HOUSE DOCKET, NO. 340 FILED ON: 1/13/2015

HOUSE . . . . . No. 3501

The Commonwealth of Massachusetts

PRESENTED BY:

Marjorie C. Decker

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act establishing the Massachusetts Robotics Center.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Marjorie C. Decker	*25th Middlesex*	*1/13/2015*

HOUSE DOCKET, NO. 340 FILED ON: 1/13/2015

HOUSE . . . . . No. 3501

By Ms. Decker of Cambridge, a petition (accompanied by bill, House, No. 3501) of Marjorie C. Decker for legislation to provide certain tax incentives for the establishment of a robotics center in the Commonwealth. Revenue.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act establishing the Massachusetts Robotics Center.

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

SECTION 1. The General Laws are hereby amended by inserting after chapter 23L the following chapter:-

Chapter 23M. THE MASSACHUSETTS ROBOTICS CENTER.

Section 1. As used in this chapter, the following words shall, unless the context clearly requires otherwise, have the following meanings:--

"Affiliate", any business which directly or indirectly controls or is controlled by or is under direct or indirect common control of another business including, but not limited to, any business with which a business is merged or consolidated, or which purchases all or substantially all of the assets of a business.

"Board", the board of directors of the Massachusetts Robotics Center.

"Center", the Massachusetts Robotics Center established by section 2.

"Certification proposal", a written proposal submitted by a robotics company for approval as a certified robotics company pursuant to section 4.

"Certified robotics company", a company that has been certified by the center for participation in the commonwealth robotics investment program and the robotics tax incentive program, established by section 4.

"Company", a business corporation, partnership, firm, unincorporated association or other entity engaged or proposing to engage in economic activity within the commonwealth, and any affiliate thereof, which is, or the members of which are, subject to taxation under chapter 62, 63, 64H or 64I.

"Department", the department of revenue established pursuant to section 1 of chapter 14.

"Eligible new job", a new job that shall not replace an existing job in the commonwealth and which may be a retained job; provided, however, that "eligible new job" may be further defined by rules, regulations or guidelines promulgated by the center pursuant to section 4; provided further, that an "eligible new job" shall be deemed to have been created in the commonwealth on the first day for which Massachusetts personal income tax withholding is required in connection with the compensation paid to an employee of a robotics company or the first day for which Massachusetts estimated tax payments are payable by a partner of a partnership constituting a robotics company.

"Enterprise", a small business, as defined in chapter 23A, which has its principal place of business in the commonwealth and is, or proposes to be, engaged in research and development or manufacturing in the robotics industry.

"Equity investment", (a) a share in a robotics company certified pursuant to section 5, whether or not transferable or denominated stock, or similar security; (b) interest of a limited partner in a limited partnership; or (c) warrant or right, other than a right to convert, to purchase, sell or subscribe to a share, security or interest of a kind specified in clauses (a) or (b); provided, however, that when making an equity investment in an enterprise pursuant to section 7, the center shall receive not less than 3 per cent of the equity in said enterprise.

"Independent research institution", a nonprofit research organization that holds tax-exempt status granted under section 501(c) (3) of the Internal Revenue Code and shall be organized and operated exclusively for scientific or educational purposes; provided, however, that "independent research institution" shall not mean a hospital, college, university or private foundation.

"New state revenue", revenue derived from a robotics company by the creation of any eligible new jobs or by new commercial activity that would otherwise not have taken place in the commonwealth or as may be defined by any rules or regulations promulgated by the center pursuant to section 4.

"Permanent full-time employee", an individual who: (i) is in an employment relationship which, at its inception, does not have a termination date which is a date certain or which is determined with reference to the completion of some specified scope of work; (ii) works a minimum number of weekly hours as the center may specify by rule, regulation or guideline; and (iii) receives employee benefits at least equal to those provided to other full-time employees of the employer, which shall be a robotics company.

"Person", a natural person, corporation, association, partnership or other legal entity.

"Program", the commonwealth robotics investment program established by section 4.

"Professional investor", a bank, bank holding company, savings institution, trust company, insurance company, investment company registered under the federal Investment Company Act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer, licensee under the federal Small Business Investment Act of 1958 or any person, partnership or other entity of whose resources a substantial amount shall be dedicated to investing in securities or debt instruments and whose net worth exceeds $250,000.

"Real estate project", real property where, after a robotics company is certified, construction or renovation shall be initiated which, when completed, shall result in an increase in the assessed value of the real property of at least 100 per cent over its assessed value as of the date of certification; provided, however, that if a real estate facility is a business incubator facility and is designated as a certified robotics company pursuant to section 4, each business which executes a binding lease for space in that facility after the date on which the construction or renovation activity begins shall be eligible for separate designation as a certified robotics company.

"Revenue", receipts, fees, rentals or other payments or income received or to be received on account of obligations to the center including, but not limited to, income on account of the leasing, mortgaging, sale or other disposition of a project or proceeds of a loan made by the center in connection with any project, and amounts in reserves or held in other funds or accounts established in connection with the issuance of bonds and the proceeds of any investments thereof, proceeds of foreclosure and any other fees, charges or other income received or receivable by the center.

"Robotics", advanced and applied sciences that conceptualize, design, integrate, adapt, evaluate, construct, and expand the understanding of, autonomous systems or machines that are programmable by computer and capable of carrying out a complex series of actions automatically, and the components thereof, including, but not limited to, software, electromechanical systems, artificial intelligence technologies, mobility technologies and perception technologies.

"Robotics company", a business corporation, partnership, firm, unincorporated association or other entity engaged in robotics research, development, manufacturing or commercialization in the commonwealth, and any affiliate thereof, which is, or the members of which are, subject to taxation under chapter 62, 63, 64H or 64I.

"Vocational technical school", education institutions established pursuant to sections 14 and 15 of chapter 71, providing vocational technical education as defined in section 1 of chapter 74.

Section 2. (a) There is hereby created a body politic and corporate to be known as the Massachusetts Robotics Center. The center is hereby constituted a public instrumentality and the exercise by the center of the powers conferred by this chapter shall be considered to be the performance of an essential governmental function.

The center is hereby placed in the executive office of economic development but shall not be subject to the supervision, or control of said office, or of any board, bureau, department or other center of the commonwealth, except as specifically provided in this chapter.

(b) The center shall be governed and its corporate powers exercised by a board of directors to consist of the secretary of administration and finance or a designee, the secretary of

housing and economic development or a designee the president of the University of Massachusetts or a designee and 4 directors to be appointed by the governor, 2 of whom shall be a researcher involved in the commercialization of robotics, 1 of whom shall be a chief executive officer of a Massachusetts-based robotics corporation which is a member of the board of directors of the Mass Technology Leadership Council and 1 of whom shall have significant financial experience in the robotics sector.

Each appointed member shall serve a term of 5 years, except that in making the initial appointments, the governor shall appoint 1 director to serve for a term of 1 year, 1 director to serve for a term of 2 years, 1 director to serve for a term of 3 years, 1 director to serve for a term of 4 years. The secretary of the executive office of administration and finance and the secretary of the executive office of housing and economic development, or their designees, shall serve as co-chairs of the board. Any person appointed to fill a vacancy in the office of an appointed director of the board shall be appointed in a like manner and shall serve for only the unexpired term of such director. Any director shall be eligible for reappointment. Any director may be removed from an appointment by the governor for cause.

(c) Four directors shall constitute a quorum and the affirmative vote of a majority of directors present at a duly called meeting if a quorum is present shall be necessary for any action to be taken by the board. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if all of the directors' consent in writing to such action and such written consent is filed with the records of the minutes of the meetings of the board. Such consent shall be treated for all purposes as a vote at a meeting. Each director shall make full disclosure, under subsection (d), of a financial interest, if any, in matters before the board by notifying the state ethics commission, in writing, and shall abstain from voting on any matter

before the board in which he has a financial interest, unless otherwise permissible under chapter 268A. The members of the board shall serve without compensation, but each member shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties.

(d) The provisions of chapter 268A shall apply to all ex-officio directors or their designees and employees of the center. The provisions of chapter 268A shall apply to all other directors of the center, except that the center may purchase from, sell to, borrow from, loan to, contract with or otherwise deal with any person in which any director of the center is in any way interested or involved; provided, however, that such interest or involvement is disclosed in advance to the members of the board and recorded in the minutes of the board; and provided, further, that no director having such an interest or involvement may participate in any decision of the board relating to such person. Employment by the commonwealth or service in any agency thereof shall not be deemed to be such an interest or involvement.

(e) The board shall appoint and employ a president, and fix the president's compensation and conditions of employment. The president shall be the chief executive, administrative and operational officer of the center and shall direct and supervise administrative affairs and the general management of the center. The president shall appoint and employ a chief financial and accounting officer and may, subject to the general supervision of the board, employ other employees, consultants, agents, including legal counsel, and advisors, and shall attend meetings of the board. The chief financial and accounting officer of the center shall be in charge of its funds, books of account and accounting records. No funds shall be transferred by the center without the approval of the board and the signatures of the chief financial and accounting officer and the treasurer, as appointed by the board pursuant to subsection (g).

