

HOUSE No. 4592

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, June 11, 2018.

The committee on Economic Development and Emerging Technologies to whom was referred the message from His Excellency the Governor recommending legislation relative to enhancing opportunities for all (House, No. 4297), reports recommending that the accompanying bill (House, No. 4592) ought to pass.

For the committee,

JOSEPH F. WAGNER.

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The Commonwealth of Massachusetts

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

An Act relative to economic development in the commonwealth.

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

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

7 SECTION 2A.

8 EXECUTIVE OFFICE OF HOUSING AND ECONOMIC DEVELOPMENT

9 Office of the Secretary

10 6720-1351. For a grant program to coastal communities to be administered by the
11 Seaport Economic Council; provided that funding shall be used for community planning and
12 investment activities that stimulate economic development and create jobs in the maritime

13 economy sector, and to construct, improve, repair, maintain and protect coastal assets that are
14 vital to achieving these aims; provided further, that that the planning, prioritization, selection and
15 implementation of projects shall consider climate change impacts in furtherance of the goals of
16 climate change mitigation and adaptation and consistent with the integrated state hazard
17 mitigation and climate change adaptation plan..... \$50,000,000

18 7002-1501. For grants administered by Massachusetts Technology Development
19 Corporation established by section 2 of chapter 40G of the General Laws, and doing business as
20 MassVentures; provided such grants shall be made on a competitive basis to growing
21 Massachusetts-based companies commercializing technologies developed with assistance of a
22 Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR)
23 grant from a federal agency such as, but not limited to, the Department of Defense, the
24 Department of Energy, or the National Science Foundation..... \$12,500,000

25 7002-8006. For the MassWorks infrastructure program established by section 63 of
26 chapter 23A of the General Laws.....\$300,000,000

27 7002-8007. For matching grants to enable institutions of higher education, including
28 state and municipal colleges and universities, to participate in and receive federal funding
29 through Manufacturing USA, formerly known as the National Network for Manufacturing
30 Innovation..... \$25,000,000

31 7002-8019. For the Massachusetts Growth Capital Corporation established pursuant to
32 section 2 of chapter 40W of the General Laws, for a program to provide matching grants to
33 community development financial institutions certified by the United States Treasury or
34 community development corporations certified under chapter 40H of the General Laws to enable

35 them to leverage federal or private investments for the purpose of making loans to small
36 businesses..... \$1,250,000

37 7002-8022. For the Massachusetts Cybersecurity Innovation Fund established in
38 section 4H of chapter 40J of the General Laws.....\$2,500,000

39 7002-8023. For grants to coastal communities to undertake dredging projects that will
40 promote job creation, increase commercial activity, contribute to downtown revitalization, or
41 advance other local economic development goals; provided that all grants shall be matched on a
42 1:1 basis by the grantee..... \$50,000,000

43 SECTION 2B.

44 EXECUTIVE OFFICE OF EDUCATION

45 Office of the Secretary

46 7009-2005. For a competitive grant program to be administered by the executive
47 office of education, in consultation with the executive office of housing and economic
48 development and the executive office of labor and workforce development, to provide funding
49 for the purchase and installation of equipment and any related improvements and renovations to
50 facilities necessary for the installation and use of such equipment, in order to establish, upgrade
51 and expand career technical education and training programs that are aligned to regional
52 economic and workforce development priorities; provided, that grant applications may facilitate
53 collaboration to provide students enrolled in eligible vocational technical schools with
54 postsecondary opportunities consistent with clause (o) of the first paragraph of section 22 of
55 chapter 15A of the General Laws and section 37A of chapter 74 of the General Laws; provided

56 further, that community colleges, and innovation centers that receive funds from the
57 Massachusetts Life Sciences Center shall also be eligible for funds from this program; provided
58 further, that the executive office of education, in consultation with the executive office of
59 housing and economic development and the executive office of labor and workforce
60 development, shall adopt additional guidelines as necessary for the administration of the
61 program; provided further, that awards may be made to community-based organizations with
62 recognized success in training adults with barriers to employment..... \$75,000,000

