

Governor Patrick Signs Economic Development Bill Expanding Growth and Opportunity In The Commonwealth

Re-files Legislation that Limits the Use of Non-Compete Agreements; Gives Communities Local Control of Liquor Licenses

BOSTON – Wednesday, August 13, 2014 – Governor Deval Patrick today signed H.4377 “An Act To Promote Economic Growth in the Commonwealth,” building on the Patrick Administration’s successful economic development strategy of investing in education, innovation and infrastructure. The economic development package provides new tools and training to ensure the Massachusetts workforce meets the needs of employers, invests in our Gateway Cities to promote development across the entire state and provides incentives to create jobs and stimulate the economy.

Also on Wednesday, Governor Patrick re-filed legislation that limits the use of non-compete agreements and adopts the Uniform Trade Secrets Act to ensure that government acts to retain talented entrepreneurs, supports individual career growth and encourages the development of new, innovative businesses to drive future economic growth. The legislation also includes a provision to give local governments across Massachusetts control over the number of liquor licenses in their jurisdiction. Placing the authority to approve liquor licenses in the hands of municipal officials will allow local communities to make responsible decisions regarding their economic development and growth and free the Legislature from time-consuming local issues.

“In important ways, this legislation improves existing tools and provides a few new ones to continue our strong job growth, and I thank the Legislature for being so responsive,” said Governor Patrick. “At the same time, we have unfinished business, so I am filing further legislation today to give innovators and municipalities all the tools they need to grow jobs and opportunity.”

“An Act To Promote Economic Growth in the Commonwealth,” signed on Wednesday, bolsters the economic revitalization of the Commonwealth’s Gateway Cities with \$15 million for the Gateway Cities Transformative Development Fund and encourages the reuse of brownfields in economically distressed areas of Massachusetts with \$10 million in funding.

“This legislation makes many targeted investments in our emerging industries, like Big Data and advanced manufacturing, that are necessary to create a competitive environment here in Massachusetts and grow our status as a leader in the world economy,” said Senate President Therese Murray. “By capitalizing on our state’s existing and developing industries, as well as investing in a strong, educated workforce, we are outlining a path to success for our residents and promoting economic development throughout the entire Commonwealth.”

“This comprehensive bill will help ensure that residents, businesses and communities are able to compete and excel in a dynamic economy,” said House Speaker Robert A. DeLeo. “We’ve made substantial gains in strengthening our economy and must now focus on broadening the circle of prosperity beyond Greater Boston to all regions of the Commonwealth. This bill does just that while preparing future leaders through provisions like MassCAN, a computer science education partnership and the Talent Pipeline Initiative.”

Building on a strong record of growth in the state’s world-class innovation economy, the economic development package also adopts Governor Patrick’s proposal to create a pilot Global Entrepreneur in Residence Program to retain and attract entrepreneurs who are growing companies and creating jobs in the state. The program will be piloted at the University of Massachusetts Boston and the University of Massachusetts Lowell and will allow qualified, highly skilled,

international students currently in Massachusetts to stay here after graduation if they are starting or growing a business and contributing to the local economy.

“This bill provides significant new support for the Commonwealth’s economic development strategy,” said Housing and Economic Development Secretary Greg Bialecki. “Ensuring the long-term economic prosperity of the Commonwealth means extending growth and opportunity to every corner of the state.”

In the area of workforce development and training, the Act includes \$12 million for the middle skills job training grant fund to support advanced manufacturing, mechanical and technical skills at vocational-technical schools and community colleges. Also, the Workforce Competitiveness Trust Fund will receive \$1.5 million to prepare Massachusetts residents for new jobs in high-demand occupations, helping close the middle-skills gap and creating a seamless pathway to employment.

The economic development legislation also includes a number of initiatives to expand the Commonwealth’s world class innovation economy including \$2 million for a Big Data Innovation and Workforce Fund to promote the use of big data, open data and analytics, and \$2 million for the Innovation Institute Fund at the Massachusetts Technology Collaborative (MTC).

The legislation also creates a \$1 million talent pipeline program that will provide matching grants aimed at increasing technology and innovation internships, and another \$1 million for a start-up mentoring program to connect early-stage entrepreneurs, technology startups and small business with experienced business enterprises and capital financing.

A separate provision increases the Housing Development Incentive Program’s (HDIP) annual cap from \$5 million to \$10 million over the next four years, and allows larger developments to qualify by eliminating the 50-market-rate unit per project cap. The expansion of the HDIP will provide residents of Gateway Cities with increased access to market-rate as well as affordable housing.

The legislation also:

- Expands on the Commonwealth’s international tourism and marketing efforts, capitalizing on new connections overseas, helping to bring more businesses and jobs to Massachusetts and more tourists to our world class destinations;
- Increases the total financing allowed under the Infrastructure Incentive (I-Cubed) program from \$325 to \$600 million, and raises the number of allowed I-Cubed projects within any community from three to eight. The program provides innovative financing for public infrastructure projects expected to leverage significant economic investment;
- Dedicates \$3 million to the Housing Preservation and Stabilization Fund, which provides a flexible method for funding affordable housing for low-income families and individuals;
- Establishes a financial services advisory council to exchange ideas and develop strategies for business and government to work together to strengthen the Commonwealth’s financial services industry; and
- Creates a job creation incentive under the Economic Development Incentive Program (EDIP), allowing business to receive a tax credit up to \$1,000 per job created, or up to \$5,000 per job created in a Gateway City, so long as the total credit per project does not exceed \$1 million.

Along with signing the bill, Governor Patrick also included a number of vetoes and amendments including sections 52, 65 and 97, which propose a new “live theater” tax credit. This new tax credit does not satisfy the 2012 Tax Expenditure Commission’s requirement of a clear societal purpose that is most efficiently met by the proposed tax expenditure, and it is not needed to encourage these kind of investments. The Inspector General has criticized the lack of sufficient safeguards in this provision to ensure that the credits are properly directed.

Governor Patrick also vetoed Sections 101 and 115, which designate entire municipalities as an “eligible location” under Chapter 40R. A blanket designation of an entire town as an “eligible location” conflicts with the goal of Chapter 40R to

encourage communities to create smart growth zoning districts near transit stations, in areas of concentrated development such as existing town centers and in other highlight suitable locations.

Governor Patrick also returned back for amendment two other provisions of the bill requiring a study of the “angel investor” tax credit and requiring telephone counseling rather than delaying for two years the requirement for counseling new mortgage holders.

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