(f) Neither the center nor any of its officers, agents, employees, consultants or advisors shall be subject to the provisions of sections 9A, 45, 46 and 52 of chapter 30, or to chapter 31, or to chapter 200 of the acts of 1976.

(g) The board shall bi-annually elect 1 of its members as treasurer and 1 of its members as secretary. The secretary shall keep a record of the proceedings of the board and shall be custodian of all books, documents, and papers filed by the board and of its minute book and seal. The secretary shall cause copies to be made of all minutes and other records and documents of the center and shall certify that such copies are true copies, and all persons dealing with the center may rely upon such certification.

(h) All officers and employees of the center having access to its cash or negotiable securities shall give bond to the center at its expense in such amounts and with such surety as the board may prescribe. The persons required to give bond may be included in one or more blanket or scheduled bonds.

(i) Board members and officers who are not compensated employees of the center shall not be liable to the commonwealth, to the center or to any other person as a result of their activities, whether ministerial or discretionary, as such board members or officers except for willful dishonesty or intentional violations of law. Neither members of the center nor any person executing bonds or policies of insurance shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof. The board of directors may purchase liability insurance for board members, officers and employees and may indemnify said persons against claims of others.

(j) The center shall continue as long as it shall have bonds or insurance or guarantee commitments outstanding and until its existence is terminated by law. Upon the termination of the existence of the center, all right, title and interest in and to all of its assets and all of its obligations, duties, covenants, agreements and obligations shall vest in and be possessed, performed and assumed by the commonwealth.

(k) Any action of the center may take effect immediately and need not be published or posted unless otherwise provided by law. Meetings of the center shall be subject to sections 20 and 21 of chapter 30A; but, said sections 20 and 21 shall not apply to any meeting of members of the center serving ex officio in the exercise of their duties as officers of the commonwealth so long as no matters relating to the official business of the center are discussed and decided at the meeting. The center shall be subject to all other provisions of said chapter 30A, and records pertaining to the administration of the authority shall be subject to section 42 of chapter 30 and section 10 of chapter 66. All moneys of the center shall be considered to be public funds for purposes of chapter 12A. The operations of the center shall be subject to chapter 268A and chapter 268B and all other operational or administrative standards or requirements to the same extent as the office of the state treasurer.

(l) Any documentary materials or data whatsoever made or received by any member or employee of the center and consisting of, or to the extent that such materials or data consist of, trade secrets or commercial or financial information regarding the operation of any business conducted by an applicant for any form of assistance which the center is empowered to render or regarding the competitive position of such applicant in a particular field of endeavor, shall not be deemed public records of the center and specifically shall not be subject to the provisions of section 10 of chapter 66. Any discussion or consideration of such trade secrets or commercial or

financial information may be held by the board in executive sessions closed to the public notwithstanding the provisions of sections 20 and 21 of chapter 30A, but the purpose of any such executive session shall be set forth in the official minutes of the center and no business which is not directly related to such purpose shall be transacted nor shall any vote be taken during such executive session.

Section 3. (a) The center shall have all powers necessary or convenient to carry out and effectuate its purposes, including, without limiting the generality of the foregoing, the powers:

(1) to adopt and amend bylaws, regulations and procedures for the governance of its affairs and the conduct of its business without regard to chapter 30A;

(2) to establish standards requiring that any grant, loan or other appropriation of funds pursuant to this chapter be subject to an intellectual property agreement between the center and the recipient person.

(3) to adopt an official seal and a functional name;

(4) to maintain offices at places within the commonwealth as it may determine and to conduct meetings of the center in accordance with the by-laws of the authority and the second paragraph of section 59 of chapter 156B;

(5) to sue and be sued, to prosecute and defend actions relating to its properties and affairs, and to be liable in tort in the same manner as a private person; provided however, that the center is not authorized to become a debtor under the United States Bankruptcy Code;

(6) to appoint officers and employees and to engage consultants, agents and advisors;

(7) to enter into contracts and agreements and execute all instruments necessary or convenient thereto for accomplishing the purposes of this chapter; such contracts and agreements may include, without limiting the foregoing, construction agreements, purchase or acquisition agreements, loan or lease agreements, partnership agreements including limited partnership agreements, joint ventures, participation agreements, service agreements with robotics companies, educational or financial institutions or intermediaries, and agreements with 1 or more persons for the servicing of loans made by the center including the receipt by such servicer of payments made by a user under a financing document; provided, however, that the center shall contract with another public authority for the performance by that authority of core administrative functions, as determined by the secretary of housing and economic development which may include, but shall not be limited to, human resources, financial management, information technology, legal, procurement and asset management, to minimize the administrative costs and expenses of the center. Any such payments shall constitute trust funds to be held and applied solely as provided in such agreement for the servicing of loans, shall constitute pledged funds of the center and shall be entitled to the same protection when received by a person for the servicing of loans, without the need for filing and recording of the servicing agreement under the provisions of chapter 106 or otherwise except in the records of the center, as is afforded to funds received by an issuer and pledged to a trustee under section 14 of chapter 40D.

(8) to acquire real and personal property, or any interest in real or personal property, by gift, purchase, transfer, foreclosure, lease or otherwise including rights or easements; to hold, sell, assign, lease, encumber, mortgage or otherwise dispose of any real or personal property, or any interest therein, or mortgage any interest owned by it or under its control, custody or in its

possession; to release or relinquish any right, title, claim, lien, interest, easement or demand however acquired, including any equity or right of redemption in property foreclosed by it; to take assignments of leases and rentals, proceed with foreclosure actions, or take any other actions necessary or incidental to the performance of its corporate purposes;

(9) to invest any funds held in reserves or sinking funds, or the Mass Robotics Investment Fund, or any funds not required for immediate disbursement, in such investments as may be provided in any financing document relating to the use of such funds, or, if not so provided, as the board may determine;

(10) to review and recommend changes in laws, rules, programs, and policies of the state and its agencies and subdivisions to further the enhancement of robotics financing, infrastructure and development within the commonwealth;

(11) to appear in its own behalf before boards, commissions, departments or other agencies of municipal, state or federal government;

(12) to obtain insurance;

(13) to apply for and accept subventions, grants, loans, advances and contributions from any source of money, property, labor or other things of value, to be held, used and applied for its corporate purposes; provided however, that the center shall not accept funding from any source, including any federal agency, if the receipt of said funding would limit the center's ability to promote all forms of robotics research or scientific inquiry;

(14) to borrow money in order to implement the purposes of this chapter and, without limiting the generality of the foregoing, to augment the means of securing financing authorized by law for or otherwise available to public bodies and other users;

(15) to lend money to and to acquire or hold obligations issued by public bodies or other users at such prices and in such manner as the center shall deem advisable and sell such bonds acquired or held by it at prices without relation to cost and in such manner as the center shall deem advisable and to secure its own issues of bonds with such obligations held by it;

(16) to act as the central entity and coordinating organization of robotics initiatives on behalf of the commonwealth and to work in collaboration with governmental entities, bodies, centers, institutes and facilities and promote all areas of robotics to advance the commonwealth's interests and investments in robotics;

(17) to promulgate a code of ethics to address collaborative state and business research activities; provided, however, that said code of ethics shall include recommendations, and proposed legislation if necessary, addressing the issue of exclusive licensing agreements for intellectual property developed using state funds between state-funded colleges and universities and private companies and institutions. Said code shall be forwarded to the clerks of the house and senate who shall forward the same to the joint committee on economic development and emerging technologies.

(18) to enter into agreements with public and private entities that deal primarily with robotic systems or robotics, in order to distribute and provide leveraging of monies or services for the purposes of furthering robotics research in the commonwealth, fostering jobs in robotics

and promoting overall economic growth within the commonwealth by fostering collaboration and investments in robotics in the commonwealth;

(19) to provide and pay for such advisory services and technical assistance as may be necessary or desired to carry out the purposes of this chapter;

(20) to establish and collect such fees and charges as the center without further appropriation shall determine to be reasonable; and to receive and apply revenues from fees and charges to the purposes of the center or allotment by the commonwealth or any political subdivision thereof;

(21) to make loans to any person for the acquisition, construction, alteration, or any combination thereof, or other financing of a project, including but not limited to loans to lending institutions under terms and conditions requiring the proceeds of such loans to be used by such lending institutions for the making of loans to users for qualified projects;

(22) to disburse, appropriate, grant, loan or allocate funds for the purposes of investing in robotic systems and robotics;

(23) to provide assistance to local entities, local authorities, public bodies and private corporations for the purposes of maximizing opportunities for the expansion of robotics in the commonwealth and attracting new robotics entities and investments to the commonwealth, fostering new innovative research applications to the commonwealth and creating new manufacturing and development initiatives in the commonwealth;

(24) to prepare, publish and distribute, with or without charge, as the center may determine, such studies, reports and bulletins and other material as the center deems appropriate;

(25) to exercise any other powers of a corporation organized under chapter 156B; and

(26) to engage accountants, architects, attorneys, engineers, planners, real estate experts and other consultants as may be necessary in its judgment to carry out the purposes of this act and fix their compensation;

(27) to take any actions necessary or convenient to the exercise of any power or the discharge of any duty provided for by this act;

(28) enter into agreements or other transactions with any person, including without limitation any public entity or other governmental instrumentality or agency in connection with its powers and duties under this chapter;

(29) to institute and administer the Massachusetts Robotics Investment Fund, established pursuant to section 4 for the purposes of making appropriations, allocations, grants or loans to leverage development and investments in robotic systems and robotics, facilities of higher education whose work and mission applies directly to the aforementioned industries. The center shall implement an application and grant process for these purposes.

