

**HOUSE . . . . . No. 4297**

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**The Commonwealth of Massachusetts**

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HOUSE OF REPRESENTATIVES, October 15, 2007.

The committee on Economic Development and Emerging Technologies, to whom were referred the petition (accompanied by bill, House, No. 375) of Jeffrey Sanchez relative to the economic development of the Commonwealth, and the petition (accompanied by bill, House, No. 377) of Thomas M. Menino, relative to the economic development of the Commonwealth, reports recommending that the accompanying bill (House, No. 4297) ought to pass.

For the committee,

DANIEL E. BOSLEY.

## The Commonwealth of Massachusetts

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In the Year Two Thousand and Seven.

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AN ACT RELATIVE TO THE ECONOMIC DEVELOPMENT OF THE COMMONWEALTH.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 5 of Chapter 293 of the acts of 2006 is  
2 hereby amended by striking the word “proposal.” in the definition  
3 of “Economic development project,” and inserting in place thereof  
4 the following:—

5 proposal; provided, however, that not more than 60 percent of  
6 any economic development project may be used for recreational  
7 purposes; and provided further, that no portion of an economic  
8 development project shall be constructed over any property owned  
9 by the Commonwealth or any political subdivision thereof.

1 SECTION 2. Section 6 of said Chapter 293 is hereby amended  
2 by striking out subsection (b) and inserting in place thereof the  
3 following subsection:—

4 (b) In addition to the provisions of said Chapter 23G and said  
5 Chapter 40D of the General Laws pertaining to the security of  
6 bonds issued by the agency, bonds issued by the agency pursuant  
7 to this act may be secured by a pledge of state infrastructure  
8 development assistance as provided in Section 8 under a trust  
9 agreement or other financing document with such terms and con-  
10 ditions as the agency may determine in accordance with this act  
11 and the applicable provisions of said Chapter 23G and said  
12 Chapter 40D; provided, however, that any state infrastructure  
13 development assistance provided pursuant to Section 8 of this act  
14 shall be applied solely to the payment of, and security for, bonds  
15 issued for the purposes described in paragraph (a) in accordance  
16 with the infrastructure development assistance agreement between  
17 the agency, the Commonwealth, the municipality and the devel-  
18 oper executed pursuant to Section 8 of this act and shall not  
19 exceed the amount necessary for debt service payments on such  
20 bonds.

1 SECTION 3. Subsection (c) of said Section 6 of said Chapter  
2 293 is hereby amended by striking out, in the first sentence, the  
3 words “Section 10” and inserting in place thereof the following  
4 words:— Section 8.

1 SECTION 4. Subsection (b) of Section 7 of said Chapter 293 is  
2 hereby amended by inserting at the end thereof the following:—

3 Notwithstanding a pending vote of the governing body, the eco-  
4 nomic development proposal application process shall proceed  
5 upon mutual agreement of the secretary, municipal officers, and  
6 developer, subject to final approval of the proposal by a  $\frac{2}{3}$  vote  
7 by said governing body.

1 SECTION 5. Subsection (c) of said Section 7 of said Chapter  
2 293 is hereby amended by striking out clause (iii) and inserting in  
3 place thereof the following:—

4 (iii) the secretary certifies that the municipality has established  
5 a liquidity reserve for the benefit of the Commonwealth for each  
6 assessment parcel within an economic development project in an  
7 amount equal to twice the total annual debt service due on the  
8 bonds allocable to said assessment parcel established pursuant to  
9 Section 9 of this act; provided further that said reserve shall be  
10 funded by the municipality, or from the proceeds of bonds issued  
11 by the agency in accordance with this act, from amounts provided  
12 by the developer, or with surety bonds, insurance policies or other  
13 credit facilities satisfactory to the secretary; and provided further  
14 said reserve shall be maintained as long as the municipality is  
15 obligated to provide local infrastructure development assistance  
16 with respect to such assessment parcel; and

1 SECTION 6. Said Section 7 of said Chapter 293 is hereby  
2 amended by striking out subsection (d) and inserting in place  
3 thereof the following:—

4 (d) The secretary shall certify no more than 5 economic devel-  
5 opment proposals received pursuant to the provisions of this act;  
6 provided that the aggregate principal amount of bonds issued pur-  
7 suant to Section 6 of this act shall not exceed \$200,000,000; pro-  
8 vided further, that no economic development proposal which  
9 secured municipal approval pursuant to subparagraph (b) of this

10 Section 7 prior to the effective date of this act shall be certified by  
11 the secretary; provided further, that no economic development  
12 proposal shall be certified by the secretary after January 1, 2012;  
13 and provided further, that the secretary shall not approve more  
14 than 2 economic development proposals from any one municipi-  
15 pality.

