the commissioner's supervision, information necessary and appropriate to assess enterprise risk, including but not limited to, information about the members of the internationally active insurance group regarding governance, risk assessment and management; capital adequacy, and material intercompany transactions;

(iii) Coordinate and, through the authority of the regulatory officials of the jurisdictions where members of the internationally active insurance group are domiciled, compel development and implementation of reasonable measures designed to ensure that the internationally active insurance group is able to timely recognize and mitigate enterprise risks to members of such internationally active insurance group that are engaged in the business of insurance;

(iv) Communicate with other state, federal and international regulatory agencies for members within the internationally active insurance group and share relevant information subject to the confidentiality provisions of subsection (v), through supervisory colleges as set forth in subsection (x) or otherwise;

(v) Enter into agreements with or obtain documentation from any insurer registered under subsection (a), any member of the internationally active insurance group, and any other state, federal and international regulatory agencies for members of the internationally active

insurance group, providing the basis for or otherwise clarifying the commissioner's role as group-wide supervisor, including provisions for resolving disputes with other regulatory officials. Such agreements or documentation shall not serve as evidence in any proceeding that any insurer or person within an insurance holding company system not domiciled or incorporated in the commonwealth is doing business in the commonwealth or is otherwise subject to jurisdiction in this state; and

(vi) Other group-wide supervision activities, consistent with the authorities and purposes enumerated in this paragraph, as considered necessary by the commissioner.

(6) If the commissioner acknowledges that another regulatory official from a jurisdiction that is not accredited by the NAIC is the group-wide supervisor, the commissioner is authorized to reasonably cooperate, through supervisory colleges or otherwise, with group-wide supervision undertaken by the group-wide supervisor, provided that (i) the commissioner's cooperation is in compliance with the laws of the commonwealth; and (ii) the regulatory official acknowledged as the group-wide supervisor also recognizes and cooperates with the commissioner's activities as a group-wide supervisor for other internationally active insurance groups where applicable. Where such recognition and cooperation is not reasonably reciprocal, the commissioner is authorized to refuse recognition and cooperation.

(7) The commissioner is authorized to enter into agreements with or obtain documentation from any insurer registered under subsection (a), any affiliate of the insurer, and other state, federal and international regulatory agencies for members of the internationally active insurance group that provide the basis for or otherwise clarify a regulatory official's role as group-wide supervisor.

(8) A registered insurer subject to this subsection shall be liable for and shall pay the reasonable expenses of the commissioner's participation in the administration of this subsection, including the engagement of attorneys, actuaries and any other professionals and all reasonable travel expenses.

SECTION 51. Chapter 175 of the General Laws is hereby amended by adding the following section:-

Section 230. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to insurers governed by this chapter.

SECTION 52. Chapter 176 of the General Laws is hereby amended by inserting after section 1A the following section:-

Section 1B. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to fraternal benefit societies governed by this chapter.

SECTION 53. Section 18 of chapter 176A of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by adding the following paragraph:-

Notwithstanding any general or special law to the contrary, chapter 176W shall apply to every corporation subject to this chapter.

SECTION 54. Chapter 176B of the General Laws is hereby amended by inserting after section 8B the following section:-

Section 8C. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to a medical service corporation governed by this chapter.

SECTION 55. Chapter 176E of the General Laws is hereby amended by inserting after section 8B the following section:-

Section 8C. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to a dental service corporation governed by this chapter.

SECTION 56. Chapter 176F of the General Laws is hereby amended by inserting after section 8A the following section:-

Section 8B. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to an optometric service corporation governed by this chapter.

SECTION 57. Chapter 176G of the General Laws is hereby amended by inserting after section 10A the following section:-

Section 10B. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to a health maintenance organization governed by this chapter.

SECTION 58. Chapter 176H of the General Laws is hereby amended by inserting after section 13A the following section:-

Section 13B. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to legal services plans governed by this chapter.

SECTION 59. Section 6 of chapter 176O of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by striking out, in lines 36 to 37 and 102 to 103, in each instance, the words “and the involuntary disenrollment rate among insureds of the carrier”.

SECTION 60. Section 21 of said chapter 176O, as so appearing, is hereby amended by striking out subsection (a).

SECTION 61. Subsection (b) of said section 21 of said chapter 176O, as so appearing, is hereby amended by striking out paragraph (2) and inserting in place thereof the following paragraph:-

(2) Any carrier which provides administrative services to 1 or more self-insured groups shall submit to the division a report including the following information:

(i) the number of the carrier's self-insured customers;

(ii) the aggregate number of members, as defined in section 1 of chapter 176J, in all of the carrier's self-insured customers;

(iii) the aggregate number of lives covered in all of the carrier's self-insured customers;

(iv) the percentage of the carrier's self-insured customers that include each of the benefits mandated for health benefit plans under chapters 175, 176A, 176B and 176G; and

(v) any other information deemed necessary by the commissioner.