(30) to operate as a licensed small business investment corporation pursuant to the provisions of the Small Business Investment Act of 1958, 15 U.S.C. section 661 et seq. as amended; provided, however, that as an alternative, the board may establish a subsidiary corporation to operate as a licensed small business investment corporation pursuant to said Small Business Investment Act of 1958, 15 U.S.C. section 661 et seq., and to make investments in qualified securities of enterprises through such subsidiary;

(31) to track and report to the general court on federal initiatives that have an impact on robotics companies doing business in the commonwealth; and

(32) to create award programs to acknowledge successful companies, public and private institutions and programs in industry specific areas, as determined by the center.

Section 4. (a) There shall be established a commonwealth robotics investment program which shall be administered by the center. The purpose of the program shall be to expand robotics-related employment opportunities in the commonwealth and to promote robotics-related innovations by supporting and stimulating research and development, manufacturing and commercialization in robotics. Robotics companies certified pursuant to subsection (b) shall be eligible for participation in the program.

(b) The center may, upon a majority vote of the board, certify a robotics company as a certified robotics company upon:

(i) the timely receipt, as determined by the center, of a certification proposal supported by independently verifiable information, signed under the pains and penalties of perjury by a person expressly authorized to contract on behalf of the robotics company and which shall include, but not be limited to: (A) an estimate of the projected new state revenue the robotics company expects to generate during the period for which the company seeks certification, together with a plan, including precise goals and objectives, by which the robotics company proposes to achieve the projected new state revenue, including for each tax year, an estimate of new commercial revenue that the commonwealth would not otherwise have received, an estimate of the number of permanent full-time employees to be hired or retained, an estimate of the year in which the company expects to hire or retain the employees, an estimate of the projected average salaries of

said employees, an estimate of the projected taxable income pursuant to chapter 62 or 63 generated by said employees and an estimate of the methods by which the company shall obtain new employees and pursue a diverse workforce; (B) documentation of an agreement, if any, between the robotics company and banking institutions with which the robotic company shall have agreed to establish accounts and by which the banking institutions shall have agreed to commit a specified percentage of the funds deposited in the accounts for loans made thereby to companies under the small business capital access program established pursuant to section 58 of chapter 23A; and (C) if appropriate, documentation that the robotics company has received approval for a certified project, pursuant to section 3F of chapter 23A; and

(ii) findings made by the center, based on the certification proposal, documents submitted therewith and any additional investigation by the center, and incorporated in its approval, that the robotics company shall meet: (A) all statutory requirements and any other criteria that the center may prescribe including, but not limited to criteria in the following areas: whether the robotics company has sufficient business contacts with the commonwealth as evidenced by its business activity within the commonwealth including, but not limited to, the number of full-time employees employed in the commonwealth; the robotics company's potential to further technological advancements in robotics; the robotics company's potential for leveraging additional funding or attracting additional resources to the commonwealth; the robotics company's potential to promote robotics manufacturing in the commonwealth; and evidence of potential royalty income and contractual means to recapture such income for the purposes of this chapter, as the center considers appropriate; and (B) the new state revenue and employment growth projections, as specified in the certification proposal, over the period for which it receives benefits.

(c) A certified robotics company may, upon a majority vote of the board, be eligible for the following benefits which shall be awarded by the board on a competitive basis: (1) benefits from the robotics tax incentive program established by subsection (d); (2) grants, loans or other investments from the Massachusetts Robotics Investment Fund established by section 5; (3) assistance from the regional technology and innovation centers established by section 8; (4) assistance from the center to obtain designation as a certified project in an economic opportunity area pursuant to section 3F of chapter 23A; (5) assistance from the center in accessing economic incentive programs within the Massachusetts office of business development, including access to the technical, human, financial, training, educational and site-finding resources necessary to expand or locate in the commonwealth; (6) assistance from the center in obtaining federal grants; (7) assistance from the center in facilitating clinical trials; (8) preference for funding for robotic job training programs; or (9) preference for pre-permitted industrial land as identified by the Massachusetts Development Finance Agency.

(d) There shall be established a robotics tax incentive program. The center, in consultation with the department, may annually authorize incentives, including incentives carried forward or refunded pursuant to paragraph 18 of section 30 of chapter 63, clause 10 of subsection (f) of section 38 of said chapter 63, subsection (l) of section 38M of said chapter 63, section 38GG of said chapter 63, section 38HH of said chapter 63, section 38II of said chapter 63, , the third paragraph of subsection (c) of section 42B of said chapter 63 and subsection (yy) of section 6 of chapter 64H in a cumulative amount, including the current year cost of incentives allowed in previous years, that shall not exceed $25,000,000 annually. The center may, in consultation with the department, limit any incentive to a specific dollar amount or time duration or in any other manner deemed appropriate by the department; provided, however, that the

department shall only allocate any such incentives among commonwealth certified robotics companies pursuant to subsection (b) and shall award such tax incentives pursuant to subsection (c).

The center shall provide an estimate to the secretary of administration and finance of the tax cost of extending benefits to a proposed project before certification, as approved by the commissioner of revenue, based on reasonable projections of project activities and costs. Tax incentives shall not be available to a certified robotics company unless expressly granted by the secretary of administration and finance in writing.

(e)(1) Certification granted pursuant to subsection (b) shall be valid for 5 years starting with the tax year in which certification is granted. Each certified robotics company shall file an annual report with the center detailing whether it has met the specific targets established in the proposal pursuant to subclause (A) of clause (i) of subsection (b).

(2) The certification of a robotics company may be revoked by the center after an independent investigation and determination that representations made by the certified robotics company in its certification proposal are materially at variance with the conduct of the robotics company after receiving certification; provided, however, that the center shall review the certified robotics company at least annually; provided, further, that a project with an actual return on investment that is less than 70 per cent of the return on investment projected in the certification proposal shall be deemed to contain a material variance for a revocation determination. If the center determines not to revoke certification upon a finding that the actual return on investment for the project is less than 70 per cent, the center shall provide its reasons for the decision in writing to the secretary of administration and finance, the commissioner of

revenue and the clerks of the house of representatives and the senate, who shall forward the same to the house and senate committees on ways and means, the joint committee on revenue and the joint committee on economic development and emerging technologies. The center shall post these reasons on the internet for public access.

(3) Under this subsection, revocation shall take effect on the first day of the tax year in which the center determines that a material variance commenced. The commissioner of revenue shall, as of the effective date of the revocation, disallow any credits, exemptions or other tax benefits allowed by the original certification of tax benefits under this section. The department shall issue regulations to recapture the value of any credits, exemptions or other tax benefits allowed by the certification under this section; provided, however, that the recapture provisions in section 38GG of chapter 63 shall apply. If the original certification allowed sales and use tax exemptions pursuant to subsection (yy) of section 6 of chapter 64H, the purchaser shall accrue use tax as of the date of revocation on a portion of the sales price on which exemption was claimed that is proportionate to the remaining useful life of the property.

(4) Nothing in this subsection shall limit any legal remedies available to the commonwealth against any certified robotics company.

(f) Capital funding may be revoked only by the center after an independent investigation and determination that representations made by the robotics company in its certification proposal are materially at variance with the conduct of the robotics company after certification; provided, further, that a robotics company generating less than 70 per cent of the projected new state revenue in the certification proposal shall be deemed to contain a material variance for the purposes of a revocation determination. If the center does not revoke certification despite said

material variance, the center shall provide its reasons for the decision in writing to the secretary of administration and finance, the commissioner of revenue and the clerks of the house of representatives and the senate, who shall forward the same to the house and senate committees on ways and means, the joint committee on bonding, capital expenditures and state assets and the joint committee on economic development and emerging technologies. A notice of revocation under this subsection shall specify the date on which the revocation is effective, which shall be the date of the notice or the date on which the center determined that the material variance commenced. The secretary of administration and finance shall, as of the effective date of the revocation, disallow any loans, grants or other benefits allowed by the original certification under this section. The department may issue regulations to recapture any grants or loans allowed by the certification under this section.

(g) The center shall revoke the certification of a robotics company when independent investigations conducted in 2 consecutive years determine that representations made by the robotics company in its project proposal are deemed materially at variance, pursuant to paragraph (2) of subsection (e) or subsection (f).

(h) The board, in consultation with the executive office of administration and finance and the executive office of housing and economic development, shall promulgate rules, regulations or guidelines necessary to carry out the provisions of this section.

