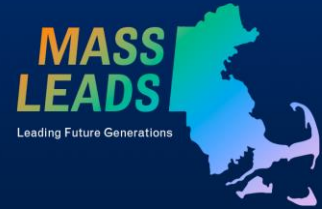


AN ACT RELATIVE TO STRENGTHENING MASSACHUSETTS' ECONOMIC LEADERSHIP

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Overview

Introduction

The Healey-Driscoll Administration is pleased to announce the filing of the *Mass Leads Act*. This bill contains the tools and resources needed to execute the strategy outlined in the administration's 2023 economic development plan: *Team Massachusetts: Leading Future Generations*.

Massachusetts is uniquely positioned to lead an innovative, mission-oriented, high-growth economy that benefits all those who live, work and visit the state. This is due in large part to the incredible people, diverse communities, and wide-ranging businesses that comprise key sectors of the state's economy. However, it is imperative that state government make targeted investments to propel Massachusetts forward, especially in the face of an increasingly competitive national landscape. This legislation will revamp the state's economic development toolbox with capital programming, responsible tax incentives, and strategic policy reforms.

Our north star remains making Massachusetts the best place in the nation for individuals to pursue rewarding careers and for companies to start, scale, and succeed. The bill is critically important for achieving that ambitious vision. The bill will ensure Massachusetts is on course to lead for future generations.



An Act Relative to Strengthening Massachusetts' Economic Leadership: Overview

At a Glance

The Mass Leads Act looks to the future by pairing bond reauthorizations for well-established programs, with authorizations for ambitious new initiatives that leverage the state's existing strengths to drive growth across the state. Specifically, this bill recommends \$1.75 billion in bond reauthorizations for programs with a demonstrated track record of fostering economic growth and enriching communities. It also recommends \$1 billion in bond authorizations for new initiatives that advance the Healey-Driscoll Administration's core principles of competitiveness, affordability, and equity across all regions and communities in Massachusetts. Notably, this bill includes the Healey-Driscoll Administration's climatetech initiative and a reinvigoration of the state's life sciences strategy. Aligned with the administration's 2023 economic development plan, this proposal is focused on three priority areas: Fundamentals, Talent, and Sectors.

The capital authorizations are further complemented with a series of policy reforms, including the creation and augmentation of tax incentives to spur economic development. Notably, the bill proposes a new \$30 million annual tax incentive for climatetech companies as part of a new 10-year climatetech strategy. The bill also expands and extends the life sciences tax incentive program, makes modifications to the Economic Development Incentive Program (EDIP), establishes a new \$10 million per year statewide internship tax credit, and creates an annual \$5 million live theater tax credit. The legislation includes several policy provisions related to permitting, broadband, rural communities, talent, and consumer protection.

Fundamentals: Investing in the fundamentals to enable economic growth

For Massachusetts to be successful in the near and long term, the fundamentals must be in place to establish a strong foundation for future economic growth. This bill proposes significant capital investment to support towns and cities in local economic development initiatives, such as infrastructure improvements that can unlock equitable economic opportunity. Alongside the capital resources, this portion of the legislation includes policy provisions related to rural communities, permitting, and broadband.

Capital Authorizations

- **\$400 M for the MassWorks Infrastructure Program** for public infrastructure improvements to spur private development and create jobs.
- **\$250 M for Mass Impact** for a new, flexible authorization to support large, transformational projects that have the potential to yield significant economic impact.
- **\$100 M for the Rural Development Fund** to provide financial support for infrastructure improvements and community planning efforts in rural communities.
- **\$100 M for the Seaport Economic Council** to support marine economies in coastal communities.
- **\$100 M for Local Economic Development Grants** to support economic development in cities and towns.
- **\$90 M for the Underutilized Property Program** to support the redevelopment of underutilized, blighted, or abandoned buildings.
- **\$30 M for the Brownfields Redevelopment Fund** to help transform parcels impacted by environmental contamination.
- **\$10 M for the Broadband Middle Mile** for capital maintenance of the MassBroadband 123 middle mile network.
- **\$3 M for Site Readiness** to improve the "readiness" of sites for economic development prospects.