SECTION 62. Subsection (d) of said section 21 of said chapter 176O, as so appearing, is hereby amended by striking out the first sentence and inserting in place thereof the following sentence:-

If, for any year, the division determines, based on the report submitted under section 10 of chapter 176G or other sources, that a carrier has a risk-based capital ratio on a combined entity basis that exceeds 700 per cent, the division shall hold a public hearing within 60 days.

SECTION 63. Chapter 176P of the General Laws is hereby amended by inserting after section 38A the following section:-

Section 38B. Notwithstanding any general or special law to the contrary, chapter 176W shall apply to a limited society governed by this chapter.

SECTION 64. The General Laws, as appearing in the 2016 Official Edition, are hereby amended by inserting after chapter 176V the following chapter:

#### CHAPTER 176W

#### CORPORATE GOVERNANCE ANNUAL DISCLOSURE

Section 1. As used in this chapter, the following words shall, unless the context clearly requires otherwise, have the following meanings:

“Commissioner”, the commissioner of insurance.



“Corporate Governance Annual Disclosure (CGAD)”, a confidential report filed by the insurer or insurance group made in accordance with the requirements of this chapter.

“Corporate Governance Annual Disclosure Model Regulation”, the current version of the Corporate Governance Annual Disclosure Model Regulation developed and adopted by the NAIC and as amended from time to time. A change in the Corporate Governance Annual Disclosure Model Regulation shall be effective on the January 1 following the calendar year in which the changes have been adopted by the NAIC.

“Division”, the division of insurance.

“Insurance group”, those insurers and affiliates included within an insurance holding company system as defined in section 206 of chapter 175; health maintenance organizations and affiliates included within a health maintenance organization holding company system, as defined in section 1 of chapter 176G; public employer self-insurance groups and their affiliates organized pursuant to chapter 40M; workers compensation self-insurance groups and their affiliates organized pursuant to sections 25E to 25U, inclusive, of chapter 152; fraternal benefit societies and their affiliates organized pursuant to chapter 176; non-profit hospital service corporations and their affiliates organized pursuant to chapter 176A; medical service corporations and their affiliates organized pursuant to chapter 176B; dental service corporations and their affiliates organized pursuant to chapter 176E; optometric service corporations and their affiliates organized pursuant to chapter 176F; insured legal services plans and their affiliates organized pursuant to chapter 176H; and limited societies and their affiliates organized pursuant to chapter 176P.

“Insurer”, the same meaning as in section 1 of chapter 175 and shall also include public employer self-insurance groups organized pursuant to chapter 40M; workers compensation self-insurance groups organized pursuant to sections 25E to 25U, inclusive, of chapter 152; fraternal benefit societies organized pursuant to chapter 176; non-profit hospital service corporations organized pursuant to chapter 176A; medical service corporations organized pursuant to chapter 176B; dental services corporations organized pursuant to chapter 176E; optometric service corporations organized pursuant to chapter 176F; health maintenance organizations organized pursuant to chapter 176G; insured legal services plans organized

pursuant to chapter 176H; and limited societies organized pursuant to chapter 176P; except that “insurer” shall not include agencies, authorities or instrumentalities of the United States, its possessions and territories, the commonwealth of Puerto Rico, the District of Columbia or a state or political subdivision of a state.

“NAIC”, the National Association of Insurance Commissioners.

“ORSA summary report”, the report filed in accordance with chapter 176V.

Section 2. (a) An insurer, or the insurance group of which the insurer is a member, shall, no later than June 1 of each calendar year, submit to the commissioner a CGAD that contains the information described in section 4(b). Notwithstanding any request from the commissioner made pursuant to subsection (c), if the insurer is a member of an insurance group, the insurer shall submit the report required by this section to the commissioner of the lead state for the insurance group, in accordance with the laws of the lead state, as determined by the procedures outlined in the most recent Financial Analysis Handbook adopted by the NAIC.

(b) The CGAD must include a signature of the insurer’s or insurance group’s chief executive officer or corporate secretary attesting to the best of that individual’s belief and knowledge that the insurer has implemented the corporate governance practices and that a copy of the disclosure has been provided to the insurer’s board of directors or the appropriate committee thereof.

(c) An insurer not required to submit a CGAD under this section shall do so upon the commissioner’s request.