Section 5. (a) There shall be established and placed within the center a fund to be known as the Massachusetts Robotics Investment Fund, hereinafter in this section referred to as the fund, to be held by the center separate and apart from its other funds, to finance the activities of the center. The fund shall be credited any appropriations, bond proceeds or other monies

authorized by the general court and specifically designated to be credited thereto, such additional funds as are subject to the direction and control of the center, any pension funds, federal grants or loans, royalties or private investment capital which may properly be applied in furtherance of the objectives of the fund, any proceeds from the sale of qualified investments secured or held by the fund, any fees and charges imposed relative to the making of qualified investments as defined by the center, secured or held by the fund and any other monies which may be available to the center for the purposes of the fund from any other source or sources. Any revenues, deposits, receipts, or funds received through the receipt of royalties, interest, dividends, or the sale of equity instruments shall be deposited in the fund, and shall be available to the center for the purposes described in this section, without further appropriation. All available moneys in the fund that are unexpended at the end of each fiscal year shall not revert to the General Fund and shall be available for expenditure in the subsequent fiscal year.

(b) The center shall invest and reinvest the fund and the income thereof only as follows: (1) making qualified investments pursuant to subsection (c); (2) defraying the ordinary and necessary expenses of administration and operation associated with the center; provided, however, that said administrative and operational expenses shall not exceed 15 per cent of the maximum amount authorized to be expended from the fund in a fiscal year; (3) investing any funds not required for immediate disbursement in the purchase of such securities as may be lawful investments for fiduciaries in the commonwealth; (4) paying binding obligations associated with such qualified investments which shall be secured by the fund as the same become payable; and (5) paying principal or interest on qualified investments secured by the fund or paying any redemption premium required to be paid when such qualified investments shall be redeemed prior to maturity; provided, however, that monies in the fund shall not be

withdrawn at any time in such an amount as would reduce the amount of the fund to less than the minimum requirement thereof established by the board, except for the purpose of paying binding obligations associated with qualified investments which shall be secured by the fund as the same become payable.

(c) The fund shall be held and applied by the center, subject to the approval of the board, to make qualified investments, grants, research and other funding and loans designed to advance the following public purposes for robotics in the commonwealth: (1) to stimulate increased financing for the expansion of research and development by leveraging private financing for highly productive state-of-the-art research and development facilities, equipment and instrumentation and by providing financing related thereto including, but not limited to, financing for the construction or expansion of such new facilities; (2) to make targeted investments, including research funding, proof of concept funding and funding for the development of devices and to promote manufacturing activities for new or existing advanced technologies and robotics research; (3) to make matching grants to colleges, universities, independent research institutions, nonprofit entities, public instrumentalities, companies and other entities in connection with support from the federal government, industry and other grant-funding sources related to the expansion of research and development and to increase and strengthen economic development, employment opportunities and commercial and industrial sectors in the field of robotics; (4) to provide bridge financing to colleges, universities, independent research institutions, nonprofit entities, public instrumentalities, companies and other entities for the receipt of grants as described in clause (3) awarded or to be awarded by the federal government, industry or other sources; (5) to provide fellowships, co-ops, internships, loans and grants; (6) to provide workforce training grants to prepare individuals for robotics

careers; (7) to provide funding for development, coordination and marketing of higher education programs; (8) to make qualified grants to certified robotics companies for site remediation, preparation and ancillary infrastructure improvement projects; and (9) to otherwise further the public purposes set forth herein.

(d) Proceeds of the fund may be used by the center to fund robotics initiatives including: (1) international trade initiatives; (2) qualified grants to graduate level and doctoral students and post-doctoral fellows for living expenses; (3) joint academic and industrial research and development and commercial business exchanges between the commonwealth and Israel, in collaboration with the Massachusetts international trade council; (4) the Massachusetts Technology Transfer Center, established by section 45 of chapter 75 to fund activities that facilitate the transfer of technology from the commonwealth's research institutions to the commonwealth's robotic industries, for productive use by such industries and to make targeted investments in proof of concept funding for emerging technologies; or (5) the Massachusetts Science, Technology Engineering, and Mathematics Grant Fund, established by section 2MMM of chapter 29.

(e) The center shall make no such qualified investment pursuant to clause (1) of subsection (b) unless: (1) said investment has been approved by a majority vote of the board; (2) the recipient is a certified robotics company pursuant to section 4 or a project or initiative listed in subsection (d); (3) the center finds, to the extent possible, that a definite benefit to the commonwealth's economy may reasonably be expected from said qualified investment; provided, further, that in evaluating a request or application for funding, the center shall consider the following: (i) the appropriateness of the project; (ii) whether the project has significant potential to expand employment; (iii) the project's potential to enhance technological

advancements; (iv) the project's potential for leveraging additional funding or attracting resources to the commonwealth; (v) the project's potential to promote manufacturing in the commonwealth; and (vi) evidence of potential royalty income and contractual means to recapture such income for the purposes of this chapter, as the center considers appropriate; (4) to the extent said investment is a capital investment made pursuant to clause (8) of subsection (c), the investment has been approved by the secretary of the executive office of administration and finance upon request of the center; provided, however, that said request shall be submitted to the secretary in writing and shall, include but not be limited to: (i) a description of the project or program to be funded; (ii) the economic benefits to the commonwealth which can reasonably be expected from said project or program; (iii) a copy of the proposed contract or other document executing the transaction between the center and the recipient of the funds; (iv) a description of the contractual or other legal remedies available to the center upon non-performance of the contract or other document executing the transaction by the recipient including, but not limited to, any provisions for restitution or reimbursement of the funds granted, loaned or otherwise invested in or with the recipient; and (v) any other information as the secretary may determine; and (5) said qualified investment conforms with qualified investment rules to be approved by the board.

The qualified investment rules shall set the terms and conditions for investments which shall constitute qualified investments including, but not limited to, loans, guarantees, loan insurance or reinsurance, equity investments, grants awarded pursuant to clause (3) of subsection (c), other financing or credit enhancing devices, as established by the center directly or on its own behalf or in conjunction with other public instrumentalities, or private institutions or the federal government.

The qualified investment rules shall establish the terms, procedures, standards and conditions which the center shall employ to identify qualified applications, process applications, make investment determinations, safeguard the fund, advance the objective of increasing employment opportunities, oversee the progress of qualified investments and secure the participation of other public instrumentalities, private institutions or the federal government in such qualified investments. The qualified investment rules shall provide for negotiated intellectual property agreements between the center and a qualified investment recipient which shall include the terms and conditions by which the fund's support may be reduced or withdrawn.

(f) The center may solicit investments by private institutions or investors in the activities of the fund and may reach agreements with such private institutions or investors regarding the terms of any such investments including, but not limited to, the rights of such investors to participate in the income or appropriation of the fund. To further the objective of securing investments by private institutions or investors in the activities of the fund pursuant to the preceding sentence, the center may develop a proposal creating a separate investment entity which shall permit the commingling of the fund's resources with the maximum participation by such private institutions or investors in a manner consistent with the public purpose of the fund and under the terms and conditions established to protect and preserve the assets of the fund.

(g) Copies of the approved qualified investment rules, and any modifications, shall be submitted to the clerks of the house of representatives and the senate, who shall forward the same to the house and senate committees on ways and means and the joint committee on economic development and emerging technologies.

(h) Qualified investment transactions made by the center pursuant to this section shall not, except as specified in this chapter, be subject to chapter 175, or any successor thereto, and shall be payable solely from the Massachusetts Robotics Investment Fund established by this section and shall not constitute a debt or pledge of the full faith and credit of the commonwealth, the center or any subdivision of the commonwealth.

(i) The center shall not make expenditure from or commitment of the assets of the fund including, but not limited to, the making of qualified investments secured by the fund, if following the making of said qualified investment, the amount of the fund shall be less than the minimum requirement established by the board.

Section 6. (a) There shall be established and placed within the center the Massachusetts Small Business Matching Grant Fund, hereinafter referred to in this section as the fund, to be held by the center separate and apart from its other funds. The fund shall be credited any appropriations, bond proceeds or other monies authorized by the general court and specifically designated to be credited thereto, such additional funds as are subject to the direction and control of the center, any pension funds, federal grants or loans, royalties or private investment capital which may properly be applied in furtherance of the objectives of the fund, any proceeds from the sale of qualified investments secured or held by the fund, any fees and charges imposed relative to the making of qualified investments as defined by the center, secured or held by the fund and any other monies which may be available to the center for the purposes of the fund from any other source or sources. Any revenues, deposits, receipts, or funds received through the receipt of royalties, interest, dividends, or the sale of equity instruments shall be deposited in the fund, and shall be available to the center for the purposes described in this section, without further appropriation. All available moneys in the fund that are unexpended at the end of each

fiscal year shall not revert to the General Fund and shall be available for expenditure in the subsequent fiscal year.

