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## An Act Relative to Strengthening Massachusetts' Economic Leadership

I attended a briefing on the Act given by the Secretary of Economic Development Yvonne Hao on Tuesday, March 12. She outlined the key components of Act, which is a \$3.5 billion bond bill that was filed on March 1. I read the summary and the act itself, which is 66 pages. This analysis was compiled after approximately two hours of review of the 66-page Act. It is by no means intended to be comprehensive, and was written on relatively short notice. That said, I believe it provides a reasonable summary of the key issues and opportunities related to agricultural and rural interests.

The word “farm” does not appear in the act. Two other keywords I reviewed are “rural,” which is contained in the text 10 times, and “agricultural,” which appears six times.

The sections that contain “rural” provide some flexibility to fund new initiatives. Some points for study:

1. I would closely study whether disbursement of the \$100 million is limited to municipal and non-profit entities, and if so, encourage modification to allow for funding of family farms;
2. I would also suggest a close review of the composition of the rural policy advisory commission and suggest that you strengthen farm representation by statute;
3. In the absence of a modification of the composition by statute, I would recommend to the governor that she prioritize representation of the farm community in the six discretionary appointments allowed under the statute.
4. More funding for Agricultural Preservation Restrictions (APRs), with a process that provides some flexibility with regard to farmworker housing. I suggest we also earmark funding for bridge financing, as APRs can take up to a year to put in place.
5. Funding opportunities for Climate Smart agriculture including no-till planting and cover crops to keep carbon sequestered and to enrich the soil.
6. Emergency preparedness funding for climate events including severe storms and flooding.

The sections that contain “agricultural,” in five out of the six mentions, related to biotechnology investment, which is not relevant to small rural farmers, at least not in the short to medium term.

The one mention of “agricultural” that isn’t biotech-related focuses on travel and tourism initiatives, not funding for what one might consider traditional agricultural initiatives per se.

Actual relevant text of the Act and the sections of Massachusetts General Law it references and amends is documented on the following pages.

Respectfully submitted,

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## Key sections containing to the word “rural” (word appears 10x) Emphasis my own...

**7002-8068 For the rural development program established in section 66A of chapter 23A of the General Laws.....\$100,000,000**

SECTION 31. Section 62 of said chapter 23A is hereby repealed.

SECTION 32. Subsection (a) of section 66 of chapter 23A of the General Laws, as most recently amended by section 98 of chapter 7 of the acts of 2023, is hereby further amended by striking out the last sentence and inserting in place thereof the following 2 sentences:- The mission of the commission shall be to enhance the economic vitality of rural communities, and to advance the health and well-being of rural residents. For purposes of this section and section 66A, “rural community” shall mean a municipality with population density of less than 500 persons per square mile, or a population of less than 7,000 persons, in each case as shown in the most recent U.S. decennial census.

SECTION 33. Said chapter 23A, as so appearing, is hereby further amended by inserting, after said section 66, the following new section:-

Section 66A. (a) The executive office of economic development shall administer a rural development program to promote economic opportunity and prosperity in rural communities. The program shall provide financial assistance on a competitive basis to municipalities or other public entities, community development corporations, or non-profit entities for infrastructure projects, downtown improvements and other projects that advance economic and community development, stable housing markets and other priorities identified by the rural policy advisory commission established in section 66.

(b) The secretary of economic development shall by guidelines or regulations establish an application process and criteria for prioritizing the distribution of financial assistance, taking into account the diversity of rural communities. The guidelines or regulations shall allow for joint applications by two or more rural communities for a single project serving those municipalities.

(c) The secretary of economic development shall report annually to the chairs of the senate and house



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committees on ways and means and the chairs of the joint committee on community development and small businesses on the activities and status of the program.

## New General Laws after amendment

Chapter 23A Section 66(a)-(f)

(a) There shall be a rural policy advisory commission within, but not subject to the supervision or control of, the executive office of economic development. ~~The mission of the commission shall be to enhance the economic vitality of rural communities, defined as municipalities with population densities of less than 500 persons per square mile, and to advance the health and well-being of rural residents.~~ **The mission of the commission shall be to enhance the economic vitality of rural communities, and to advance the health and well-being of rural residents. For purposes of this section and section 66A, “rural community” shall mean a municipality with population density of less than 500 persons per square mile, or a population of less than 7,000 persons, in each case as shown in the most recent U.S. decennial census.**

