

June 27, 2024

Representative Ron Mariano, Speaker
Massachusetts House of Representatives
State House, Room 356
Boston, MA 02133

Representative Aaron Michlewitz, Chair
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Dear Speaker Mariano and Chair Michlewitz,

On behalf of the Greater Boston Chamber of Commerce and our 1,200 members, I write to express the Chamber's support of the Mass Leads Act, H.4789. We thank the House for crafting a strong economic development bill that helps Massachusetts compete for talent, supports local economic development efforts, and invests in key industries throughout the Commonwealth. As other parts of the country seek to draw from our talented workforce and industries, we appreciate the House's willingness to advance policies that bolster our economic strengths and make Massachusetts a state where businesses and people want to start, stay, and succeed. While the Chamber supports many of the bill's provisions, I wish to highlight a few of our major priorities as you begin to debate the legislation.

The Chamber Supports Key Economic Development Investments

H.4789 taps into our competitive edge by investing in our talented workforce and in key industries that drive growth in the state. By embracing industries such as biotechnology and clean energy, Massachusetts will continue to lead in generating lifesaving scientific breakthroughs and be on the cutting edge of the clean energy transition. H.4789 goes further and invests in emerging industries like Artificial Intelligence that will put Massachusetts in the best position to compete for jobs. The Chamber strongly supports the following critical investments:

- The Massachusetts Life Sciences Breakthrough Fund (7002-0026 - \$580 million)
- The Clean Energy Investment Fund (7002-8077 - \$200 million)
- The Massachusetts Offshore Wind Industry Investment Fund (7002-8078 - \$200 million)
- AI Technologies (7002-8070 - \$100 million)
- MassWorks (7002-8061 - \$400 million)
- The Scientific and Technology Research and Development Matching Grant Fund (7002-8039 - \$100 million)
- Mass Impact (7002-8066 - \$250 million)
- The Massachusetts Growth Capital Corporation (7002-8046 - \$35 million, 7002-8054 \$10 million)
- The Brownfields Redevelopment Fund (7002-8053 - \$30 million)
- The Office of Travel and Tourism (7002-8056 - \$40 million)
- The Massachusetts Cultural Facilities Fund (0640-0308 - \$50 million)

SUPPORT – Economic Development Incentive Program

The Chamber supports the many provisions in H.4789 that enhance and modernize the Economic Development Incentive Program (EDIP). The EDIP is a key tool in unleashing economic development in Massachusetts by offering companies tax credits and local property tax incentives when they commit to creating new jobs or preserving existing jobs. Importantly, funding is reserved for projects that are not economically viable without state and local government support. H.4789 adds needed flexibility to this incentive program in several ways including streamlining the municipal endorsement of an economic development project (Section 12) and removing existing funding caps for each employee retained due to the economic development project (Section 98). The added flexibility will allow the program to more easily deploy resources that boost economic development opportunities across the Commonwealth.

SUPPORT – Reauthorizing the Successful Massachusetts Life Sciences Initiative

The Chamber strongly supports reauthorizing and modernizing the Life Sciences Initiative. Building on the enormous success that – thanks to the efforts of the Legislature - encouraged the Massachusetts presence of 18 of the top 20 biopharma companies. The long-term commitment to this industry will continue to draw top talent, drive research and development investments, promote cutting edge scientific discoveries, and create more jobs. Other cities across the country are developing strategies specifically targeting Greater Boston to draw jobs and investment, and Massachusetts must stay vigilant and activate strategies to ensure we remain in a leadership position for this key industry.

H.4789 also updates and enhances the mission of the Massachusetts Life Sciences Center. The establishment of the Center aligned with and strengthened the tremendous growth period in the life sciences industry in Massachusetts. Enabling the Life Sciences Center to support new areas of study including preventative medicine as well as health-related artificial intelligence (Section 36) will allow the Commonwealth to engage new and emerging areas of scientific exploration, expanding the reach of the Center’s extraordinary work.

SUPPORT – Climate Tech and Offshore Wind

As the state seeks to meet ambitious climate resilient and clean energy goals, there is a tremendous opportunity for Massachusetts to be on the cutting edge of this climate transition, tapping into new jobs, technologies, and industries. Given the success of the state’s life sciences initiative, the Chamber agrees with the Governor and the House that we are similarly positioned to lead in the Climate Tech industry. Mirroring life sciences, the Chamber supports incentives to encourage companies developing and deploying climate technology to locate their manufacturing, research, and talent in Massachusetts.

The Chamber also applauds the removal of the \$5,000 per employee tax incentive cap (Section 111) from the Offshore Wind Facility Tax Credit. By removing this cap, offshore wind employers are incentivized to expand their workforce, which not only provides more jobs but will also help the state meet ambitious climate goals.

SUPPORT – Definition of Micro Business (Section 34)

The Chamber supports Section 34 of H.4789, which amends the definition of a “micro business.” This definitional change will expand the number of businesses eligible for funding available from the Massachusetts Office of Business Development by increasing the maximum number of employees for micro businesses from five employees to ten employees. Allowing a wider range of small businesses to be eligible for state funding makes it easier for them to start and grow their business. Massachusetts ranks 47 in the nation for new business applications per capita.¹ Expanding state funding to more small businesses can be a helpful step in the right direction in making it easier to start and grow a business in the state.