(b) The center shall invest and reinvest the fund and the income thereof only as follows: (1) making qualified grants pursuant to subsection (c); (2) investing any funds not required for immediate disbursement in the purchase of such securities as may be lawful investments for fiduciaries in the commonwealth; (3) paying binding obligations associated with such qualified investments which shall be secured by the fund as the same become payable; and (4) paying principal or interest on qualified investments secured by the fund or paying any redemption premium required to be paid when such qualified investments shall be redeemed prior to maturity; provided, however, that monies in the fund shall not be withdrawn at any time in such an amount as would reduce the amount of the fund to less than the minimum requirement thereof established by the center, except for the purpose of paying binding obligations associated with qualified investments which shall be secured by the fund as the same become payable.

(c) Notwithstanding any provision of this chapter to the contrary, a company need not be a certified robotics company, as established in section 4, to be eligible for matching grants pursuant to this section. The fund shall be held and applied by the center to make qualified loans, grants or other investments to stimulate increased financing for robotics and high technology research and development, manufacturing and commercialization in the commonwealth by matching grants to public agencies, independent research institutions, nonprofits or to robotics or high technology companies to increase and strengthen the commonwealth's economic development, employment opportunities and commercial and industrial sectors. The fund shall provide matching grants to commonwealth-based robotics or high technology companies that receive small business innovation research or small business technology transfer grants from the

Small Business Administration, pursuant to 15 U.S.C. section 638, to assist companies that have developed new commercialization-ready technologies to reach production and create manufacturing jobs in the commonwealth. Said matching grants shall be used to create manufacturing jobs and may be used for, without limitation, the creation of, and capital improvements for, production facilities, workforce training, product marketing and purchasing infrastructure for product manufacturing. Said matching grants shall be distributed to eligible companies that have commercialization-ready technologies developed with assistance from the Small Business Administration in the form of $1 in matching funds for every $1 granted from the SBIR program and phase III grants established by 15 U.S.C. section 638. Said matching grants shall be awarded in consultation with the Smaller Business Association of New England. No such grant to any company shall exceed $500,000 annually and the center shall make no such qualified loan, grant or other investment unless: (1) said loan, grant or investment has been approved by a majority vote of the board; (2) the center finds that, to the extent possible, a definite benefit to the commonwealth's economy may reasonably be expected from said qualified loan, grant or investment; provided, however, that in evaluating a request or application for funding, the center shall consider whether: (i) the loan, grant or investment shall stimulate increased financing for robotics and high technology research and development, manufacturing and commercialization; (ii) the enterprise has a reasonable chance of success; (iii) center participation is necessary; (iv) the enterprise has the reasonable potential to create a substantial amount of new employment in the commonwealth; (v) the principals of the enterprise have made or are prepared to make a substantial financial and time commitment to the enterprise; (vi) binding commitments have been made to the center by the enterprise for adequate reporting of financial data to the center, which shall include a requirement for an annual or other periodic

audit of the books of the enterprise, and for such control on the part of the center as the board shall consider prudent over the management of the company to protect the investment of the center including the board's right to access, without limitation, financial and other records of the enterprise; and (vii) a reasonable effort has been made to find a professional investor to invest in the enterprise and whether such effort was unsuccessful; and (3) said loan, grant or other investment conforms with small business investment rules to be approved by the board.

The small business investment rules shall define robotics technology and high technology for purposes hereof; provided, however, that such definition shall include companies engaging in research and development, commercialization or manufacturing in the commonwealth. The small business investment rules shall establish the terms and conditions for investments which constitute qualified investments, and may include, but not be limited to, loans, guarantees, loan insurance or reinsurance, equity investments or other financing or credit enhancing devices, as made by the center directly or on its own behalf or in conjunction with other public instrumentalities, private institutions or the federal government. The small business investment rules shall establish the terms, procedures, standards and conditions which the center shall employ to identify qualified applications, process applications, make investment determinations, safeguard the fund, advance the objective of increasing employment opportunities for the citizens of the commonwealth, oversee the progress of qualified investments and secure the participation of other public instrumentalities, private institutions or the federal government in such qualified investments. The small business investment rules shall provide that each recipient of a qualified investment shall be required to pay a fee as a condition of such receipt, and said fee may take the form of points, an interest rate premium or a contribution of warrants or other forms of equity or consideration to the fund. The small business investment rules shall provide for

negotiated agreements between the center and each recipient of a qualified investment regarding the terms and conditions by which the fund's support thereof could be reduced or withdrawn.

(d) The center may solicit investments by private institutions or investors in the activities of the fund and may reach agreements with such private institutions or investors regarding the terms of any such investments including, but not limited to, the rights of such investors to participate in the income or appropriation of the fund. To further the objective of securing investments by private institutions or investors in the activities of the fund pursuant to the preceding sentence, the center may develop a proposal relative to the creation of a separate investment entity which shall permit the commingling of the fund's resources with the maximum participation by such private institutions or investors consistent with the public purpose of the fund and under the terms and conditions established to protect and preserve the assets of the fund; provided, however, that if the creation or operation of such a separate entity would require legislation, said proposal shall include proposed statutory language with regard thereto.

(e) Copies of the approved small business investment rules, and any modifications thereto, shall be submitted to the clerks of the house of representatives and the senate, who shall forward the same to the house and senate committees on ways and means and the joint committee on economic development and emerging technologies.

(f) Qualified investment transactions made by the center pursuant to the provisions of this section shall not, except as specified in this chapter, be subject to the provisions of chapter 175, or any successor thereto, and shall be payable solely from the Massachusetts Small Business Matching Grant Fund, established by this section and shall not constitute a debt or pledge of the full faith and credit of the commonwealth, the center or any subdivision of the commonwealth.

(g) The center shall not make expenditure from or commitment of the assets of the fund including, but not limited to, the making of qualified investments secured by the fund, if following the making of said qualified investment, the amount of the fund shall be less than the minimum requirement established by the board.

(h) The center shall develop a plan ensuring that fund disbursements made pursuant to this section shall be distributed throughout all regions of the commonwealth.

Section 7. (a) There shall be established and placed within the center a fund to be known as the Massachusetts Robotics Education Fund, hereinafter in this section referred to as the fund, to be held by the center separate and apart from its other funds. The fund shall be credited any appropriations, bond proceeds or other monies authorized by the general court and specifically designated to be credited thereto, such additional funds as are subject to the direction and control of the center, any pension funds, federal grants or loans, royalties or private investment capital which may properly be applied in furtherance of the objectives of the fund, any proceeds from the sale of qualified investments secured or held by the fund, any fees and charges imposed relative to the making of qualified investments as defined by the center, secured or held by the fund and any other monies which may be available to the center for the purposes of the fund from any other source or sources. Any revenues, deposits, receipts, or funds received through the receipt of royalties, interest, dividends, or the sale of equity instruments shall be deposited in the fund, and shall be available to the center for the purposes described in this section, without further appropriation. All available moneys in the fund that are unexpended at the end of each fiscal year shall not revert to the General Fund and shall be available for expenditure in the subsequent fiscal year.

(b) The center shall invest and reinvest the fund and the income thereof only as follows: (1) making qualified grants pursuant to subsection (c); (2) investing any funds not required for immediate disbursement in the purchase of such securities as may be lawful investments for fiduciaries in the commonwealth; (3) paying binding obligations associated with such qualified investments which shall be secured by the fund as the same become payable; and (4) paying principal or interest on qualified investments secured by the fund or paying any redemption premium required to be paid when such qualified investments shall be redeemed prior to maturity; provided, however, that monies in the fund shall not be withdrawn at any time in such an amount as would reduce the amount of the fund to less than the minimum requirement thereof established by the center, except for the purpose of paying binding obligations associated with qualified investments which are secured by the fund as the same become payable.

(c) The fund shall be held and applied by the center to make qualified grants to vocational technical schools for purchasing or leasing necessary equipment to train students in robotics technology and research; provided, however, that the center shall make no such qualified grants unless: (1) said grant has been approved by a majority vote of the board; (2) the grant recipient shall be a vocational technical school; provided, however, that if funds remain after consideration of grant applications submitted by vocational technical schools, the center may make qualified grants to community colleges established by chapter 15A or any other general or special law; (3) the grant recipient has identified and properly trained instructors to use the equipment to be purchased or leased; and (4) said qualified grants conform with education investment rules approved by the board.

The education investment rules shall set the terms and conditions for grants which constitute qualified grants and shall set forth the terms, procedures, standards and conditions

which the center shall employ to identify qualified applications, process applications, make investment determinations, safeguard the fund, advance the objective of increasing employment opportunities for the citizens of the commonwealth, oversee the progress of qualified grants, and secure the participation of other public instrumentalities, private institutions or the federal government in such qualified grants.

(d) The center may solicit investments by private institutions or investors in the activities of the fund and may reach agreements with such private institutions or investors regarding the terms of any such investments including, but not limited to, the rights of such investors to participate in the income or appropriation of the fund. To further the objective of securing investments by private institutions or investors in the activities of the fund as established in the preceding sentence, the center may develop a proposal relative to the creation of a separate investment entity which shall permit the commingling of the fund's resources with the maximum participation by such private institutions or investors in a manner consistent with the public purpose of the fund and under terms and conditions established to protect and preserve the assets of the fund.