(b) The commission shall consist of the following 15 members: the speaker of the house of representatives, ex officio, or a designee; the president of the senate, ex officio, or a designee; the secretary of economic development, ex officio, or a designee; 12 persons to be appointed by the governor, 1 of whom shall be from the Berkshire regional planning commission, 1 of whom shall be from the Cape Cod commission, 1 of whom shall be from the central Massachusetts regional planning district commission, 1 of whom shall be from the Franklin Regional Council of Governments, 1 of whom shall be from the Martha’s Vineyard commission, 1 of whom shall be from the Montachusett regional planning commission, 1 of whom shall be from the Nantucket Planning and Economic Development Commission and 1 of whom shall be from the Pioneer Valley Planning Commission. Commission members shall be persons with demonstrated interests and experience in advancing the interests of rural residents.

(c) Members of the commission may serve a maximum of 3 consecutive 3-year terms. Vacancies in the membership of the commission shall be filled for the balance of the unexpired term. The commission shall elect from among its members a chair, a vice chair, a treasurer and any other officers it considers necessary. The members of the commission shall receive no compensation for their services but shall be reimbursed for any usual and customary expenses incurred in the performance of their duties.



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Members shall be considered special state employees for the purposes of chapter 268A.

(d) The commission shall serve as a research body for issues critical to the welfare and vitality of rural communities and shall: (i) study, review and report on the status of rural communities and residents in the commonwealth; (ii) advise the general court and the executive branch of the impact of existing and proposed state laws, policies and regulations on rural communities; (iii) advance legislative and policy solutions that address rural needs; (iv) advocate to ensure that rural communities receive a fair share of state investment; (v) promote collaboration among rural communities to improve efficiency in delivery of services; and (vi) develop and support new leadership in rural communities. The executive office shall, subject to appropriation, provide the commission with adequate office space and any research, analysis or other staff support that the commission reasonably requires.

(e) The commission shall meet on a quarterly basis at the discretion of the chair. Meeting locations shall rotate between Boston, Cape Cod and the Islands, central Massachusetts and western Massachusetts. Meetings shall be open to the public pursuant to sections 18 to 25, inclusive, of chapter 30A.

(f) The commission may accept and solicit funds, including any gifts, donations, grants or bequests or any federal funds for any of the purposes of this section. The funds shall be deposited in a separate account with the state treasurer, shall be received by the state treasurer on behalf of the commonwealth and shall be expended by the commission under the law.

(g) The commission shall annually, not later than June 2, report the results of its findings and activities of the preceding year and its recommendations to the governor and to the clerks of the senate and the house of representatives who shall forward the same to the joint committee on economic development and emerging technologies.

## **New Section 66A**

**Section 66A. (a) The executive office of economic development shall administer a rural development program to promote economic opportunity and prosperity in rural communities.**

**The program shall provide financial assistance on a competitive basis to municipalities or other public entities, community development corporations, or non-profit entities for infrastructure**



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**projects, downtown improvements and other projects that advance economic and community development, stable housing markets and other priorities identified by the rural policy advisory commission established in section 66.**

**(b) The secretary of economic development shall by guidelines or regulations establish an application process and criteria for prioritizing the distribution of financial assistance, taking into account the diversity of rural communities. The guidelines or regulations shall allow for joint applications by two or more rural communities for a single project serving those municipalities.**

**(c) The secretary of economic development shall report annually to the chairs of the senate and house committees on ways and means and the chairs of the joint committee on community development and small businesses on the activities and status of the program.**



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## Key sections containing to the word “agricultural” (word appears 6x)

### Emphasis my own...

7002-8056 For a competitive grant program administered by the **office of travel and tourism**; provided, that funds may be used to improve facilities and destinations visited by in-state and out-of-state travelers, with the goals of increasing visitation, enticing repeat visitation and increasing the direct and indirect economic impacts of the tourism industry in all regions of the commonwealth; provided further, that grants shall support the design, repair, renovation, improvement, expansion and construction of facilities owned by municipalities or non-profit entities; provided further, that in evaluating grant applications, priority shall be given to projects located in state-designated cultural districts and **projects that promote nature-based, agricultural and other forms of rural tourism**; provided further, that all grantees to improve facilities and destinations visited by in-state and out-of-state travelers shall provide a match based on a graduated formula determined by the Massachusetts office of travel and tourism; provided further, that grant recipients shall be required to measure and report on return-on-investment data after the expenditure of grant funds; provided further, that grants shall be awarded in a manner that promotes geographic equity; and provided further that a portion of the funding may be used to make capital investments that support the commemoration of the 250th anniversary of the founding of the United States..... \$40,000,000

