

By Mr. Costello, a petition (accompanied by bill, Senate, No. 89) of Nicholas J. Costello, Frances F. Alexander, John Patrick Houston, George Bachrach and Timothy A. Bassett for legislation to establish small business incubator facilities. Commerce and Labor.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Six.

AN ACT ESTABLISHING SMALL BUSINESS INCUBATOR FACILITIES.

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. It is hereby found that small businesses account
2 for most new jobs created in Massachusetts and are essential to the
3 growth of the Commonwealth's economy; that most new small
4 businesses fail in part due to their lack of experience and knowledge,
5 of business management; that if the success rate of small businesses,
6 can be improved, employment, income and tax revenues will be,
7 increased; that small business incubator facilities which provide,
8 space, support services and management training to new businesses,
9 are a sound way to increase the success rate of new small businesses,
10 in the Commonwealth; that the location of a small business incuba-
11 tor in high unemployment regions of the Commonwealth can,
12 expand employment and reduce economic hardship in said regions,
13 that small business incubator facilities can foster and support crea-
14 tive entrepreneurial activity for new products and new business;
15 services, so critical to the growth of the state's economy; that these,
16 and other public purposes are served by the Commonwealth's,
17 development and operation of small business incubator facilities.

1 SECTION 2. A Small Business Incubator Facilities Advisory
2 Council shall be established which shall consist of the following
3 persons:

4 (1) the chairperson of the board of directors of the Massachu-
5 setts Government Land Bank and two other members of said
6 board;

7 (2) the president of the Massachusetts Technology Development
8 Corporation;

9 (3) the secretary of the Executive Office of Economic Affairs;

10 (4) four persons appointed by the Governor, one of whom shall
11 be experienced in industrial and commercial real estate develop-
12 ment, one of whom shall be an architect experienced in designing
13 industrial and commercial facilities, and one of whom shall be
14 experienced in starting and managing small business.

15 The Governor shall appoint one member of the council as its
16 chairperson. The Council shall meet under the direction of the
17 chairperson for the purpose of reviewing the experience of existing
18 small business incubator facilities and making recommendations
19 concerning the construction and operation of one or more small
20 business incubator facilities in Massachusetts. The recommenda-
21 tions developed by the council shall include, but not be limited to,
22 the following:

23 (1) locations for incubator facilities;

24 (2) size and design guidelines for such incubator facilities;

25 (3) support services, business services, and management training
26 to be provided at said facilities;

27 (4) assistance in securing sufficient capital from private, state,
28 and federal sources to be provided to tenants at said facilities;

29 (5) policies for the operation and management of such incubator
30 facilities, including the on-site co-ordination of services and man-
31 agement training;

32 (6) criteria for tenancy and lease terms;

33 (7) the financing of the development and long term maintenance
34 of said facilities;

35 (8) a marketing strategy to ensure knowledge of and applications
36 to said incubator facilities;

37 In the development of said recommendations, priority shall be
38 given to the conversion of existing, under utilized buildings in the
39 Commonwealth.

40 The recommendations of the council shall be issued within one
41 year after said council is appointed. The council shall cease to exist
42 after it has issued its recommendations.

43 The recommendations developed by the council shall guide the
44 preparation of documents and other materials necessary to solicit
45 bids for the design and construction of said incubator facilities as
46 provided for in Section three of this act.

1 SECTION 3. The Massachusetts Government Land Bank shall
2 have the responsibility for the development of said incubator facili-
3 ties. The Land Bank shall oversee the design and construction or
4 rehabilitation of said facilities. The Land Bank, pursuant to the
5 council's recommendations, shall prepare a Redevelopment Plan
6 for each incubator facility. Such plan shall conform to the stand-
7 ards for Redevelopment Plans set forth in chapter 212 of the Acts of
8 1975, as amended. No plan shall be approved by the Land Bank
9 until such plan has been submitted to the Planning Board of the
10 new municipality, in which the proposed facility is located for the
11 review of said Planning Board.

12 The Land Bank shall, pursuant to the provisions of Chapter 579
13 of the Acts of 1980 as it applies to the Land Bank, solicit proposals
14 based on an open competitive process, shall review the proposals,
15 and shall select a developer for the design and construction of said
16 incubator facilities.

17 The Land Bank may, for the purpose of the development of said
18 incubator facilities, receive funds or contributions from any source,
19 public or private, and may accept purchase or transfer title to real
20 or personal property, or any interest therein to or from public
21 entities or private persons.