(e) Copies of the approved education investment rules, and any modifications thereto, shall be submitted to the clerks of the house of representatives and the senate and shall forward the same to the house and senate committees on ways and means and the joint committee on economic development and emerging technologies.

(f) Qualified grants and investment transactions made by the center pursuant to the provisions of this section shall not, except as specified in this chapter, be subject to the provisions of chapter 175, or any successor thereto, and shall be payable solely from the

Massachusetts Robotics Education Fund, established by this section and shall not constitute a debt or pledge of the full faith and credit of the commonwealth, the center or any subdivision of the commonwealth.

(g) The center shall not make expenditure from or commitment of the assets of the fund including, but not limited to, the making of qualified investments secured by the fund, if following the making of said qualified investment, the amount of the fund shall be less than the minimum requirement established by the board.

Section 8. (a) The center, in consultation with the advisory board established by section 9, shall identify 1 existing robotics entity with experience facilitating local or regional robotic industry sectors to serve as a regional technology and innovation center in each of the following 5 regions: western Massachusetts, central Massachusetts, northeastern Massachusetts, southeastern Massachusetts and metropolitan Boston.

(b) The purpose of each regional technology and innovation center shall include, but shall not be limited to: (i) encouraging and facilitating collaboration between existing organizations dedicated to promoting the regional robotic industry; (ii) inputting regional robotic industry and educational data, including the documentation of regional lab space, into the robotics industry database as designed and maintained by the center; (iii) organizing, facilitating and implementing regional workforce development initiatives; (iv) providing business management and resource training, including the dissemination of best business practices; (v) facilitating public and private investment; (vi) reviewing and providing recommendations to the center proposals; (vii) identifying property conducive to regional robotic industry expansion; and (viii)

investigating and identifying specific regions or municipalities that have the potential to be developed into a robotics cluster.

(c) The executive director, or the equivalent, of the 5 regional technology and innovation centers shall meet from time to time with the center to exchange information; identify regional needs including, but not limited to, any assistance needed in fulfilling the regional centers' purposes as provided in subsection (b); and advise the center on the effectiveness of programs administered by the center.

(d) Each regional technology and innovation center shall provide an annual report to the center containing such information as may be required by the center to evaluate the progress of each regional center. The center may withdraw a designation as a regional technology and innovation center if a regional center does not satisfactorily meet the purposes of subsection (b), and as provided in any rules, regulations or guidelines established by the center.

Section 9. There shall be an 15-member advisory board advise the center. The governor shall make all appointments to the board; provided, however there shall be: 8 representatives of Massachusetts Technology Collaborative; 1 representative from the University of Massachusetts at Amherst; 1 representative from the University of Massachusetts at Boston; 1 representative from the University of Massachusetts at Dartmouth; 1 representative from the University of Massachusetts at Lowell; and 1 representative from the University of Massachusetts at Worcester. The secretary of labor and workforce development or the secretary's designee, the executive director of the Massachusetts Technology Transfer Center and the 5 executive directors of the regional technology and innovation centers, established pursuant to section 8, shall serve as ex-officio, non-voting members of the advisory board.

Each member shall serve for a term of 3 years, except that in making initial appointments, the governor shall appoint 5 members to serve for a term of 1 year, 5 members to serve for a term of 2 years and 5 members to serve for a term of 3 years. Any person appointed to fill a vacancy in the office of a member of the advisory board shall be appointed in a like manner and shall serve for only the unexpired term of the member who vacated. Members shall be eligible for reappointment. Any member may be removed by the governor for cause. The advisory board shall meet at least bi-annually, but shall meet as often as the members shall determine, or at such other intervals as established by the center's president to review recommendations made by the board. The members of the advisory board shall serve without compensation, but each member shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties.

The duties of the advisory board shall be to advise the center and the board concerning: research and development in the robotics; development of products and the effectiveness of public and private initiatives to further product development; manufacturing and commercialization of robotic systems and robotics; identifying candidates and providing recommendations for the 5 regional technology and innovation centers as established in section 8; and any other area as requested by the board.

The advisory board shall not be a state agency for the purposes of chapter 268A and shall not be subject to sections 20 and 21 of chapter 30A or chapter 66.

Section 10. The center shall develop a comprehensive, internet-based robotics sector database for the organization of all relevant information, as determined by the center, related to the robotics sector in the commonwealth. Access to said database shall be limited at the

discretion of the center's president. Any documentary materials or data received by the center from any entity, private or public, for the express purpose of adding information to the robotic database shall be exempt from section 10 of chapter 66 and the board may hold any discussion or consideration of database materials in executive session closed to the public, notwithstanding the provisions of section 20 and 21 of chapter 30A, but the purpose of any such executive session shall be set forth in the official minutes of the center and business not directly related to such purpose shall not be transacted nor shall any vote be taken during such executive session.

Section 11. (a) The exercise of the powers granted by this chapter shall be for the benefit of the people of the commonwealth; and as the operation of the center shall constitute the performance of essential governmental functions, the center shall not be required to pay any taxes or assessments, except as otherwise provided by this chapter, and the notes or bonds issued pursuant to this chapter, their transfer and the income therefrom, including any profit made on the sale thereof, at all times shall be free from taxation by and within the commonwealth.

(b) The lands and tangible personal property of the center shall be deemed to be public property used for essential public and governmental purposes and shall be exempt from taxation and from betterments and special assessments.

Section 12. The center shall annually complete a detailed report setting forth: its operations and accomplishments; its receipts and expenditures during such fiscal year; its assets and liabilities at the end of its fiscal year; the anticipated return on investment to the commonwealth from the investment of funds administered by the center during such fiscal year; a complete report detailing all companies classified as a certified robotics company; a complete list of grants awarded by the center; a list of other funding activities; reports of patents or

products resulting from funded activities; the status of construction of any real estate project resulting from certification, including whether construction is on-time and on-budget; and a tracking of job creation as a result of funded projects. The center shall annually submit the report to the governor, the secretary of administration and finance, the state comptroller and the clerks of the house of representatives and senate, who shall forward the same to the house and senate committees on ways and means and the joint committee on economic development and emerging technologies on or before October 1. The report shall be posted on the internet in a manner accessible to the public.

Section 13. The books and records of the center shall be subject to a biennial audit by the auditor of the commonwealth.

Section 14. (1) (a) Notwithstanding the provisions of chapter 32, or of any general or special law to the contrary, the center shall establish 1 or more optional retirement programs that qualify pursuant to section 401, 408 or 457 of the Internal Revenue Code, as may be amended from time to time, or contracts providing retirement and death benefits may be purchased by employees of the center who elect to participate in the program. The benefits offered to employees of the center in such optional retirement program shall be provided through such custodial accounts or individual or group annuity contracts, which may be fixed or variable in nature, or a combination thereof; provided, however, that at all times, those annuity contracts issued by licensed insurers under the optional retirement program shall provide the minimum values and guarantees required by the laws governing such contracts in the commonwealth; and provided, further, that the benefits shall be payable only to employees of the center in the program or their beneficiaries, and such benefits shall be paid only by the selected providers in accordance with the terms of the custodial accounts, annuity contracts or certificates providing

coverage to the employee of the center; and provided, further, that such optional retirement program shall not allow an employee of the center to withdraw contributions while an active participant in the center's optional retirement program.

(b) The center shall select at least 2 but no more than 4 providers for the optional retirement program and enter into contracts with them in accordance with the laws governing the procurement of services for executive agencies of the commonwealth; provided, however, that the selected providers shall be authorized to conduct business within the commonwealth, and each and every provider or issuer of annuity contracts under the optional retirement program which is a life insurance company shall hold a certificate of authority to do life insurance business in the commonwealth, maintain the minimum required capital and surplus required for life insurance companies pursuant to the laws of the commonwealth, be a member of the commonwealth's life and health insurance guaranty association and be a member of the life and health insurance guaranty associations in any and all jurisdictions where required by law with similar retirement programs funded in whole or in part through the provider's annuities in which employees of the center participating in the optional retirement program may participate upon transfer of employment; and provided, further, that said board shall coordinate the transfer of funds and information between payroll centers, the selected providers and employees of the center participating in the plan.

(2)(a) Participation in the optional retirement program provided by this section shall be limited to employees of the center who are otherwise eligible for membership in the state employees' retirement system as established under the provisions of chapter 32.

(b) Elections to participate in the optional retirement program shall be made as follows:

(i) Any eligible employee of the center who is initially appointed on or after the effective date of the optional retirement program may elect in writing to participate in the optional retirement program within 90 days of the effective date of the appointment.

Any such election shall be effective as of the effective date of appointment. If an eligible employee of the center fails to make an election as provided in this paragraph, such employee shall become a member of the state employees' retirement system established under the provisions of said chapter 32.

(ii) Any eligible employee of the center who is a member of any retirement system established by the provisions of said chapter 32 on the effective date of the optional retirement program but who has less than 10 years of creditable service on the effective date of the optional retirement program may elect in writing to participate in the optional retirement program within 90 days after the effective date of the optional retirement program. Any such election shall become effective on the first day of the next pay period following such election, and shall constitute a waiver of all retirement benefits to which the individual may be entitled as an employee under any retirement system established under the provisions of said chapter 32.

