

SENATE No. 2482



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MAURA T. HEALEY
GOVERNOR

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LIEUTENANT GOVERNOR

October 19, 2023

To the Honorable Senate,

To the Honorable Senate and House of Representatives,

I am filing for your consideration a bill entitled “An Act to provide for competitiveness and infrastructure investment in Massachusetts.”

As you know, Massachusetts secures much needed funding to support critical state projects, our state’s budget, and our collective prosperity by seeking and winning competitive grants from federal partners. To that end, my administration is aggressively pursuing the historic levels of federal funds now available to Massachusetts through legislation including the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the CHIPS and Science Act (CHIPS). These three acts alone have opened over \$1.4 trillion in federal funding opportunities across the country.

Current estimates show that Massachusetts is eligible for approximately \$17.5 billion from these programs. Our goal is to compete to win. We have already embarked on an unprecedented effort to identify, through the Federal Funds and Infrastructure Office, key federal funding opportunities that will advance our shared priorities of improving infrastructure, equity, job creation, economic competitiveness, climate resiliency and decarbonization, workforce development, and more.

We must match our ambitions with our investments. It is critical that Massachusetts submit competitive applications to leverage these once-in-a-generation federal resources. A ready pool of funding and the ability to rapidly deploy those resources when opportunities arise will make the difference in giving Massachusetts an edge over the competition. Showing the

availability of match funds dramatically strengthens our applications for federal grants; conversely, not having match funds fully available may take Massachusetts out of the running for unprecedented and time limited opportunities.

This bill will provide \$750 million over the next three years for federal matching funds for our state and our local partners. We will contribute up to \$50 million to municipalities for developing public infrastructure projects that support their federal matching grant opportunities, supporting the establishment of a local infrastructure bank, and accelerating housing production, climate change, resilience, and decarbonization efforts, spurring private development, and creating jobs throughout the state. We will better serve our cities and towns and offer up to \$12 million for technical assistance in addition to financial support.

The legislation will also create a permanent PAYGO Capital Investment and Debt Reduction Fund. After federal funding opportunities expire, the Fund will be an ongoing source for pay-as-you-go capital investments, debt mitigation strategies, and addressing long-term liabilities.

As part of the state Treasurer's active management of long-term debt, opportunities periodically become available to reduce long-term liabilities and create savings. Modest investments at the right moment can create long-term savings. By designating resources to be used for these debt management strategies and utilizing the Treasurer's unique expertise, the state can take advantage of opportunities to reduce our debt load and save financing costs over the long term. We want to support these innovative strategies to save money and strengthen the state's financial position.

Prudent Stabilization Fund deposits in recent years and adherence to the statutory mechanisms in place to protect the Fund, combined with an increasing interest rate environment, have resulted in newly significant interest earnings on the Fund's balance, which is now at an all-time high of approximately \$8 billion. This proposal assures a strong fiscal framework that preserves the Stabilization Fund for rainy day needs and leverages interest earnings only for key infrastructure investments and responsible management of long-term liabilities. This legislation will deploy interest earnings for the PAYGO Capital Investment and Debt Reduction Fund. Meanwhile, we will steadfastly protect the Stabilization Fund balance with the safeguards and statutory provisions that have built the Stabilization Fund balance steadily over recent years.

This effort is all part of a larger, coordinated strategy of making thoughtful investment and taking advantage of opportunities. Throughout the past ten months, my Administration has been focused on investments necessary to improve the quality of life, affordability and equity in Massachusetts and to ensure Massachusetts' competitiveness. With the support of the General Court, we have made tremendous strides with the tax relief bill, budget, and immediate capital needs legislation. We appreciate your continued partnership on these shared priorities.

I ask you to act on today's requests promptly to send an undeniable signal to the federal government that Massachusetts is serious about competing to win in the important federal grant programs highlighted above. We are preparing for climate change, modernizing our infrastructure, partnering with local governments and other groups, fostering our scientific, manufacturing, technology, and business communities, and maintaining affordability and equity for the people of Massachusetts.

These historic opportunities are time limited. We know that we must meet the moment together. Thanks for your continued commitment.

Respectfully submitted

Maura T. Healey,
Governor

SENATE No. 2482

Senate, October 19, 2021 -- Message from Her Excellency the Governor recommending legislation to provide for competitiveness and infrastructure investment in Massachusetts

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Third General Court
(2023-2024)

An Act to provide for competitiveness and infrastructure investment in Massachusetts.

Whereas, The deferred operation of this act would tend to defeat its purposes, which are to enhance the competitiveness of Massachusetts in winning federal funds and to provide for the infrastructure needs of the Commonwealth, each of which is immediately necessary to accomplish important public purposes, 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 SECTION 1. Section 2H of chapter 29 of the General Laws, as most recently amended
2 by section 1 of chapter 50 of the acts of 2023, is hereby amended by striking out the first
3 sentence and replacing it with the following sentence:-

4 There shall be established and set up on the books of the commonwealth a separate fund
5 to be known as the Commonwealth Stabilization Fund, consisting of amounts transferred to the
6 fund in accordance with sections 5C and 5G of this chapter, amounts credited under this section,
7 and any appropriations or other amounts transferred to the fund.

8 SECTION 2. Said chapter 29 is hereby further amended by inserting after section
9 2ZZZZZ the following section:-

10 Section 2AAAAAA. (a) There shall be established and set up on the books of the
11 commonwealth a separate, non-budgeted special revenue fund known as the Commonwealth
12 PAYGO Capital Investment and Debt Reduction Fund. The secretary of administration and
13 finance shall administer the fund. There shall be credited to the fund: (i) the interest earned on
14 the investment of money in the Stabilization Fund established by section 2H in each fiscal year;
15 (ii) any appropriations or other money designated to be credited to the fund; and (iii) interest
16 earned on any amounts deposited in the fund. Amounts credited to the fund shall be expended
17 without further appropriation. The unexpended balance in the fund at the end of a fiscal year
18 shall remain available for expenditure in subsequent fiscal years. No expenditure made from the
19 fund shall cause the fund to be in deficit at any point.