1 SECTION 7. Subsection (a) of Section 8 of said Chapter 293 is  
2 hereby amended by striking out clauses (iii) and (iv) and inserting  
3 in place thereof the following:—

4 (iii) the municipality shall provide local infrastructure develop-  
5 ment assistance to the Commonwealth with respect to the eco-  
6 nomic development project to the extent and for such time as is  
7 provided in Section 10 of this act; (iv) the Commonwealth shall  
8 provide infrastructure development assistance to the agency in  
9 amounts sufficient to pay the debt service payable in each fiscal  
10 year on any bonds issued by the agency to finance costs of public  
11 infrastructure improvements included in such economic develop-  
12 ment project, subject to reimbursement of all or a portion of such  
13 state infrastructure development assistance through the collection  
14 of infrastructure assessments as provided in Section 9 of this act  
15 and, under the circumstances provided in Section 10 of this act,  
16 from local infrastructure assistance provided by the municipality.

1 SECTION 8. Section 8 of said Chapter 293 is hereby amended  
2 by striking out subsection (b) and inserting in place thereof the  
3 following:—

4 (b) The agency shall pledge the infrastructure development  
5 assistance agreement and the rights of the agency to receive state  
6 infrastructure development assistance as provided in Section 10 of  
7 this act pursuant to said agreement as security for the payment of  
8 bonds issued by the agency to finance costs of the public infra-  
9 structure improvements described in said agreement. The obliga-  
10 tion of the Commonwealth to pay such state infrastructure  
11 development assistance to the agency at the times and in the  
12 amounts provided in the infrastructure development assistance  
13 agreement shall constitute a general obligation of the Common-  
14 wealth for which the full faith and credit of the Commonwealth  
15 shall be pledged for the benefit of the agency.

1 SECTION 9. Section 10 of said Chapter 293 is hereby amended  
2 by striking out the last sentence of subsection (a) and inserting in  
3 place thereof the following sentence:—

4 For as long as state infrastructure assistance shall be provided  
5 in accordance with this Section, the commissioner shall determine  
6 and certify to the secretary and treasurer of the municipality the  
7 amount of new state tax revenues generated with respect to each  
8 commercial component of the certified economic development  
9 project, such determination and certification to be made after the  
10 commissioner has received the relevant data necessary for such  
11 determination and annually thereafter.

1 SECTION 10. Said Section 10 of said Chapter 293 is hereby  
2 amended by striking out subsection (b) and inserting in place  
3 thereof the following:—

4 (b) To the extent, and for so long as, the commissioner deter-  
5 mines that the new state tax revenues generated by a completed  
6 and occupied commercial component of a certified economic  
7 development project is less than the allocable debt service appor-  
8 tioned to that commercial component, such amount shall consti-  
9 tute a revenue shortfall for said commercial component and the  
10 municipality shall be obligated to provide local infrastructure  
11 development assistance in an amount equal to the amount of the  
12 shortfall. Local infrastructure development assistance provided by  
13 the municipality shall be paid to the Commonwealth in reimburse-  
14 ment for state infrastructure development assistance provided by  
15 the Commonwealth with respect to such certified economic devel-  
16 opment project. Local infrastructure development assistance shall  
17 constitute a general obligation of the municipality to which its full  
18 faith and credit shall be pledged. To the extent the municipality  
19 shall fail to provide all or any portion of such local infrastructure  
20 development assistance to or for the credit of the Commonwealth,  
21 the secretary shall certify the amount that is unpaid to the state  
22 treasurer and the state treasurer shall reduce amounts distributable  
23 or payable by the Commonwealth to such municipality by the  
24 amount unpaid in accordance with Section 20 of Chapter 59 of the  
25 General Laws. Notwithstanding the foregoing, once the cumula-  
26 tive new state tax revenues attributable to an assessment parcel  
27 allocable to a commercial component of a certified economic

28 development project first equal or exceed an amount equal to the  
29 principal amount of bonds issued by the agency which are allo-  
30 cable to such commercial component, plus an amount equal to all  
31 interest accrued on such bonds to such date, the municipality shall  
32 have no obligation thereafter to provide local infrastructure devel-  
33 opment assistance with respect to such assessment parcel.

1 SECTION 11. Subsection (b) of Section 11 of said Chapter 293  
2 is hereby amended by striking out clauses (i) through (v), inclu-  
3 sive, and inserting in place thereof the following:—

4 (i) the tax credit described in Section 38N of Chapter 63 of the  
5 General Laws; (ii) a community development action grant pur-  
6 suant to Section 57A of Chapter 121B of the General Laws; (iii) a  
7 public works economic development program grant under clause  
8 (c) of the first paragraph of Section 17 of Chapter 732 of the acts  
9 of 1981; or (iv) or any other economic assistance program as may  
10 be determined by the secretary or the commissioner.

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

PHYSICS 351

LECTURE 10

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