

July 25, 2024

Senator Barry Finegold, Chair
Joint Committee on Economic Development
State House, Room 511-A
Boston, MA 02133

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

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

Representative Jerry Parisella, Chair
Joint Committee on Economic Development
State House, Room 42
Boston, MA 02133

Senator Peter Durant
Massachusetts Senate, Assistant Minority Leader
State House, Room 413-A
Boston, MA 02133

Representative David Muradian
Massachusetts House of Representatives
State House, Room 156
Boston, MA 02133

Dear Conference Committee Members,

On behalf of the Greater Boston Chamber of Commerce and our 1,200 members, I write to offer the Chamber's comments on H.4804/S.2869, the Massachusetts Leads Act. Thank you for your dedication to Massachusetts's economic competitiveness and leadership position as you work to craft final legislation that will help create and retain jobs in Commonwealth. Our members often describe how states across the country actively recruit both employers and talent from Massachusetts, and we appreciate the Legislature's continued work to advance public policies that bolster our economic strengths and make Massachusetts a state where businesses and people want to start, stay, and succeed. As you review the many policy proposals included in both bills, I wish to highlight a few Chamber conference priorities for your consideration.

Fully Investing in the Life Sciences Industry

The Chamber appreciates the Legislature's continued commitment to our life sciences industry by reauthorizing the successful Massachusetts Life Sciences Initiative, as well as the inclusion of several tax incentives and state funding that will continue to fuel bio innovation and industry growth. The Legislature's successful efforts to position the Commonwealth as a leader in life sciences created thousands of jobs and led directly to the local presence of 18 of the top 20 biopharma companies now calling Massachusetts their home. The state's leadership also heavily contributed to the Biden Administration and the National Institute of Health selecting Massachusetts to host ARPA-H's Investor Catalyst Hub.

Yet, we know competitor states seek to replicate the Commonwealth's success, as the Chamber learned directly during its visit to the research triangle in North Carolina. Now is not the time to rest on our laurels, but rather double-down on this key economic sector for Massachusetts. As you craft a final bill, we urge the Committee to fully fund the Massachusetts Life Sciences Breakthrough Fund (7002-0026 - \$580 million), the Scientific and the Technology Research and Development Matching Grant Fund (7002-8039 - \$133 million). We also urge the Committee to approve the expansion of the Life Sciences Tax Incentive Program from \$30 million to \$50 million, reflected in H.4804.

Preserving the Intent of a Time-Limited Permit Tolling Period

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. Similarly in 2024, major housing and development projects face economic uncertainty, high interest rates, changing downtown real estate markets, and high construction costs. The Chamber is pleased to see the inclusion of a permitting tolling period in both H.4804 and S.2869.

However, we have concerns about unintended consequences that may undermine the tolling provision due to last minute amendments to the language. Section 289 of S.2869 would remove the tolling period for permits related to wetlands protections, septic systems, and additional environmental considerations. This change may result in the failure of major housing, commercial, and economic development projects across the state, as most major developments must secure related permits to move forward with construction. The intent of the tolling period is to allow for projects that have already received permit approval to move forward without revisiting the permitting process, on a limited basis, due to unforeseen economic conditions. The amended language may result in the loss of much needed housing developments during a critical time for housing production. We urge the committee to instead adopt the language included in section 150 of H.4804.

ETF Modernization

Senate section 253 of S.2869 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. Section 253 changes the law, so ETFs and bonds are treated equally. Importantly, it does not create a mandate but instead an option for insurers.

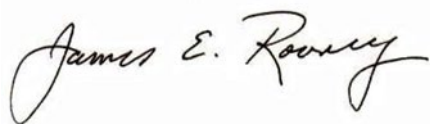
This language improves business competitiveness in Massachusetts by updating the law to contemplate new commercial transactions, both by opening a channel for new business development and modernizing a business statute to meet current practices. New York recently also adopted these changes, leaving the Commonwealth's businesses at a disadvantage compared to the NY counterparts. Importantly, there is no impact on the state's budget. The Chamber urges the Committee to include section 253 in its final bill.

Supporting the Climate Tech Workforce

Both the House and the Senate advanced an economic development package that seeks to make Massachusetts the leader in the climate technology sector. Not only will this help us reach our climate goals, but this emerging sector offers a plethora of economic benefits to the state. One area where we have seen significant investment in Massachusetts is in the offshore wind sector. The Chamber urges the Committee to adopt language from H.4804 (Section 111) that would remove the \$5,000 per employee tax incentive cap 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.

We thank the Conference Committee and the Legislature for your continued commitment to prioritizing the state's economic competitiveness and for doubling-down on proven strategies to grow key industries. Thank you for your attention and please reach out with any questions.

Sincerely,



James E. Rooney
President & CEO