63 MASSACHUSETTS DEPARTMENT OF TRANSPORTATION

64 Office of the Secretary

65 6720-1341. For mitigation of or contribution toward any costs associated with or
66 arising out of design, construction or infrastructure improvements to the Raymond L. Flynn
67 Cruiseport in the South Boston section of the city of Boston to accommodate large cruise ships
68 and increasing passenger demand, for the continued competitiveness of the terminal; provided,
69 that the secretary, in coordination with the chief executive officer of the Massachusetts Port
70 Authority, shall seek to maximize federal and private funds and reimbursement to offset, to the
71 extent feasible, costs incurred under this item.....\$100,000,000

72 EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE

73 Office of the Secretary.

74 0640-0302. For the Massachusetts Cultural Facilities Fund established in section 42 of
75 chapter 23G of the General Laws for the acquisition, design, construction, repair, renovation,
76 rehabilitation or other capital improvement or deferred maintenance to a cultural facility to

77 advance and promote tourism through the preservation of the state’s cultural
78 resources.....\$50,000,000

79 SECTION 3. Section 16 of chapter 6D of the General Laws, as appearing in the 2016
80 Official Edition, is hereby amended by striking out subsection (c).

81 SECTION 4. Subsection (b) of section 3A of chapter 23A of the General Laws, as so
82 appearing, is hereby amended by inserting after the definition of “expansion of an existing
83 facility” the following definition:-

84 “Extraordinary economic development opportunity”, a proposed project that is jointly
85 designated by the secretary of the executive office of housing and economic development and the
86 secretary of the executive office for administration and finance as an extraordinary economic
87 development opportunity as provided in subsection (e) of section 3C.

88 SECTION 5. Section 3C of said chapter 23A, as so appearing, is hereby amended by
89 adding the following 2 subsections:-

90 (d) Notwithstanding the requirements of subsections (b) and (c), the EACC may by
91 guidelines or regulations establish a program to incent businesses to occupy vacant storefronts in
92 downtown areas. The EACC may award EDIP tax credits to storefront tenants on a competitive
93 basis taking into account factors such as the number of jobs to be created; the volume of
94 pedestrian traffic to be generated; potential synergy with other downtown businesses; whether
95 there is a matching contribution from the municipality or the landlord; commitment to storefront
96 improvements; and whether the municipality has made local plans or investments to revitalize
97 the downtown. Certification of such projects shall require that a business commit to occupy the
98 vacant storefront for a period of not less than 1 year, but shall not require the business to invest

99 in improvements or to create new jobs. The EACC shall not award more than \$500,000 in EDIP
100 tax credits in a calendar year to projects certified pursuant to this subsection.

101 (e) The secretary of the executive office of housing and economic development and the
102 secretary of the executive office for administration and finance may from time to time jointly
103 designate a proposed project as an extraordinary economic development opportunity if the
104 secretaries jointly determine that the proposed project involves the construction or substantial
105 rehabilitation of a new facility or expansion of an existing facility within the commonwealth that
106 is not a replacement of an existing facility in the commonwealth, or involves the relocation of an
107 existing business to the commonwealth from a facility located outside of the commonwealth, and
108 the proposed project meets at least one of the following additional criteria:

109 (1) The proposed project, if approved and constructed, will create at least 400 new
110 jobs; or

111 (2) The proposed project, if approved and constructed, will result in the creation of at
112 least 200 new jobs in a gateway municipality or in an adjacent city or town that is accessible by
113 public transportation to residents of a gateway municipality.

114 The decision by the secretaries to designate or not to designate a proposed project as an
115 extraordinary economic development opportunity shall be a decision that is within the sole
116 discretion of each of the secretaries, and may include such conditions as the secretaries shall in
117 their discretion impose. Such decisions shall be final and shall not be subject to administrative
118 appeal or judicial review under chapter 30A or give rise to any other cause of action or legal or
119 equitable claim or remedy.

120 SECTION 6. Subsection (b) of said section 3D of said chapter 23A, as so appearing, is
121 hereby further amended by adding the following sentence:-

122 Refundable credits awarded to a certified project that has been designated as an
123 extraordinary economic development opportunity shall not be counted against the cap set forth in
124 this subsection.