20 (b) Quarterly, the Comptroller shall transfer interest credited to the Stabilization Fund
21 during the previous quarter to the fund.

22 (c) Annually, not later than five business days after the issuance of the Statutory Basis
23 Financial report required by section 12 of chapter 7A, the state comptroller shall report to the
24 executive office for administration and finance and the house and senate committees on ways
25 and means the balance of the Stabilization Fund as of June 30 of the preceding fiscal year as well
26 as the interest earned by the Stabilization Fund during the preceding fiscal year.

27 (d) In each fiscal year during which the balance of the Stabilization Fund for the most
28 recently ended fiscal year has increased over the balance of the Stabilization Fund at the close of
29 the immediately preceding fiscal year as certified by the Comptroller in the Statutory Basis
30 Financial report required by section 12 of Chapter 7A, and the balance of the Stabilization Fund
31 exceeds 10 per cent of budgeted revenues for all budgeted funds for the preceding fiscal year the

32 secretary may expend money from the PAYGO Capital Investment and Debt Reduction Fund,
33 without further appropriation, for any of the following purposes: (i) for capital projects
34 authorized by the general court; (ii) to repay, prepay, defease, retire, tender, purchase, reduce the
35 principal or interest payable on or otherwise reduce any portion of the commonwealth's
36 indebtedness; (iii) to reduce, repay or retire any portion of the commonwealth's long term
37 liabilities including, but not limited to, pension obligations, other post-retirement benefits, capital
38 leases, general or special obligation contract liabilities and equivalent liabilities; and (iv) to
39 transfer any amounts in the fund to the Stabilization Fund.

40 (e) Annually, not later than December 31, the secretary shall provide a report to the
41 clerks of the senate and house of representatives and the senate and house committees on ways
42 and means on the activities of the Commonwealth PAYGO Capital Investment and Debt
43 Reduction Fund in the preceding fiscal year ending June 30.

44 SECTION 3. Notwithstanding any general or special law to the contrary, not later than
45 December 31, 2026, the secretary of administration and finance shall report to the clerks of the
46 senate and house of representatives and the senate and house committees on ways and means on:
47 (a) expenditures from the Commonwealth PAYGO Capital Investment and Debt Reduction Fund
48 established by section 2AAAAAA of chapter 29 of the General Laws for matching funds for
49 federal programs, including, but not limited to, projects and programs included in the
50 Infrastructure and Investment in Jobs Act of 2021 , also known as the Bipartisan Infrastructure
51 Law, Public Law No. 117-58, the CHIPS Act of 2022, Public Law No. 117-167, and the Inflation
52 Reduction Act of 2022 , Public Law No. 117-169, including expenditures for grants, loans, and
53 other financial assistance to cities, towns, tribes, regional organizations whose membership is
54 exclusively composed of municipal governments, regional planning agencies, community

55 development corporations, and other development authorities or agencies; and (b) amounts
56 obligated for federal programs, including projects and programs included in the Infrastructure
57 and Investment in Jobs Act of 2021 , also known as the Bipartisan Infrastructure Law , Public
58 Law No. 117-58, the CHIPS Act of 2022, Public Law No. 117-167, and the Inflation Reduction
59 Act of 2022, Public Law No. 117-169, including expenditures for grants, loans, and other
60 financial assistance to cities, towns, tribes, regional organizations whose membership is
61 exclusively composed of municipal governments, regional planning agencies, community
62 development corporations, and other development authorities or agencies related to such federal
63 programs.

64 SECTION 4. Notwithstanding section 2AAAAAA of chapter 29 of the General Laws,
65 the secretary of administration and finance may expend up to \$750,000,000 from the
66 Commonwealth PAYGO Capital Investment and Debt Reduction Fund established in said
67 section 2AAAAAA of said chapter 29 to provide funding for matching funds for federal
68 programs, including projects and programs included in the Infrastructure and Investment in Jobs
69 Act of 2021, also known as the Bipartisan Infrastructure Law, Public Law No. 117-58, the
70 CHIPS Act of 2022, Public Law No. 117-167, and the Inflation Reduction Act of 2022, Public
71 Law No. 117-169; provided, that up to \$50,000,000 may be used to support efforts to establish a
72 local infrastructure bank to fund capital expenditures that promote municipal, tribal and regional
73 project readiness and enhance the competitiveness of federal funding applications under
74 guidelines adopted by the executive office for administration and finance; provided, further that
75 said funds may also be used for a competitive program of grants, loans, and other financial
76 assistance to cities, towns, tribes, regional organizations whose membership is exclusively
77 composed of municipal governments, regional planning agencies, community development

78 corporations, and other development authorities or agencies, to provide funding for matching
79 funds for federal programs, including projects and programs included in the Infrastructure and
80 Investment in Jobs Act of 2021, also known as the Bipartisan Infrastructure Law, Public Law
81 No. 117-58, and the Inflation Reduction Act of 2022, Public Law No. 117-169; provided, further
82 that up to \$12,000,000 may be used to provide grants for planning and studies, preparation of
83 plans and specifications, and technical assistance to support cities, towns, tribes, regional
84 organizations whose membership is exclusively composed of municipal governments, regional
85 planning agencies, community development corporations, and other development authorities or
86 agencies, under guidelines adopted by the executive office for administration and finance;
87 provided further, that on and after December 1, 2026, the secretary shall not obligate any
88 additional funds under this section.