(iii) Any employee of the center who is a member of any retirement system established by the provisions of said chapter 32 but who has less than 10 years of creditable service on the date such employee becomes eligible to participate in the optional retirement program may elect in writing to participate in such optional retirement program within 90 days of the date said employee becomes eligible. Any such election shall become effective on the first day of the next pay period following such election, and shall constitute a waiver of all retirement benefits to

which the individual may be entitled as an employee under any retirement system established by the provisions of said chapter 32.

(iv) Any eligible employee of the center electing to participate in the optional retirement program shall be ineligible for membership in the state employees' retirement system while he remains continuously employed by the center; provided, however, that the election by an eligible employee to participate in the optional retirement program shall be irrevocable while the employee continues to meet the eligibility requirements; and provided, further, that if an employee becomes ineligible to continue in the optional retirement program, the employee shall thereafter participate in the state employees' retirement system established in accordance with the provisions of said chapter 32.

(3)(a) Any eligible employee of the center electing to participate in the optional retirement program shall not be required to make contributions to the state employee's retirement system but shall contribute to the optional retirement program an amount equal to the contribution which would have been required had such employee been a member of the state employees' retirement system.

(b) For each eligible employee of the center electing to participate in the optional retirement program, the center shall contribute an amount equal to 5 per cent of each employee's regular compensation, as defined in section 1 of chapter 32, to the optional retirement program and a plan established to provide life and disability benefits to all participants in the program; provided, however, that not more than 1 per cent of said contribution shall be made to the plan established to provide said life and disability benefits; provided, further, that the balance of said contribution shall be remitted to the appropriate provider for application to the participating

employee's contract or custodial account, less any monthly fees established by the board in order to cover the reasonably necessary direct costs incurred by the board in establishing and administering the plan.

(c) If any eligible employee of the center is a member of any retirement system established by the provisions of said chapter 32 at the time such employee elects to participate in the optional retirement program, the employee may direct that the amount of the accumulated total deductions, and any interest to which the employee would be entitled under said chapter 32 if the employee withdrew from the system, credited to such employee's account in such retirement system be transferred directly to such employee's account in the optional retirement program. Any such transfer shall be made in the form of a direct trustee-to-trustee transfer in compliance with the requirements of subchapter D of chapter 1 of the Internal Revenue Code.

(d) The funds accumulated under the optional retirement program shall be exempt from taxation. The rights of a participant to a custodial account, an annuity, the annuity contracts or certificates providing coverage to participants, and all right in and to the funds accumulated under the custodial accounts, annuity contracts or certificates shall be exempt from taxation, including income taxes levied pursuant to the provisions of said chapter 62. No assignment of any right in or to any funds or annuities under the optional retirement program shall be valid except such assignment as may be made for the purpose of making restitution in the case of dereliction from duty by any participant as established in section 15 of said chapter 32 if such assignment does not violate the restrictions of the Internal Revenue Code; provided, however, that nothing in this section shall prevent a participant's custodial account or annuity from being attached, taken on execution, assigned, or subject to other process to satisfy a support order

under chapters 208, 209, or 273 if such order constitutes a qualified domestic relations order under the terms of the Internal Revenue Code.

(e) Any eligible employee of the center enrolled in the optional retirement program who retires and wishes to retain the employee’s group insurance coverage as provided in chapter 32A, or retires and wishes to enroll in group insurance coverage pursuant to said chapter 32A, may do so in the same manner, and subject to the same limitations and requirements as an active employee member of the state employees' retirement system. Any eligible employee of the center enrolled in the optional retirement program who retains or enrolls in the group insurance coverage upon retirement shall be deemed to have authorized the employee’s optional retirement program plan provider to deduct from the retired employees account, on a monthly basis, and forward to the group insurance commission, an amount equal to the retired employee's share of the premium as set by said chapter 32A and each annual appropriation act. Each optional retirement program plan provider shall be required to deduct and forward said premium amounts, as determined by the group insurance commission, to the group insurance commission in advance of the month for which the premium is due and in a manner as may be prescribed by the group insurance commission. For group insurance commission purposes employees who were members of the state retirement system when they became eligible to participate in the optional retirement program, and who then enrolled in the optional retirement program, may add their time in the state retirement system to their time in the optional retirement program in determining years of creditable service.

(f) No contribution shall be made under any provision of this section in excess of, or on the basis of compensation in excess of, any limitation that may be imposed pursuant to federal law including, but not limited to, the limitations in 26 U.S.C. sections 401(a)(17), 402(g), 403(b)

and 415, to the extent such limitations apply. The center may adopt rules and regulations as it deems necessary to carry out the purposes of this section including, but not limited to, rules or regulations establishing such limitations only when it determines that such limitations are necessary to comply with applicable provisions of the Internal Revenue Code.

Section 15. The center shall be subject to subsection (i) of section 16G of chapter 6A and section 56 of chapter 23A.

SECTION 2. Section 30 of chapter 63, as most recently amended by sections 105 and 106 of chapter 165 of the acts of 2014, is hereby further amended by adding the following paragraph:-

18. Notwithstanding the last sentence in subparagraph (b) of paragraph 5, to the extent authorized pursuant to the robotics tax incentive program established by section 4 of chapter 23M, losses sustained in any taxable year by a taxpayer engaged in business as a robotics company as defined by section 1 of chapter 23M may, to the extent approved pursuant to said robotics tax incentive program, be carried forward for not more than 15 years; provided, however, that said losses shall not be carried back.

SECTION 3. Subsection (f) of section 38 of chapter 63, as appearing in section 37 of chapter 46 of the acts of 2013, is hereby amended by striking out the words “and (9) in the case of a business deriving receipts from operating a gaming establishment or otherwise deriving receipts from conducting a wagering business or activity, income-producing activity shall be considered to be performed in the commonwealth to the extent that the location of wagering transactions or activities that generated the receipts is in the commonwealth” and inserting in place thereof the following words:- (9) in the case of a business deriving receipts from operating

a gaming establishment or otherwise deriving receipts from conducting a wagering business or activity, income-producing activity shall be considered to be performed in the commonwealth to the extent that the location of wagering transactions or activities that generated the receipts is in the commonwealth; and (10) to the extent authorized under the robotics tax incentive program established by section 4 of chapter 23M, a certified robotics company may be deemed a research and development corporation for purposes of exemptions under chapters 64H and 64I.

SECTION 4. Section 38M of chapter 63, as amended by section 54 of chapter 287 of the acts of 2014, is hereby further amended by adding the following subsection:-

(l) (1) As used in this subsection, the following words shall, unless the context clearly requires otherwise, have the following meanings:

"Robotics", advanced and applied sciences that conceptualize, design, integrate, adapt, evaluate, construct, and expand the understanding of, autonomous systems or machines that are programmable by computer and capable of carrying out a complex series of actions automatically, and the components thereof, including, but not limited to, software, electromechanical systems, artificial intelligence technologies, mobility technologies and perception technologies.

"Person", a natural person, corporation, association, partnership or other legal entity.

"Taxpayer", a certified robotics company or person subject to the taxes imposed by chapters 62, 63, 64H or 64I.

(2) If a credit claimed pursuant to this section by a taxpayer exceeds the amount that may otherwise be allowed pursuant to this section for a taxable year, 90 per cent of the balance of that

credit may, at the option of the taxpayer and to the extent authorized pursuant to the robotics tax incentive program established in subsection (d) of section 4 of chapter 23M, be refundable to the taxpayer for the taxable year. If the credit balance is refunded to the taxpayer, the credit carryover provisions of paragraph (f) shall not apply.

SECTION 5. Chapter 63 is hereby amended by inserting after section 38FF, as appearing in the 2012 Official Edition, the following 3 sections:-

Section 38GG. (a) As used in this section and section 38HH, the following words shall, unless the context clearly requires otherwise, have the following meanings:--

"Person", a natural person, corporation, association, partnership or other legal entity.

"Robotics", advanced and applied sciences that conceptualize, design, integrate, adapt, evaluate, construct, and expand the understanding of, autonomous systems or machines that are programmable by computer and capable of carrying out a complex series of actions automatically, and the components thereof, including, but not limited to, software, electromechanical systems, artificial intelligence technologies, mobility technologies and perception technologies.

"Taxpayer", a robotics company or person subject to the taxes imposed by this chapter or chapter 62, 64H or 64I.

(b) A taxpayer may, to the extent authorized pursuant to the robotics tax incentive program established by section 4 of chapter 23M, take a credit against the taxes imposed by this chapter in an amount equal to 10 per cent of the cost of qualifying property acquired,

constructed, reconstructed or erected during the taxable year and used exclusively in the commonwealth.

Qualifying property shall be tangible personal property and other tangible property including buildings and structural components of buildings acquired by purchase, as defined in section 179(d) of the Code, as amended, and in effect for the taxable year, but not including property that is taxable under chapter 60A; provided, however, that such property shall be depreciable under section 167 of the Code and shall have a useful life of 4 years or more.