125 SECTION 7. Subsection (c) of said section 3D of said chapter 23A, as so appearing, is
126 hereby amended by inserting after the first sentence the following sentence:-

127 Notwithstanding the cap set forth in the preceding sentence, the EACC may authorize
128 credits in excess of the annual cap of \$30,000,000 for a certified project that is designated as an
129 extraordinary economic development opportunity; provided that the total amount awarded shall
130 not exceed \$50,000,000 in a calendar year.

131 SECTION 8. Said chapter 23A is hereby amended by striking out section 10B, as so
132 appearing, and inserting in place thereof the following section:-

133 Section 10B. The secretary of housing and economic development shall establish a
134 Massachusetts advanced manufacturing collaborative, hereinafter referred to as the collaborative,
135 within the executive office of housing and economic development, which shall be responsible for
136 advising and assisting on the development, implementation and periodic update of a plan to
137 foster and strengthen the conditions necessary for growth and innovation of manufacturing
138 within the commonwealth. The collaborative shall include, but not be limited to: the secretary of
139 housing and economic development, or a designee, who will serve as chair; the secretary of labor
140 and workforce development, or a designee; 1 person who shall be appointed by the speaker of
141 the house of representatives; 1 person who shall be appointed by the president of the senate; the

142 director of the office of business development; the executive director of the Massachusetts clean
143 energy center; the executive director of the Massachusetts Life Sciences Center; the executive
144 director of the John Adams Innovation Institute; the director of the Massachusetts Technology
145 Transfer Center; the executive director of the Massachusetts manufacturing extension
146 partnership; a representative from the Associated Industries of Massachusetts; a representative
147 from the Massachusetts Workforce Board Association; a representative from the Massachusetts
148 Development Finance Agency; a representative from the Massachusetts Technology Park
149 Corporation; a representative from a local chamber of commerce appointed by the governor; and
150 8 members appointed by the governor to represent the commonwealth's large manufacturers,
151 small-to-medium sized enterprises, incubators, innovation centers and federally-funded research
152 and development centers. The collaborative shall consult with stakeholders in the public and
153 private sector in the development and implementation of the commonwealth's manufacturing
154 plan, identify emerging priorities within the commonwealth's manufacturing sector in order to
155 make recommendations for high impact projects and initiatives, and facilitate the implementation
156 of goals established under the plan. Provided further, the collaborative shall develop a statewide
157 certification process for the advanced manufacturing industry with the goal of establishing
158 uniform industry workforce standards across the commonwealth. The collaborative may
159 establish working groups that aid in the development and implementation of the plan.

160 SECTION 9. Subsection (b) of section 2RR of chapter 29 of the General Laws, as so
161 appearing, is hereby amended by inserting after paragraph (2) the following paragraph:-

162 (3) To provide grants for pipeline training for unemployed persons by an employer with a
163 job vacancy; provided that, the director shall not allocate more than 5 per cent of the annual
164 capitalization of the fund to provide for such grants. In determining who shall receive the grants,

165 the director shall contract with the Commonwealth Corporation to distribute the grants in a need-
166 based, competitive process in accordance with the rules and parameters outlined in section
167 2WWW of chapter 29. The grants shall be performance based; with 50% paid upon enrollment in
168 the program, and the balance to be paid contingent on job placement and retention outcomes;
169 provided that for the purpose of this section, job placement shall mean placement in a training
170 related position requiring at least 30 hours per week; further, retention outcomes shall mean
171 placement in said position for at least two months. To further support pipeline training, and to
172 match the substantial contributions made from employers to the fund, the commonwealth shall
173 match, subject to appropriation, dollar for dollar, any monies used for grants pursuant to this
174 paragraph.