(d) For purposes of completing the CGAD, the insurer or insurance group may provide information regarding corporate governance at the ultimate controlling parent level, an intermediate holding company level or the individual legal entity level, depending upon how the insurer or insurance group has structured its system of corporate governance. The insurer or insurance group is encouraged to make the CGAD disclosures at the level at which the insurer’s or insurance group’s risk appetite is determined, or at which the earnings, capital, liquidity,

operations, and reputation of the insurer are overseen collectively and at which the supervision of those factors are coordinated and exercised, or the level at which legal liability for failure of general corporate governance duties would be placed. If the insurer or insurance group determines the level of reporting based on these criteria, it shall indicate which of the three criteria was used to determine the level of reporting and explain any subsequent changes in level of reporting.

(e) The review of the CGAD and any additional requests for information shall be made through the lead state as determined by the procedures within the most recent Financial Analysis Handbook referenced in subsection (a).

(f) Insurers providing information substantially similar to the information required by this chapter in other documents provided to the commissioner, including proxy statements filed in conjunction with Form B requirements pursuant to section 206C of chapter 175, or other state or federal filings provided to the Division shall not be required to duplicate that information in the CGAD, but shall only be required to cross reference the document in which the information is included.

Section 3. The commissioner may, upon notice and opportunity for all interested persons to be heard, issue such rules, regulations and orders as shall be necessary to carry out the provisions of this chapter.

Section 4. (a) The insurer or insurance group shall have discretion over the responses to the CGAD inquiries, provided the CGAD shall contain the material information necessary to permit the commissioner to gain an understanding of the insurer's or group's corporate governance structure, policies, and practices. The commissioner may request additional information that he or she deems material and necessary to provide the commissioner with a clear understanding of the corporate governance policies, the reporting or information system or controls implementing those policies.

(b) Notwithstanding subsection (a) of this section, the CGAD shall be prepared consistent with the NAIC Corporate Governance Annual Disclosure Model Regulation, subject to

the requirements of this chapter. Documentation and supporting information shall be maintained and made available upon examination or upon request of the commissioner.

Section 5. (a) Documents, materials or other information including the CGAD, in the possession or control of the Division that are obtained by, created by or disclosed to the commissioner or any other person under this chapter shall be proprietary and recognized to contain trade secrets. All such documents, materials or other information shall be kept confidential, shall not be considered a public record pursuant to section 10 of chapter 66, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. However, the commissioner is authorized to use the documents, materials or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties. The commissioner shall not otherwise make the documents, materials or other information public without the prior written consent of the insurer. Nothing in this section shall be construed to require written consent of the insurer before the commissioner may share or receive confidential documents, materials or other CGAD-related information pursuant to subsection (c) to assist in the performance of the commissioner's regular duties.

(b) Neither the commissioner nor any person who received documents, materials or other CGAD-related information, through examination or otherwise, while acting under the authority of the commissioner, or with whom such documents, materials or other information are shared pursuant to this chapter shall be permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to paragraph (a).

(c) In order to assist in the performance of the commissioner's regulatory duties, the commissioner:

(i) May, upon request, share documents, materials or other CGAD-related information including the confidential and privileged documents, materials or information subject to subsection (a), including proprietary and trade secret documents and materials with other state, federal and international financial regulatory agencies, including members of any supervisory college as defined in subsection (x) of section

206C of chapter 175, with the NAIC, and with third party consultants pursuant to section 6, provided that the recipient agrees in writing to maintain the confidentiality and privileged status of the CGAD-related documents, material or other information and has verified in writing the legal authority to maintain confidentiality; and

(ii) May receive documents, materials or other CGAD-related information, including otherwise confidential and privileged documents, materials or information, including proprietary and trade-secret information or documents, from regulatory officials of other state, federal and international financial regulatory agencies, including members of any supervisory college as defined in subsection (x) of section 206C of chapter 175, and from the NAIC, and shall maintain as confidential or privileged any documents, materials or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material or information.

(d) The sharing of information and documents by the commissioner pursuant to this chapter shall not constitute a delegation of regulatory authority or rulemaking, and the commissioner is solely responsible for the administration, execution and enforcement of the provisions of this chapter.

(e) No waiver of any applicable privilege or claim of confidentiality in the documents, proprietary and trade-secret materials or other CGAD-related information shall occur as a result of disclosure of such CGAD-related information or documents to the commissioner under this section or as a result of sharing as authorized in this chapter.

Section 6. (a) The commissioner may retain, at the insurer's expense, third-party consultants, including attorneys, actuaries, accountants and other experts not otherwise a part of the commissioner's staff as may be reasonably necessary to assist the commissioner in reviewing the CGAD and related information or the insurer's compliance with this chapter.

(b) Any persons retained under subsection (a) shall be under the direction and control of the commissioner and shall act in a purely advisory capacity.

(c) The NAIC and third-party consultants shall be subject to the same confidentiality standards and requirements as the commissioner.