With respect to property which is disposed of or ceases to be in qualified use prior to the end of the taxable year in which the credit is to be taken, the amount of the credit shall be that portion of the credit provided for in this paragraph which represents the ratio which the months of qualified use bear to the months of useful life. If property on which credit has been taken is disposed of or ceases to be in qualified use prior to the end of its useful life, the difference between the credit taken and the credit allowed for actual use must be added back as additional taxes due in the year of disposition; provided, however, if such property is disposed of or ceases to be in qualified use after it has been in qualified use for more than 12 consecutive years, it shall not be necessary to add back the credit, as provided in this paragraph. The amount of credit allowed for actual use shall be determined by multiplying the original credit by the ratio which the months of qualified use bear to the months of useful life. For the purposes of this paragraph, useful life of property shall be the same as that used by the corporation for depreciation purposes when computing federal income tax liability.

The credit allowed under this section may be taken by an eligible corporation; provided, however, that neither credit allowed by section 31A nor section 31H is taken by such

corporation; and provided, further, that the credit allowed by section 38N shall not be taken except to such extent, not to exceed 2 per cent of the cost of any qualifying property.

Nothing in this section shall limit the authority of the commissioner to make adjustments to a taxpayer's liability upon audit or limit any other legal remedies available to the commissioner or the commonwealth against said taxpayer.

(c) The credit allowed by this section shall not be subject to section 32C.

(d) If a taxpayer that is subject to a minimum excise under this chapter, the amount of the credit allowed by this section shall not reduce the excise to an amount less than such minimum excise.

(e) A taxpayer entitled to a credit under this section for any taxable year may, to the extent authorized pursuant to the robotics tax incentive program established by section 4 of chapter 23M, carry over and apply to its excise for any 1 or more of the next succeeding 10 taxable years, the portion, as reduced from year to year, of those credits which were not allowed by subsection (c) or which exceed the excise for the taxable year.

(f) For corporations filing a combined return of income under section 32B, a credit generated by an individual member corporation under this section shall first be applied against the separately determined excise attributable to that member, subject to the limitations of subsection (d). A member corporation with an excess credit may apply its excess credit against the excise of another group member, to the extent that such other member corporation may use additional credits under the limitation of paragraph (d). Unused, unexpired credits generated by member corporations shall be carried over from year to year by the individual corporation that generated the credit.

(g) The commissioner shall promulgate regulations necessary to implement this section. Said regulations may provide for the adjustment of intercompany prices and elimination of intercompany transactions to ensure that all amounts upon which the credit is based reasonably reflect fair market value and shall include provisions to prevent the generation of multiple credits with respect to the same property.

(h) If a credit allowed to a taxpayer under this section, or such credit as may be allowed under section 38N of this chapter as limited in this subsection, exceeds the excise otherwise due under this chapter, 90 per cent of the balance of such credit may, at the option of the taxpayer and to the extent authorized pursuant to the robotics tax incentive program established by section 4 of chapter 23M, be refundable to the taxpayer for the taxable year in which qualified property giving rise to that credit is placed in service. If such credit balance is refunded to the taxpayer, the credit carryover provisions of subsection (e) and said section 38N shall not apply.

Section 38HH. (a) A taxpayer may, to the extent authorized pursuant to the robotics tax incentive program established by section 4 of chapter 23M, be allowed a credit against its excise due under this chapter equal to the sum of 10 per cent of the excess, if any, of the qualified research expenses for the taxable year, over the base amount, and 15 per cent of the basic research payments determined pursuant to section 41(e)(1)(A) of the Internal Revenue Code. The terms “qualified research expenses”, “base amount”, “qualified organization base period amount”, “basic research” and any other terms affecting the calculation of the credit shall, unless the context otherwise requires or unless otherwise stated in this section, have the same meanings as under said section 41 of said Code.

In determining the amount of the credit allowable under this section, the commissioner of revenue may aggregate the activities of all corporations that are members of a controlled group of corporations, as defined by 41(f)(1)(A) of said Code, and may aggregate the activities of all entities, whether or not incorporated, that are under common control, as defined in section 41(f)(1)(B) of said Code.

(b) For a qualified robotics company, research and development costs, within the meaning of section 41 of said Code, shall include, to the extent they relate to legally mandated clinical trial activities, those qualified research expenditures that are performed both inside and outside of the commonwealth.

(c) For purposes of section 30, the deduction from gross income that may be taken with respect to any expenditures qualifying for a credit under said section 41 of said Code shall be based upon its cost less the credit allowable under this section; provided, however, that section 280C(c) of said Code shall not apply.

(d) The credit allowed hereunder for any taxable year shall not reduce the excise to less than the amount due under subsection (b) of section 39, section 67 or under any other general or special law.

(e) The credit allowed under this section shall be limited to 100 per cent of a corporation's first $25,000 of excise, as determined before the allowance of any credits, plus 75 per cent of the corporation's excise, as so determined in excess of $25,000. The commissioner of revenue shall promulgate regulations similar to those authorized under section 38(c)(2)(B) of the Internal Revenue Code for purposes of apportioning the $25,000 amount among members of a

controlled group. Nothing in this section shall alter section 32C, as it affects other credits under this chapter.

(f) If a corporation files a combined return of income under section 32B, a credit generated by an individual member corporation under this section shall first be applied against the excise attributable to that company under sections 32 or 39, subject to the limitations of subsections (d) and (e). A member corporation with an excess research and development credit may apply its excess credit against the excise of another group member if such other member corporation may use additional credits under the limitations of said subsections (d) and (e). Unused, unexpired credits generated by a member corporation shall be carried over from year to year by the individual corporation that generated the credit and shall not be refundable. Nothing in this section shall alter subsection (h) of section 31A.

(g) A corporation entitled to a credit under this section for any taxable year may carry over and apply to its excise for any of the next succeeding 15 taxable years that portion, as reduced from year to year, of its credit which exceeds its excise for the taxable year. A corporation may carry over and apply to its excise for any subsequent taxable year that portion, as reduced from year to year, of those credits which were not allowed by subsection (f).

(h) The commissioner of revenue shall promulgate regulations necessary to carry out this section.

Section 38II.

(a) A taxpayer, to the extent authorized by the robotics tax incentive program established in section 4 of chapter 23M, may be allowed a refundable jobs credit against the tax liability

imposed under this chapter in an amount determined by the Mass Robotics Center in consultation with the department.

(b) A taxpayer taking a credit under this section shall commit to the creation of a minimum of 50 net new permanent full-time positions in the commonwealth.

(c) A credit allowed under this section shall reduce the liability of the taxpayer under this chapter for the taxable year. If a credit claimed under this section by a taxpayer exceeds the taxpayer's liability as otherwise determined under this chapter for the taxable year, 90 per cent of such excess credit, to the extent authorized pursuant to the robotics tax incentive program, shall be refundable to the taxpayer. Excess credit amounts shall not be carried forward to other taxable years.

(d) The department shall issue the refundable portion of the jobs credit without further appropriation and in accordance with the cumulative amount, including the current year costs of incentives allowed in previous years, which shall not exceed $25,000,000 annually as set forth in subsection (d) of said section 4 of said chapter 23M.

SECTION 6. Subsection (c) of section 42B of said chapter 63, as appearing in the 2012 Official Edition, is hereby amended by adding the following paragraph:-

To the extent authorized pursuant to the robotics tax incentive program established by section 4 of chapter 23M, a certified robotics company may be deemed a research and development corporation for purposes of exemptions under chapters 64H and 64I.

SECTION 7. Section 6 of chapter 64H is hereby amended by inserting after subsection (xx), as appearing in the 2012 Official Edition, the following subsection:-

(yy) (1) As used in this subsection, the following words shall, unless the context clearly requires otherwise, have the following meanings:--

"Robotics", advanced and applied sciences that conceptualize, design, integrate, adapt, evaluate, construct, and expand the understanding of, autonomous systems or machines that are programmable by computer and capable of carrying out a complex series of actions automatically, and the components thereof, including, but not limited to, software, electromechanical systems, artificial intelligence technologies, mobility technologies and perception technologies.

"Robotics company", a business corporation, partnership, firm, unincorporated association or other entity engaged in robotics research, development, manufacturing or commercialization in the commonwealth, and any affiliate thereof, which is, or the members of which are, subject to taxation under this chapter.

"Utility support systems", all areas of utility support systems including, but not limited to, site, civil, mechanical, electrical and plumbing systems.

(2) Sales of tangible personal property purchased for a certified robotics company, to the extent authorized pursuant to the robotics tax incentive program established by section 4 of chapter 23M, for use in connection with the construction, alteration, remodeling, repair or remediation of research, development or manufacturing facilities and utility support systems. Only purchases made on or after the effective date of this section shall be eligible for this exemption.

SECTION 8. Notwithstanding any general or special law to the contrary, 10 days after the effective date of this act, the comptroller shall transfer $10,000,000 from the General Fund to

the Massachusetts Robotics Investment Fund established pursuant to section 5 of chapter 23M of the General Laws.