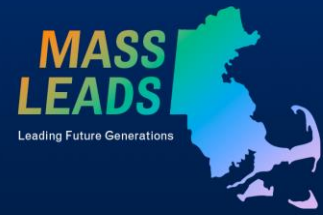


AN ACT RELATIVE TO STRENGTHENING MASSACHUSETTS' ECONOMIC LEADERSHIP



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Small Businesses

Introduction

Small businesses comprise a major segment of the Massachusetts economy, supporting nearly 45% of the state's employees. Massachusetts is lucky to be the home of many family-owned, generational small businesses, many of which are owned by women, immigrants, and people of color. Massachusetts needs an economic strategy that enables all small businesses to grow and thrive. This must apply from Cape Cod to the Berkshires.

In the FY25 H2 budget, Governor Healey proposed \$7.5 million for the Small Business Technical Assistance Program, which represents a 50% increase over the FY24 GAA. Through a robust network of nonprofit organizations, this program provides valuable technical assistance to businesses with 20 or fewer employees, with an emphasis on underserved markets. This program is a key component to a sustainable small business strategy.

This bill advances capital programs and policy provisions to support small businesses in all regions of the state, in addition to the ongoing programs and initiatives that bolster the small business community.

Small Business Support

- **\$35 M for Community Development Financial Institution (CDFI)** grants that help disadvantaged and underserved businesses gain access to capital. This program leverages federal investment from the federal government via the U.S. Treasury Department.
- **\$25 M for Small Business Technology Grants** to help early-stage companies commercialize new and innovative technologies developed in Massachusetts. The program is administered by MassVentures and is closely aligned with the federal Small Business Innovation Research (SBIR) program.
- **\$10 M for Biz-M-Power** for matching grants to support small businesses with capital-related needs, such as equipment. This program is administered by the Massachusetts Growth Capital Corporation.
- **Small Business Workers Compensation Payment Plans** Under current law, self-insured groups are required to collect 25% of workers compensation premium upfront, a requirement not imposed on commercial carriers. This provision would allow for workers compensation for self-insured groups in operation for more than five years to utilize installment payment plans on a monthly basis, as opposed to quarterly installments.

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This policy change will provide relief for small businesses that otherwise are expected to pay a large portion of their annual premium at the beginning of the year.

- **Microbusinesses** This bill includes an updated definition of “microbusiness” for programs administered by the Massachusetts Office of Business Development (MOBD). At the beginning of the term, this administration created a position within the Executive Office of Economic Development (EOED) to support small and microbusinesses. The new definition takes it a step further to encourage MOBD to reach more businesses, and MOBD will be expected to place more emphasis on microbusiness support as we implement our economic development plan.
- **Public Construction** Through this bill, the state will explore a new pilot program within EOED to provide technical and financial assistance to small businesses to increase the diversity of businesses bidding on and securing public construction contracts in the Commonwealth, particularly minority-owned construction firms. Alongside this effort, the Healey-Driscoll Administration is launching an Executive Order establishing a council tasked with reviewing the existing procurement laws and related processes for public building construction projects, such as state laws relative to surety bonds, to identify barriers to small, emerging, and diverse businesses, and to make recommendations that address them.
- **Economic Development Incentive Program (EDIP)** Established in 1993, EDIP is designed to foster job creation and stimulate business growth through tax credit incentives to companies that make qualifying investments in new facilities and create new jobs, as well as retain jobs in the state. Since the pandemic, demand for the EDIP program has declined. As a key incentive tool for economic development, the state cannot afford to underutilize this program, especially as we compete to attract and retain innovative companies, many of which have roots right here in our state. EDIP is severely overshadowed by other state job creation incentive programs, including in competitor states like New York, North Carolina, and California. Rather than chase other states pursuing “mega-deals,” Massachusetts can regain competitiveness by leaning into what the state does best: supporting innovative early-stage and high-growth companies. While maintaining the existing overall statutory cap, this legislation will increase the cap on refundable credits to make the program fully refundable and improve program mechanics to strengthen execution as a key business development tool. These changes will allow Massachusetts to better support the startup economy across the state.

Business Front Door

As outlined in the economic development plan, the Healey-Driscoll Administration recognizes that the resources available to businesses are under promoted and difficult to navigate. To address this, we are working across state government to establish a centralized portal that will create one online “front door” for businesses to access state resources. The objectives with

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this technology solution are to: allow businesses to engage state government more easily; enable us to better support and respond to challenges facing businesses, especially small businesses; and, better promote the resources available including why businesses should choose Massachusetts.

