

HOUSE No. 3770

The Commonwealth of Massachusetts



CHARLES D. BAKER
GOVERNOR

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COMMONWEALTH OF MASSACHUSETTS
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KARYN POLITO
LIEUTENANT GOVERNOR

June 19, 2017

To the Honorable Senate and House of Representatives,

I am pleased to submit for your consideration “An Act to Provide Continuing Investment in the Life Sciences Industry in the Commonwealth.”

This proposal will ensure the Commonwealth remains a global leader in medical innovation and advancements by providing for up to \$500 million of additional investment over five years. This includes \$295 million in new capital authorization for the Massachusetts Life Sciences Center. These funds will be deployed with a strategic focus on making long-term investments in our life sciences ecosystem. Those investments will set the table for our life sciences industry to:

- Invest in human capital and workforce development;
- Invest in innovation through research and development;
- Make Massachusetts the leader in the convergence of healthcare, biological engineering and innovation; and
- Create private-sector jobs across the Commonwealth.

Through this capital program, the Massachusetts Life Sciences Center will create new capacity for public infrastructure investments that lead directly to job creation. Leveraging that infrastructure, our life sciences industry will improve the economics of drug discovery through

innovative technologies, explore new business models for affordable drug discovery, deploy advanced technology to improve the efficacy of clinical trials, and improve patient outcomes. Our administration, in cooperation with the Center, will aggressively compete for new biopharmaceutical and medical device manufacturing opportunities that grow jobs in all of our state's regions.

This legislation also includes a twenty percent increase in tax credits to keep, grow and attract new life sciences companies to Massachusetts. The tax credit program at the Center has been an incredible success, creating nearly 9,000 jobs in less than a decade. Adding greater capacity to the tax credit will continue to create new jobs and further our competitiveness.

This proposal builds on the Commonwealth's decade-long commitment to develop the leading life sciences economy in the country, including \$1 billion the Legislature authorized in 2008. Today, Massachusetts counts among its residents 18 of the world's top 20 biopharmaceutical companies and all of the world's ten largest medical device companies. The life sciences sector has made significant contributions to the Commonwealth being named the nation's leader in innovation for two consecutive years by the Bloomberg U.S. Innovation Index.

I urge your prompt enactment of this legislation, which will help strengthen our economy and grow our competitive advantage in building the economy of the future.

Finally, in accordance with Section 3 of Article LXII of the Amendments to the Constitution, the bill includes my recommendation for the terms of the up to \$295 million in bonds to be issued to fund spending on public infrastructure that supports the life sciences economy. Specifically, the term of bonds issued pursuant to Section 3 of the bill shall be issued for a maximum term of years not exceeding 30 years.

Sincerely,

Charles D. Baker,
Governor

HOUSE No. 3770

Message from His Excellency the Governor recommending legislation relative to to provide continuing investment in the life sciences industry in the Commonwealth.

The Commonwealth of Massachusetts

In the One Hundred and Ninetieth General Court
(2017-2018)

An Act to provide continuing investment in the life sciences industry in the Commonwealth.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is to forthwith finance improvements to the Commonwealth’s economic infrastructure and promote economic opportunity for the life sciences ecosystem, therefore, it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

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

1 To provide for a program of economic development and job creation, the sum set forth in
2 section 2, for the several purposes and subject to the conditions specified in this act, is hereby
3 made available, subject to the laws regulating the disbursement of public funds; provided,
4 however, that the amounts specified in an item or for a particular project may be adjusted in
5 order to facilitate projects authorized in this act. This sum shall be in addition to any amounts
6 previously authorized and made available for these purposes.

7 SECTION 2.

8 EXECUTIVE OFFICE OF HOUSING AND ECONOMIC DEVELOPMENT

9 Massachusetts Life Sciences Center

10 7002-0015 For the Massachusetts Life Sciences Investment Fund established by section
11 6 of chapter 23I of the General Laws to achieve continued job growth through capital grants that
12 advance education, workforce development, early-stage company growth through spaces
13 dedicated to life sciences companies, advanced bio-manufacturing and scientific
14 innovation.....\$295,000,000

15 SECTION 3. To meet the expenditures necessary in carrying out the provisions of
16 section 2, the state treasurer shall, upon receipt of a request by the governor, issue and sell bonds
17 of the commonwealth in an amount to be specified by the governor from time to time, but not
18 exceeding, in the aggregate, \$295,000,000. All bonds issued by the commonwealth, as aforesaid,
19 shall be designated on their face, Life Sciences Center Capital Improvement Loan Act of 2018,
20 and shall be issued for a maximum term of years, not exceeding 30 years, as recommended by
21 the governor in a message to the general court dated June 19, 2017, under Section 3 of Article
22 LXII of the Amendments to the Constitution; provided, however that all such bonds shall be
23 payable not later than June 30, 2053. All interest and payments on account of principal on such
24 obligations shall be payable from the General Fund. Bonds and interest thereon issued under the
25 authority of this section shall, notwithstanding any other provisions of this act, be general
26 obligations of the commonwealth.

27 SECTION 4. Section 5 of chapter 23I of the General Laws, as appearing in the 2016
28 Official Edition, is hereby amended by striking out, in line 92, the figure “\$25,000,000” and
29 inserting in place thereof the following figure:- \$30,000,000.

30 SECTION 5. Section 6 of chapter 62 of the General Laws, as so appearing, is hereby
31 amended by striking out, in line 940, the figure “\$25,000,000” and inserting in place thereof the
32 following figure:- \$30,000,000.

33 SECTION 6. Section 38CC of chapter 63 of the General Laws, as so appearing, is
34 hereby amended by striking out, in line 20, the figure “\$25,000,000” and inserting in place
35 thereof the following figure:- \$30,000,000.

36 SECTION 7. Chapter 130 of the acts of 2008 is hereby amended by striking out section
37 49 and inserting in place thereof the following section:-

38 SECTION 49. The value of any tax incentive award under the life sciences tax incentive
39 program established in subsection (d) of section 5 of chapter 23I of the General Laws which
40 extends beyond December 31, 2028, including carry-forwards of losses or credits, shall be taken
41 into account during the year awarded and the full amount of such tax benefits potentially realized
42 in periods after December 31, 2028 shall be counted against the annual ceilings for years ending
43 prior to January 1, 2029. Tax incentives authorized pursuant to the life sciences tax incentive
44 program shall count toward the \$30,000,000 annual ceiling only if they are not otherwise
45 available to a taxpayer.

46 SECTION 8. Section 54 of said chapter 130, as most recently amended by section 57 of
47 chapter 46 of the acts of 2013, is hereby further amended by striking out the date, “December 31,
48 2018” and inserting in place thereof the following date:- December 31, 2028.

49 SECTION 9. To provide for the continued availability of a bond-funded spending
50 authorization that otherwise would expire, the balance of item 7002-0015 and any allocations

51 thereof shall be extended through June 30, 2018 for the purposes of, and subject to, the
52 conditions stated for the item in the original authorization, as amended to date.

53 SECTION 10. Sections 4 to 7, inclusive, shall take effect on January 1, 2019.

54 SECTION 11. Except as otherwise specified, this bill shall take effect upon enactment.