Policy Provisions

- **Rural Communities:** Formally codifies the rural community designation with the desired goal of creating access to more resources for local economic development initiatives, such as the Rural Development Fund.
- **Broadband:** Current law relative to public broadband deployment requires multiple procurements, which contribute to delays and costs. This bill would empower local housing authorities and other governmental bodies to conduct a single procurement for design, installation and service, consistent with industry practice. This will assist the administration's efforts to deploy nearly \$400 million in federal funds for broadband initiatives.
- **Permitting:** The bill advances several targeted permitting reforms to expand opportunity and improve predictability for development. Notably, this includes:
 - Updates and improvements to M.G.L. ch. 43D relative to expedited permitting
 - Elimination of the interagency permitting board and consolidation of its functions within the permit regulatory office at Executive Office of Economic Development (EOED).
 - Modest reforms to the existing permitting landscape with the permit extension act and technical clarifications relative to municipal permitting safeguards for special permits and site plan review.
- **Development at Devens:** There are three outside sections pertaining to the Devens Regional Enterprise Zone, which: 1) eliminates the cap on the number of square feet of commercial and industrial development can occur at Devens; 2) eliminates the cap on the number of residential units that can be developed at Devens; and 3) requires the EOED and Executive Office of Housing and Livable Communities (EOHLC) secretaries to convene a working group within 30 days after the effective date to determine a strategy for future development within Devens.
 - These proposed changes do not suggest that an unlimited amount of housing or development should occur at Devens. Instead, these sections propose to move past a cap framework established in the early 1990s. The bill includes a working group in recognition that it is important to discuss the local permitting process, in partnership with the community, including Harvard, Ayer, and Shirley.

Talent: Retaining and attracting the world's best talent across all backgrounds

Massachusetts just experienced its first year of total population increase since the pandemic, eclipsing 7 million residents in 2023. The Healey-Driscoll Administration recognizes that economic growth starts with talent in this state. Alongside investments in FY25 House 2 that strengthen the state's talent pipeline, including the creation of an Entrepreneur in Residence program focused on keeping our international talent, this bill advances several policy reforms to retain and attract talented potential workers across all backgrounds and all regions.

Capital Authorizations

- **\$85 M for the Massachusetts Educational Financing Agency (MEFA)** to support efforts to assist students, parents, and other responsible parties for paying the costs of education and improve access to affordable higher education opportunities.

Policy Provisions

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- **Internships:** This bill establishes a new statewide internship tax credit program that would reward companies for taking on interns from Massachusetts-based colleges.
 - This \$10 million per year pilot program would provide an incentive of \$5,000 or 50% of wages paid, whichever is less, per intern from a MA-based college with a maximum cap of \$100,000 for employers. To be eligible, employers must demonstrate that the number of interns employed for the tax credit year exceeds the average number of interns employed over the previous three years, to ensure the incentive is pushing companies to create expanded opportunities.
 - As a pilot program, this program will include reporting requirements to ensure the credit is thoroughly evaluated, in accordance with Tax Expenditure Review Commission recommendations.
 - *Note, the effective date of this program is subject to a fiscally responsible “trigger” mechanism for implementation based on adequate revenue collections.*
- **Workforce Training:** This legislation also includes modifications to the Workforce Investment Trust Fund, which was established in 2022 as part of the sports betting law.
 - These amendments will ensure that the newly available resource can be maximized for workforce initiatives, pursuant to the Legislature’s original intent.
- **Pathway for Foreign-Trained Physicians:** This provision will create a pathway in Massachusetts for physicians previously authorized to practice medicine outside the United States.
 - Informed by a report commissioned in 2022, the proposed legislation would include one year of mentored limited licensure, followed by a period of geographically restricted licensure to practice in an underserved region of the Commonwealth. This policy will help the state respond to a physician shortage while also improving access to care in communities with the greatest needs.
- **Non-profit Boards:** This section would allow nonprofit board members to receive a stipend up to \$500 without losing personal civil liability protection provided by statute. This aims to help address disparities among nonprofit board representation.