(d) As part of the retention process, a third-party consultant shall verify to the commissioner, with notice to the insurer, that it is free of a conflict of interest and that it has internal procedures in place to monitor compliance with a conflict and to comply with the confidentiality standards and requirements of this chapter.

(e) A written agreement with the NAIC or a third-party consultant governing sharing and use of information provided pursuant to this chapter shall contain the following provisions and expressly require the written consent of the insurer prior to making public information provided under this chapter:

(i) Specific procedures and protocols for maintaining the confidentiality and security of CGAD-related information shared with the NAIC or a third-party consultant pursuant to this chapter;

(ii) Procedures and protocols for sharing by the NAIC only with other state regulators from states in which the insurance group has domiciled insurers. The agreement shall provide that the recipient agrees in writing to maintain the confidentiality and privileged status of the CGAD-related documents, materials or other information and has verified in writing the legal authority to maintain confidentiality;

(iii) A provision specifying that ownership of the CGAD-related information shared with the NAIC or a third-party consultant remains with the Division and the NAIC's or third-party consultant's use of the information is subject to the direction of the commissioner;

(iv) A provision that prohibits the NAIC or a third-party consultant from storing the information shared pursuant to this chapter in a permanent database after the underlying analysis is completed;

(v) A provision requiring the NAIC or third-party consultant to provide prompt notice to the commissioner and to the insurer or insurance group regarding any subpoena, request for disclosure, or request for production of the insurer's CGAD-related information; and

(vi) A requirement that the NAIC or a third-party consultant consent to intervention by an insurer in any judicial or administrative action in which the NAIC or a third-party consultant may be required to disclose confidential information about the insurer shared with the NAIC or a third-party consultant pursuant to this chapter.

Section 7. Any insurer failing, without just cause, to timely file the CGAD as required in this chapter shall be required, after notice and hearing, to pay a penalty of \$500 for each day of delay, to be recovered by the commissioner. The maximum penalty under this section is \$10,000. The commissioner may reduce the penalty if the insurer demonstrates to the commissioner that the imposition of the penalty would constitute a financial hardship to the insurer.

Section 8. If any provision of this chapter other than Section 5, or the application thereof to any person or circumstance, is held invalid, such determination shall not affect the provisions or applications of this chapter which can be given effect without the invalid provision or application, and to that end the provisions of this chapter, with the exception of Section 5, are severable.

SECTION 65. (a) Notwithstanding any general or special law to the contrary, [the commissioner of capital asset management and maintenance, on behalf of and in consultation with] the department of conservation and recreation, may lease, for a term not to exceed 35 years, inclusive of any options for renewal or extension of such lease, all or a portion of the land, tidelands and piers, together with the buildings, structures and appurtenances thereon, known as the New Bedford State Pier and the Fall River

State Pier located in the cities of New Bedford and Fall River, respectively, to the Massachusetts Development Finance Agency established in chapter 23G of the Massachusetts General Laws, or any affiliated or subsidiary entity controlled by the Massachusetts Development Finance Agency, to be used for public purposes.

(b) The lessee may sublease all or portions of the piers and buildings and facilities located thereon to one or more public or private entities for commercial, industrial and other uses that the lessee determines will serve a public purpose, including without limitation the public purpose of generating revenue for the upkeep, maintenance and improvement of the New Bedford State Pier and the Fall River State Pier; provided however, neither the New Bedford State Pier nor the Fall River State Pier shall be used to support facilities for offshore oil and gas exploration or development; and provided further that no person or entity or group of affiliated persons or entities shall be permitted the exclusive use of either the New Bedford State Pier or the Fall River State Pier.

SECTION 66. Notwithstanding any general or special law to the contrary, any city or town that has received a grant from the executive office of housing and economic development or Massachusetts Broadband Institute for purposes of constructing a municipally owned broadband network shall have the power and authority (1) to provide internet access service to a premises located in an adjacent municipality; and (2) to accept or acquire an easement or other real property interest in an adjacent city or town for purposes of constructing, owning, maintaining and operating infrastructure for providing internet access service to its own residents or to premises located in an adjacent municipality.

SECTION 67. Section 135 of chapter 219 of the acts of 2016 is hereby amended by striking out the words “from August 1, 2016 to July 31, 2018, inclusive,”.

SECTION 68. Sections 13, 43 to 58, inclusive, and 63 to 64, inclusive, shall take effect 90 days after enactment.



SECTION 69. Sections 6 to 10, inclusive and 17 to 24, inclusive, shall take effect on January 1, 2019 and shall be effective for all tax years beginning on or after January 1, 2019.

SECTION 70. Except as otherwise specified, this bill shall become effective upon enactment.