175 SECTION 10. Chapter 40J of the General Laws is hereby amended by inserting after
176 section 4G the following section:-

177 Section 4H. (a) In order to grow the cybersecurity industry cluster in the commonwealth
178 and protect against cybersecurity threats, there is hereby established and set up on the books of
179 the corporation the Massachusetts Cybersecurity Innovation Fund, hereinafter referred to as the
180 fund, to which shall be credited the proceeds of any bonds or notes of the commonwealth issued
181 for the purpose, and any appropriations designated by the general court to be credited thereto.
182 The fund shall be administered by the corporation. The corporation shall hold the fund in an
183 account or accounts separate from other funds of the corporation. The purpose of the fund shall
184 be to: (i) support facilities, hardware and software used to develop or test cybersecurity solutions
185 and enable the growth of innovative ideas to address cybersecurity threats; (ii) accelerate the
186 growth of the cybersecurity cluster and related clusters; (iii) expand employment opportunities
187 and address talent pipeline needs in the cybersecurity industry and related industries for the

188 residents of the commonwealth, including, but not limited to, women, minorities, veterans, and
189 unemployed and underemployed individuals, through workforce training; (iv) match public and
190 private universities with industry participants to develop cybersecurity technology and expand
191 other relevant capabilities; and (v) promote the development and implementation of educational
192 programs within the commonwealth’s public schools, kindergarten to grade 12, inclusive, and
193 public institutions of higher education through collaboration with Massachusetts Computing
194 Attainment Network.

195 SECTION 11. Chapter 40M of the General Laws is hereby amended by adding the
196 following section:-

197 Section 18. Notwithstanding any general or special law to the contrary, chapter 176W
198 shall apply to groups governed by this chapter.

199 SECTION 12. Paragraph (a) of part B of section 3 of chapter 62 of the General Laws, as
200 so appearing, is hereby amended by striking out subparagraph (10) and inserting in place thereof
201 the following subparagraph:- (10) An amount equal to ten per cent of the cost of renovating
202 any abandoned building that is part of a certified project as defined in section 3A of chapter 23A.

203 SECTION 13. Paragraph (1) of subsection (g) of section 6 of said chapter 62, as so
204 appearing, is hereby amended by inserting after the word “contract,” in line 149, the following
205 words:- “, “extraordinary economic development opportunity”.

206 SECTION 14. Paragraph (3) of said subsection (g) of said section 6 of said chapter 62, as
207 so appearing, is hereby further amended by inserting after the second sentence the following
208 sentence:- Notwithstanding the cap set forth in this paragraph, the EACC may authorize an
209 additional \$20,000,000 in EDIP tax credits to any project designated as an extraordinary

210 economic development opportunity in accordance with subsection (e) of section 3C of chapter
211 23A; provided that if such designation and authorization occurs, the total amount of EDIP tax
212 credits awarded by the EACC pursuant to this subsection and section 38N of chapter 63 shall not
213 exceed \$50,000,000 in a calendar year.

214 SECTION 15. Said section 6 of said chapter 62, as so appearing, is hereby amended by
215 adding the following subsection:-

216 (u)(1) An employer that is not a business corporation subject to the excise under chapter
217 63, shall be allowed a credit equal to \$4,800 or 50% of the wages paid to each qualified
218 apprentice in a taxable year, whichever is less, against the tax liability imposed by this chapter.
219 If a credit allowed by this subsection exceeds the tax otherwise due under this chapter, 100 per
220 cent of the balance of such credit may, at the option of the taxpayer, be refundable to the
221 taxpayer. In order to qualify, the apprentice must meet the definition of apprentice in section
222 11H of chapter 23 and must be hired and trained in one of the following occupations, as defined
223 by the Bureau of Labor Statistics: computer occupations, as defined by Standard Occupational
224 Codes 15-1200; healthcare technologists and technicians, as defined by Standard Occupational
225 Codes 29-2000; healthcare practitioner support technologists and technicians, as defined by
226 Standard Occupational Codes 29-2050; healthcare support occupations, as defined by Standard
227 Occupational Codes 310000; or production occupations employed in the manufacturing industry,
228 as defined by Standard Occupational Codes 51-000, NAICS code 31-33.

229 (2) To be eligible for a credit under this subsection, (a) the primary place of employment
230 of the apprentice must be in the commonwealth, (b) the business must be registered with the
231 division of apprentice standards as an apprenticeship program sponsor and have an apprentice

232 agreement, as defined in section 11H of chapter 23, with each apprentice for whom the credit is
233 claimed, and (c) the apprentice must have been employed as an apprentice by the business for at
234 least 180 calendar days in the taxable year in which the credit is claimed.