SUPPORT – Permit Tolling Period (SECTION 150)

In 2010, the Legislature wisely adopted a Permit Extension Act that created a tolling period to protect state and local permit approvals in the wake of the Great Recession. Without this action, many developments in Boston and beyond would have faltered before the economy could recover. With similar economic and fiscal uncertainties facing major development projects in Boston and beyond in 2024, combined with high interest rates and high construction costs that make access to capital more difficult, and the expiration of pandemic-era permit tolling, the Chamber is pleased to see the inclusion of a

¹ *New business Applications Across the Country, U.S. Chamber of Commerce Foundation* <https://www.uschamber.com/small-business/new-business-applications-a-state-by-state-view?state=ma>

permitting tolling period in Section 150 of H.4789. These provisions will ensure that development projects may continue to move forward by providing flexibility in timing, allowing many proposed projects to remain viable longer term. Otherwise, several major development opportunities would likely succumb to cost pressures and not move forward, impacting housing and commercial projects that could contribute to job creation and alleviating the Commonwealth's housing crisis.

SUPPORT – Amendment #473 (Peisch) Uniform Commercial Code

The Uniform Commercial Code (UCC) is a set of common, default rules governing commercial transactions that are widely adopted by every state. Adopting the UCC allows parties in different states to conduct business and make commercial transactions across state lines knowing that the law is substantially the same. The UCC operates as default rules – parties to any particular transaction can agree to different terms in a contract. However, if there is no such agreement, the UCC will apply. These default rules offer legal clarity and certainty and provide businesses with confidence to engage in commerce with entities across the United States knowing they operate under a blanket of similar laws.

Already adopted by 14 states, Amendment #473 is important for the Commonwealth's economic competitiveness by facilitating commerce across state lines through a common legal standard in these new areas of economic activity and growth. Passed by competitor states like California and New Hampshire and under consideration in neighboring states such as New York and Rhode Island, adopting the changes recommended by the Uniform Law Commission and contained in this amendment is crucial to maintaining a dynamic and innovative economy in the Commonwealth.

SUPPORT – Amendment #569 (Cusack) Deduction of Business Interest

The Chamber supports Amendment #569 that would allow for the deduction of business interest expenses in Massachusetts. This issue arises out of the 2017 federal tax law changes and the interaction of how MA couples with some sections of the federal corporate tax code but not others. The effect is that some companies based in Massachusetts pay a significant tax penalty compared to other states for borrowing. Borrowing is often used for investment – including expanding employment and operations. As interest rates have risen and borrowing has become far more expensive, the burden Massachusetts places on taxpayers by its automatic conformity to 163(j) also increases. Allowing for this deduction would put Massachusetts in line with many other states and provide businesses with an additional avenue to invest in future growth.

SUPPORT - Amendment #594 (DuBois) On-Site Childcare Tax Credits

The Chamber supports the adoption of Amendment #594, that would create an employer tax credit equal to 25 percent of qualified childcare expenditures, with a maximum credit of \$200,000 per year, for employers that provide on-site childcare services. This tax credit has macroeconomic benefits: affordable, on-site childcare allows parents to be in the workforce and grow the region's supply of available workers.

Implementing an on-site childcare tax credit is part of the solution for increasing childcare options for working parents. Massachusetts has among the highest cost in the United States for childcare with a cost of over \$24,000 in 2023 for an infant in center-based care.² This is up from \$20,880 in 2019.³ An on-site childcare tax credit can incentivize employers to offer childcare solutions for their workforce to recruit and retain talent while expanding access and affordability for all residents.

² Child Care Aware of America, *Child Care at a Standstill: Price and Landscape Analysis*.

<https://www.childcareaware.org/thechildcarestandstill/#PriceofCare>

³ Child Care Aware of America, *The U.S. and the High Price of Child Care: 2019*,

<https://www.childcareaware.org/ourissues/research/the-us-and-the-high-price-of-child-care-2019/>

SUPPORT – Amendment #625 (Chan) ETF Modernization

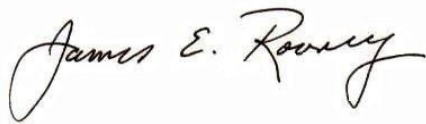
Amendment #625 modernizes Massachusetts's law to align with recommended guidance from the National Association of Insurance Commissioners (NAIC) on how insurance companies treat fixed income exchange traded funds (ETFs) for accounting purposes. The House adopted identical legislation in 2022.

Over the past decade, fixed income ETFs emerged as a tool for insurance companies to diversify their portfolios and to better manage their risk. However, because Massachusetts does not align with NAIC's guidance, an insurer using an ETF must meet higher regulatory capital levels (i.e. funds on hand) than it would if it directly owned the bonds that compose the ETF. The amendment changes the law, so ETFs and bonds are treated equally. Importantly, it does not create a mandate but instead an option for insurers.

The amendment improves business competitiveness in Massachusetts by updating the law to contemplate new commercial transactions, both by opening a channel for new business development and modernizing a business statute to meet current practices. New York recently also adopted these changes, leaving the Commonwealth's businesses at a disadvantage compared to the NY counterparts. Importantly, there is no impact on the state's budget.

The Chamber applauds the Legislature for advancing a strong economic development bill that will drive future growth and keep Massachusetts a competitive state to start and grow a business, and one where people will want to live and work.

Sincerely,



James E. Rooney
President & CEO