*The emphasis here on travel and tourism seems to preference this funding bucket more narrowly than the farming community might prefer.*



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## Other Key Sections of Note to the Agricultural Sector

7002-8077 For the Clean Energy Investment Fund established by section 15 of chapter 23J of the General Laws to promote jobs, economic and workforce development through capital grants to companies and governmental entities for the purpose of supporting and stimulating research, and development, innovation, manufacturing, commercialization and deployment of climatetech technologies in the commonwealth.....\$200,000,000

*To the degree that climatetech deployment might apply to agricultural projects, this may be of interest to the Berkshire farming community.*

SECTION 11. Said subsection (b) of said section 3A of said chapter 23A, as so appearing, is hereby further amended by striking out the definition of “Municipal project endorsement” and inserting in place thereof the following definition:-

“Municipal project endorsement”, an endorsement of a city council with the approval of the mayor in a city or a board of selectmen in a town that: (i) finds a proposed project is consistent with the municipality’s economic development objectives; (ii) finds a proposed project has a reasonable chance of increasing or retaining employment opportunities as advanced in the proposal; and (iii) provides a description of the local tax incentive, if any, offered by the municipality in support of the proposed project.

*Berkshire municipalities should study whether to amend bylaws to provide local tax incentives.*

SECTION 25. Said chapter 23A, as so appearing, is hereby amended by striking out section 3E and inserting in place thereof the following section:-

Section 3E. (a) Tax increment financing may be offered by a municipality in accordance with section 59 of chapter 40 to the controlling business of a certified project, or to any person or entity undertaking a real estate project or to any person or entity expanding a facility if the municipality finds that there is a strong likelihood that any of the following will occur within the area in question within a specific and reasonably proximate period of time: (i) a significant influx or growth in business activity; (ii) the creation of a significant number of new jobs and not merely a replacement or relocation of current jobs within the commonwealth; or (iii) a private project or investment that contributes significantly to the resiliency of the local economy.

(b) A municipality may offer a special tax assessment to the controlling business of a certified project, to a person or entity undertaking a real estate project or to a person or entity proposing to retain permanent full-time jobs at a facility that otherwise would be at risk of



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relocating outside of the commonwealth. A special tax assessment shall be set forth in a written agreement between the municipality and the property owner. The agreement shall include, but not be limited to, the amount of the tax reduction and the period of time over which such reduction shall be in effect, which shall be for not less than 5 years not to exceed 20 years. A special tax assessment approved by the municipality shall provide for a reduction of the real property tax that otherwise would be due. The reduction shall be based upon a percentage reduction in the tax that otherwise would be due on the full assessed value of the affected property. The special tax assessment shall provide for tax reduction at least equal to the following: (i) in the first year, the tax reduction shall be not less than 50 per cent of the tax that would be due based on the full assessed value of the affected property; (ii) in the second and third years, the tax reduction shall be not less than 25 per cent of the tax that would be due based on the full assessed value of the affected property; and (iii) in the fourth and fifth years, the tax reduction shall be not less than 5 per cent of the tax that would be due based on the full assessed value of the affected property. The municipality may at its discretion provide for greater real property tax reductions than those described in clauses (i) to (iii), inclusive.

A municipality may approve special tax assessments if it determines that: (i) the property owner is either undertaking a project or otherwise making an investment that contributes to economic revitalization of the municipality and significantly increases employment opportunities for residents of the municipality or is retaining permanent full-time employees that otherwise would be relocated to a facility outside of the commonwealth; (ii) the special tax assessment is reasonably necessary to enable the owner's investment in the project or to retain the jobs that otherwise would be relocated; and (iii) the total amount of local tax foregone is reasonably proportionate to the public benefits resulting from the special tax assessment.

(c) If a municipality offers tax increment financing or special tax assessment to the owner or controlling business of a certified project, or to the owner of a facility where a certified project is located, the municipality shall notify the EACC by submitting a fully executed copy of the adopted local incentive agreement and any amendments thereto.

*Once again, navigating the opportunity that tax credits might be used to incentivize jobs creation in general and agricultural applications in particular should be a top priority of regional and municipal planning.*