235 (3) An employer that is eligible for and claims the credit allowed under this subsection in
236 a taxable year with respect to a qualified apprentice shall be eligible for a credit in the
237 subsequent taxable year with respect to such qualified apprentice, subject to certification by the
238 division of apprentice standards of continued employment as an apprentice during the subsequent
239 taxable year in the manner required by the commissioner. Any credit allowed under this
240 subsection shall not be transferable

241 (4) The secretary of labor and workforce development, in consultation with the
242 commissioner, shall promulgate regulations establishing an application process for the credit;
243 provided, however, that the regulations shall include a maximum number of qualified apprentices
244 for which a taxpayer may claim the credit in a year.

245 (5) The credit under this subsection shall be attributed on a pro rata basis to the owners,
246 partners or members of the legal entity entitled to the credit under this subsection, and shall be
247 allowed as a credit against the tax due under this chapter of such owners, partners or members, in
248 a manner determined by the commissioner.

249 (6) The secretaries of labor and workforce development and administration and finance,
250 acting jointly and in writing shall authorize tax credits pursuant to this subsection and section
251 38GG of chapter 63. The total amount of credits that may be authorized in a calendar year
252 pursuant to this subsection and said section 38GG of chapter 63 shall not exceed \$2,500,000. No
253 credits shall be allowed under this section except to the extent in this subsection. The

254 commissioner, after consulting with the secretaries, on the criteria set forth in paragraphs (1) and
255 (2) of this subsection, shall adopt regulations governing applications for and other administration
256 of the tax credits. The secretaries and the division of apprentice standards shall provide the
257 commissioner with the documentation that the commissioner deems necessary to confirm
258 compliance with the annual cap.

259 (7) The commissioner, in consultation with the secretaries, shall annually, not later than
260 March 1, file a report with the house and senate committees on ways and means, the joint
261 committee on economic development and emerging technologies, and the joint committee on
262 labor and workforce development identifying the following: i) total amount of tax credits
263 claimed pursuant to this subsection; ii) the number of participating apprentices and relevant
264 wage information; iii) the number of applications received and the number of participating
265 employers; iv) the areas of occupation by qualifying tax credit beneficiaries; v) program
266 outcomes for apprentices, including job retention and further employment opportunities; and vi)
267 whether the tax credit program is achieving its public policy purpose to create talent pipelines for
268 businesses and provide career pathways toward high demand occupations for unemployed and
269 underemployed residents of the commonwealth.

270 SECTION 16. Subsection (a) of section 38N of chapter 63 of the General Laws, as so
271 appearing, is hereby amended by inserting after the word “contract,” in line 2, the following
272 words:- “, “extraordinary economic development opportunity”.

273 SECTION 17. The first paragraph of subsection (c) of said section 38N of said chapter
274 63, as so appearing, is hereby amended by adding the following sentence:-

275 Notwithstanding the cap set forth in this paragraph, the EACC may authorize an award of
276 an additional \$20,000,000 in EDIP tax credits to any project designated as an extraordinary
277 economic development opportunity in accordance with subsection (e) of section 3C of chapter
278 23A; provided that that if such designation and authorization occurs, the total amount of EDIP
279 tax credits awarded by the EACC pursuant to this section and subsection (g) of section 6 of
280 chapter 62 shall not exceed \$50,000,000 in a calendar year.

281 SECTION 18. Section 38O of said chapter 63, as so appearing, is hereby amended by
282 striking out, in lines 4 to 5, the words “either located within an economic target area designated
283 under section 3G of chapter 23A, or”.