Sectors: Supporting businesses that power the state’s economy

Massachusetts’ economy is powered by a diverse set of industries and businesses. An economy with a Gross Domestic Product (GDP) in excess of \$700 billion, Massachusetts is among the nation’s most productive economies on a per capita basis. To succeed going forward, the Healey-Driscoll Administration intends to deploy specific initiatives to address unique issues by sector. This bill deploys a multi-faceted approach for supporting the state’s key sectors.

Climatetech

- **\$200 M for the Clean Energy Investments Fund** to stimulate research and development, innovation, manufacturing, commercialization, and deployment of climatetech technologies across Massachusetts.
- **\$200 M for the Wind Industry Investment Trust Fund** to support the development and advancement of the offshore industry.
- **Climatetech Tax Incentive Program:** This bill establishes a new flexible incentive tool to support climatetech companies in Massachusetts. These financial incentives would be awarded on a competitive basis for qualifying climatetech businesses, based on the anticipated benefit to the state.
 - With additional resources, Massachusetts will strengthen its ability to grow climatetech industry-related employment opportunities and promote climatetech-related economic development, as the state seeks to become a leader in responding to the climate crisis.

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- This program is subject to an annual statutory cap of \$30 million. The Massachusetts Clean Energy Center (MassCEC) will administer the program, in consultation with the Department of Revenue.
- **Offshore Wind Tax Incentive Program:** The bill also incorporates amendments to the existing program to maximize its impact and effectiveness in growing the offshore wind industry in Massachusetts.
 - This section would 1) clarify technical issues relative to the existing five-year refundable credit for a tenant of an offshore wind facility; and 2) make smaller offshore wind companies eligible for the program.

Life Sciences

- **\$500 M for the Life Sciences Capital Fund** to support the reauthorization of the Life Sciences Initiative with capital resources for execution of the state's vision for pursuing health equity ventures, research and development, and capital eligible initiatives to support collaboration across ecosystems.
- **Life Sciences Tax Incentive Program:** This bill will increase the statutory cap from \$30 million to \$50 million and extend the program through 2033. In addition to long-term predictability, this legislation will streamline the tax incentive program to better align with the present-day landscape.
 - With a 15-year track record, the Life Sciences Tax Incentive Program is a proven success in sustainably and responsibly incentivizing the creation of jobs in the industry.
- As part of several updates to M.G.L. ch. 23I, this legislation will reframe a core section of the existing law into the **Massachusetts Life Sciences Breakthrough Fund**, which will consolidate existing funds into one and incorporate additional considerations for new priority areas, such as health equity, biomanufacturing, and medical technologies.

Business Competitiveness

- **\$100 M for the Applied AI Hub** for grants to facilitate the application of artificial intelligence (AI) across the state's ecosystem, which will be informed by the strategic priorities of the AI Strategic Task Force.
- **\$99 M for Advanced Manufacturing** for flexible grants to support advanced manufacturing initiatives through Mass Tech Collaborative (MTC).
- **\$95 M for the R&D Matching Grant Fund** for capital investments in research and development projects that leverage collaboration between higher education, research institutions, and industry to bolster the state's innovation economy through MTC.
- **\$75 M for the Massachusetts TechHub** to establish a new program in Massachusetts for investment in consortia organized around key technology areas, modeled on the U.S. Economic Development Administration's Regional Technology and Innovation (Tech Hubs) Program.
- **\$25 M for the Robotics Investment Program** for capital grants to advance the state's leadership in the robotics sector through research, commercialization, and training.
- **\$25 M for the Business Builds Capital Program** for a new grant program to support business improvements, such as energy efficiency, via the Business Front Door.
- **\$25 M for Small Business Technology Grants** to help early-stage companies commercialize new and innovative technologies developed in Massachusetts, via MassVentures.

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- **Economic Development Incentive Program (EDIP):** The bill will reform EDIP to lean into Massachusetts' comparative advantage in supporting early stage, 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 for the state, especially as it pertains to supporting the startup economy in Massachusetts.
- **MassTech R&D Matching Grant Fund:** This bill includes a technical fix to better enable Massachusetts public universities to compete for the R&D Match Grant. The current law provides a 1:1 match requirement for grantees, and state funds cannot be counted as match. This requirement creates a significant burden for state schools that are competing with private higher education institutions.

