

July 11, 2024

Senator Karen Spilka, President
Massachusetts Senate
State House, Room 332
Boston, MA 02133

Senator Michael Rodrigues, Chair
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Dear President Spilka and Chair Rodrigues,

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, S.2856. We thank the Senate 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 Senate'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

S.2856 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. S.2856 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 - \$225 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- \$133 million)
- Mass Impact (7002-8066 - \$50 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 – Amendment #148 (Cronin) Life Sciences

While the Chamber appreciates the Legislature's continued commitment supporting key investments to the life sciences industry here in Massachusetts, we urge the Senate to adopt amendment #148 filed by Senator Cronin that would restore a fully funded Massachusetts Life Sciences Breakthrough Fund. As competitor states seek to replicate the Commonwealth's success in cultivating this critical industry and attract both our talent and jobs, we should not send a signal that Massachusetts no longer prioritizes life sciences. Instead, like the Governor and the House, we encourage the Senate to reaffirm our leadership position and continue to promote Massachusetts as the champion of this industry.

SUPPORT – Economic Development Incentive Program

The Chamber supports the many provisions in S.2856 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. S.2856 adds needed flexibility to this

incentive program in several ways including streamlining the municipal endorsement of an economic development project (Section 13). 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.

S.2856 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 47) 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, the House, and the Senate 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.

SUPPORT – Definition of Micro Business (Section 34 and Section 39)

The Chamber supports Section 34 S.2856, which amends the definition of a “micro business,” and Section 39 of the bill, which adds the definition into the provisions of the Massachusetts Development Finance Agency. 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 and adds the definition of a “micro business” into the Massachusetts Development Finance Agency. These sections within S.2856 allow a wider range of small businesses to be eligible for a broader share of state funding, making it easier for businesses to start and grow. 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 160)

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 permitting tolling period in Section 150 of S.2856. 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 #21 (Tarr) Deduction of Business Interest

The Chamber supports Amendment #21 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.

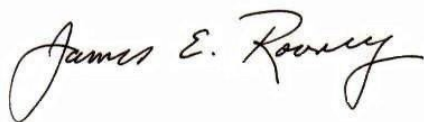
SUPPORT – Amendment #417 (Feeney) ETF Modernization

Amendment #417 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. 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