284 SECTION 19. Said chapter 63 is hereby amended by inserting after section 38FF the
285 following section:-

286 Section 38GG.

287 (a) A business corporation engaged in business in the commonwealth shall be allowed a
288 credit against its excise due under this chapter in an amount equal to \$4,800 or 50% of the wages
289 paid to each qualified apprentice in a taxable year, whichever is less. If a credit allowed by this
290 section exceeds the tax otherwise due under this chapter, 100 per cent of the balance of such
291 credit may, at the option of the taxpayer, be refundable to the taxpayer. In order to qualify, the
292 apprentice must meet the definition of apprentice in section 11H of chapter 23 and must be hired
293 and trained in one of the following occupations, as defined by the Bureau of Labor Statistics:
294 computer occupations, as defined by Standard Occupational Codes 15-1200; healthcare
295 technologists and technicians, as defined by Standard Occupational Codes 29-2000; healthcare
296 practitioner support technologists and technicians, as defined by Standard Occupational Codes

297 29-2050; healthcare support occupations, as defined by Standard Occupational Codes 310000; or
298 production occupations if employed in the manufacturing industry, as defined by Standard
299 Occupational Codes 51-000, NAICS code 31-33.

300 (b) To be eligible for a credit under this section, (a) the primary place of employment of
301 the apprentice must be in the commonwealth, (b) the business corporation must be registered
302 with the division of apprentice standards as an apprenticeship program sponsor and have an
303 apprentice agreement, as defined in section 11H of chapter 23, with each apprentice for whom
304 the credit is claimed, and (c) the apprentice must have been employed by the business
305 corporation as an apprentice for at least 180 calendar days in the taxable year in which the credit
306 is claimed.

307 (c) A business corporation that is eligible for and claims the credit allowed under this
308 section in a taxable year with respect to a qualified apprentice shall be eligible for a credit in the
309 subsequent taxable year with respect to such qualified apprentice, subject to certification by the
310 division of apprentice standards of continued employment as an apprentice during the subsequent
311 taxable year in the manner required by the commissioner. Any credit allowed under this section
312 shall not be transferable.

313 (d) The secretary of labor and workforce development, in consultation with the
314 commissioner, shall promulgate regulations establishing an application process for the credit;
315 provided, however, that the regulations shall include a maximum number of qualified apprentices
316 for which a taxpayer may claim the credit in a year.

317 (e) The secretaries of labor and workforce development and administration and finance,
318 acting jointly and in writing shall authorize tax credits pursuant to this section and subsection (u)

319 of section 6 of chapter 62. The total amount of credits that may be authorized in a calendar year
320 pursuant to this section and said subsection (u) of section 6 of chapter 62 shall not exceed
321 \$2,500,000. No credits shall be allowed under this section except to the extent in this section.
322 The commissioner, after consulting with the secretaries, on the criteria set forth in subsections (a)
323 and (b) of this section, shall adopt regulations governing applications for and other
324 administration of the tax credits. The secretaries and the division of apprentice standards shall
325 provide the commissioner with the documentation that the commissioner deems necessary to
326 confirm compliance with the annual cap.

327 (f) The commissioner, in consultation with the secretaries, shall annually, not later than
328 March 1, file a report with the house and senate committees on ways and means, the joint
329 committee on economic development and emerging technologies, and the joint committee on
330 labor and workforce development identifying the following: i) total amount of tax credits
331 claimed pursuant to this subsection; ii) the number of participating apprentices and relevant
332 wage information; iii) the number of applications received and the number of participating
333 employers; iv) the areas of occupation by qualifying tax credit beneficiaries; v) program
334 outcomes for apprentices, including job retention and further employment opportunities; and vi)
335 whether the tax credit program is achieving its public policy purpose to create talent pipelines for
336 businesses and provide career pathways toward high demand occupations for unemployed and
337 underemployed residents of the commonwealth.

338 SECTION 20. Section 14L of chapter 151A of the General Laws, as so appearing, is
339 hereby amended by inserting after subsection (b) the following subsection:-

340 (c) Not later than March 1 of each year, the commissioner shall file a report in writing
341 with the joint committee on labor and workforce development and the house and senate
342 committees on ways and means concerning the collection of the workforce training
343 contributions, pursuant to subsection (a), during the calendar year ending on the preceding
344 December 31, which shall include, but not be limited to: (1) the amount collected in each quarter
345 and the total amount collected for the year; (2) the total number of employers that contributed to
346 the fund, and the total number of employees employed by this group of employers; and (3) the
347 contribution rate, to the extent it differs from 0.056 per cent.