22 The Land Bank may finance the design and construction of said
23 incubator facilities through sources of funds, which shall include
24 but not be limited to the following:

25 (1) the issuance of bonds by the Land Bank to be secured among
26 other things, by a pledge of the revenues from the facility. Bonds
27 issued by the Land Bank pursuant to this subsection shall not be
28 obligations of the Commonwealth and be known as Incubator
29 Bonds.

30 (2) the issuance of general obligation bonds or notes, of the
31 Commonwealth. The state treasurer shall, upon request of the
32 governor issue and sell at private or public sale, bonds or notes of
33 the Commonwealth, registered or with interest coupons attached,
34 as he may deem best, to an amount to be specified by the governor,
35 but not exceeding in the aggregate, the sum of five million dollars.
36 Bonds or notes issued by the Commonwealth pursuant to the
37 provisions of this act shall not be subject to section fifty-three of
38 chapter twenty-nine of the General Laws.

39 The proceeds of any bonds or notes issued for this purpose shall
40 be transferred to the Land Bank which shall use such proceeds for

6 shall be experienced in the financing of new and early stage busi-
7 nesses, two members shall be experienced in starting and managing
8 new and early businesses. Each appointed member shall serve for
9 four years and shall be eligible for reappointment. In the event of a
10 vacancy, the governor shall make an appointment for the remainder
11 of the unexpired term.

12 The tenant selection committee shall be convened by the execu-
13 tive director of the Land Bank and meet as is necessary to review
14 applications for tenancy at any incubator facility and to select
15 tenants for any incubator facility developed pursuant to this act.

16 Before selecting a tenant and leasing any portion of said facilities
17 to said tenant, the tenant selection committee shall certify to the
18 Land Bank that the following determinations have been made by
19 the tenant selection committee:

20 (1) the applicant is a start-up enterprise with its principal opera-
21 tions in Massachusetts and has been in business for less than two
22 years;

23 (2) the applicant's business has a reasonable chance for success;

24 (3) the applicant is capable of paying the rents and service fees
25 required for tenancy;

26 (4) the applicant's business is likely to expand primary employ-
27 ment in Massachusetts;

28 (5) the applicant's business lacks business management skills and
29 experience important for the success of the business and that the
30 space and services provided by the facility will increase the proba-
31 bility that the applicant's business will succeed;

32 (6) that the applicant will not lease space in said facility for more
33 than three years;

34 A majority of the members of said tenant selection committee
35 shall constitute a quorum for the purpose of conducting the busi-
36 ness of said tenant selection committee and an affirmative vote of a
37 majority of the members of the committee shall be necessary for
38 approving any applications for tenancy. The members of said
39 tenant selection committee shall serve without compensation but
40 shall be paid their necessary expense incurred in the discharge of
41 their official duties.

42 The Land Bank may lease up to 20 percent of the space in any
43 incubator facility to successful, ongoing businesses which shall be
44 exempt from the determinations required under this section; pro-

45 vided, however, that the Land Bank shall charge said companies a
46 fair market rent.

1 SECTION 7. The Land Bank shall collect rent, royalty and fee
2 receipts from tenants in incubator facilities and deposit such pro-
3 ceeds, less operating costs and management fees, as provided for in
4 section six of this act, in a fund separate from other funds and
5 accounts of said Land Bank and to be set aside for either the debt
6 service, maintenance, and expansion of said incubator facilities or
7 the development of additional incubator facilities.

1 SECTION 8. For the purposes of developing recommendations
2 by the council, pursuant to section two of this act, and for the
3 purpose of preparing redevelopment plans pursuant to section
4 three of this act, there is hereby appropriated from the general fund
5 to the Government Land Bank the sum of one hundred thousand
6 dollars.

1 SECTION 9. As used in sections one through eight of this act
2 the following words or terms shall have the following meanings: —

3 “Council”, the Small Business Incubator Facilities Council.

4 “Incubator facility” or “small business incubator facility”, a facil-
5 ity whose purpose is to improve the probability of success for young
6 businesses that occupy said facility through providing space, busi-
7 ness services and management assistance to occupants of said
8 facility.

9 “Land Bank”, the Massachusetts Government Land Bank.

10 “Private investors”, any individual, group of individuals, part-
11 nership or corporation that seeks to purchase, and own an incuba-
12 tor facility.