Small Business

- **\$35 M for Community Development Financial Institutions (CDFIs)** for grants to community development financial institutions to help disadvantaged and underserved businesses.
- **\$10 M for Biz-M-Power** for matching grants to support small businesses with capital-related needs, such as equipment.
- **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 workers compensation self-insured groups, in operation for more than five years, to utilize installment payment plans on a monthly basis, as opposed to quarterly installments.
- **Microbusinesses:** Recognizing that not all small businesses are the same, this bill includes an updated definition of “micro business” for purposes of the programs administered by the Massachusetts Office of Business Development (MOBD). This change intends to elevate the focus on businesses with 10 or fewer employees.
- **Public Construction:** The administration will deploy a multi-pronged approach to increase opportunity and access within public construction projects. This includes: 1) a 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, subject to U.S. Treasury approval to use federal funding; 2) an Executive Order establishing a Public Construction Projects Advisory Council to review and recommend a broader set of statutory and regulatory construction program reforms; and 3) immediate adjustments at the Division of Capital Asset Management and Maintenance (DCAMM) to performance related surety bonds under \$150,000.

Consumer Protection

- **Electronic Vehicle (EV) Charger Testing Program:** The Healey-Driscoll Administration aims to have one million electric vehicles on Massachusetts roads by 2030. A lack of charging stations continues to be a significant deterrent to those considering purchasing an electric vehicle. This bill will charge the Division of Standards (DOS) with creating a uniform inspection and testing system for public EV charging stations. This will include overseeing consumer protection measures such as collecting data from public electric vehicle supply equipment (EVSE) owners, testing public EVSEs for functionality, and making such information publicly available.

- **Home Improvement Contractor Program Updates:** These updates increase consumer access, expand consumer protection, and ensure a level playing field for businesses with statutory updates to Home Improvement Contractor (HIC) laws.

Tourism & Creative Economy

- **\$150 M for Library Construction Grants** to support library construction through the Board of Library Commissioners.
- **\$50 M for the Cultural Facilities Fund** to provide resources for capital improvements at cultural facilities, such as museums, theaters, and performance venues.
- **\$40 M for Destination Development Grants** to support critical capital improvements at tourism assets across Massachusetts, including consideration for cultural districts and rural tourism.
- **\$10 M for Zoos** to support capital improvements at zoos operated by the Commonwealth Zoological Corporation.
- **\$8 M for Historic Preservation** for grants to preserve historic properties through the Massachusetts Historical Commission.
- **Live Theater Tax Credit:** The bill proposes the launch of a new tax credit based on a share of payroll, production, and transportation costs for qualifying productions with the desired goal of supporting local live theater productions. This new program seeks to support the local and regional theater industry, including the hotels, restaurants, theatrical stage labor, and other businesses that benefit from theater production.
 - This pilot program would be subject to a \$5 M annual cap.
 - *Note, the effective date of this program is subject to a fiscally responsible “trigger” mechanism for implementation based on adequate revenue collections.*
- **Cultural Economy:** Alongside this bill, the Healey-Driscoll Administration is issuing an Executive Order establishing a Cultural Policy Development Advisory Council. This Advisory Council will convene relevant stakeholders to focus on the economic impact and opportunities of the arts and culture sector, culminating in the development of recommendations to foster the creative economy across the state. In addition, the administration will identify and select artists-in-residence to collaborate with state agencies and establish, for the first time, an official poet laureate position for the state.

Data & Metrics

As outlined in the economic development plan, the Healey-Driscoll Administration is committed to an equitable, inclusive approach to economic development and opportunity creation in Massachusetts. Core to that effort will be tracking key economic, demographic, financial, and equity-related data for the state's economic development goals and objectives.

The Healey-Driscoll Administration will launch a public-facing dashboard as a follow-on to the passing and implementation of the bill. The dashboard will track a number of indicators measuring the outcomes of key state economic development initiatives and programs, such as the levels and geographic distributions of investments across the state. To enable accessible monitoring of the overall state's economic fundamentals, talent, and sectors, the dashboard will also track a range of indicators, including, but not limited to, regional economic growth, income inequality, and workforce and demographic trends.