348 SECTION 21. Section 25E of chapter 152 of the General Laws, as so appearing, is
349 hereby amended by striking out, in lines 1, 14 and 16, the words “twenty-five V,” and inserting
350 in place thereof, in each instance, the following figure:- 25W.

351 SECTION 22. Said chapter 152 is hereby further amended by inserting after section 25V
352 the following section:-

353 Section 25W. Notwithstanding any general or special law to the contrary, chapter 176W
354 shall apply to groups governed by sections 25E to 25U of this chapter.

355 SECTION 23. Subsection (1) of section 20A of chapter 175 of the General Laws, as
356 appearing in the 2016 Official Edition, is hereby amended by adding the following 2
357 paragraphs:—

358 (I) If an accredited or certified reinsurer ceases to meet the requirements for accreditation
359 or certification, the commissioner may suspend or revoke the reinsurer’s accreditation or
360 certification.

361 (i) The commissioner must give the reinsurer notice and opportunity for hearing. The
362 suspension or revocation may not take effect until after the commissioner's order on hearing,
363 unless:

364 (a) The reinsurer waives its right to hearing;

365 (b) The commissioner's order is based on regulatory action by the reinsurer's
366 domiciliary jurisdiction or the voluntary surrender or termination of the reinsurer's eligibility to
367 transact insurance or reinsurance business in its domiciliary jurisdiction or in the primary
368 certifying state of the reinsurer under subparagraph (vi) of paragraph (E) of this subsection; or

369 (c) the commissioner finds that an emergency requires immediate action and a court of
370 competent jurisdiction has not stayed the commissioner's action.

371 (ii) While a reinsurer's accreditation or certification is suspended, no reinsurance
372 contract issued or renewed after the effective date of the suspension qualifies for credit except to
373 the extent that the reinsurer's obligations under the contract are secured in accordance with
374 subsection (2) of this section. If a reinsurer's accreditation or certification is revoked, no credit
375 for reinsurance may be granted after the effective date of the revocation except to the extent that
376 the reinsurer's obligations under the contract are secured in accordance with subparagraph (v) of
377 paragraph (E) of this subsection or subsection (2) of this section.

378 (J)

379 (i) A ceding insurer shall take steps to manage its reinsurance recoverables proportionate
380 to its own book of business. A domestic ceding insurer shall notify the commissioner within 30
381 days after reinsurance recoverables from any single assuming insurer, or group of affiliated

382 assuming insurers, exceeds 50 per cent of the domestic ceding insurer's last reported surplus to
383 policyholders, or after it is determined that reinsurance recoverables from any single assuming
384 insurer, or group of affiliated assuming insurers, is likely to exceed this limit. The notification
385 shall demonstrate that the exposure is safely managed by the domestic ceding insurer.

386 (ii) A ceding insurer shall take steps to diversify its reinsurance program. A domestic
387 ceding insurer shall notify the commissioner within 30 days after ceding to any single assuming
388 insurer, or group of affiliated assuming insurers, more than 20 per cent of the ceding insurer's
389 gross written premium in the prior calendar year, or after it has determined that the reinsurance
390 ceded to any single assuming insurer, or group of affiliated assuming insurers, is likely to exceed
391 this limit. The notification shall demonstrate that the exposure is safely managed by the
392 domestic ceding insurer.

393 SECTION 24. Said section 20A of said chapter 175, as so appearing, is hereby further
394 amended by striking out subsection (5) and inserting in place thereof the following subsection:-

395 (5) (A) The commissioner may in accordance with the provisions of chapter 30A,
396 after notice and hearing, promulgate reasonable rules and regulations necessary to effectuate the
397 provisions of this section.

398 (B) The commissioner is further authorized to adopt rules and regulations
399 applicable to reinsurance arrangements described in subparagraph (i) of paragraph (B) of this
400 subsection.

401 (i) A regulation adopted pursuant to paragraph (B) of this subsection, may apply only to
402 reinsurance relating to:

403 (a) Life insurance policies with guaranteed nonlevel gross premiums or guaranteed
404 nonlevel benefits;

405 (b) Universal life insurance policies with provisions resulting in the ability of a
406 policyholder to keep a policy in force over a secondary guarantee period;

407 (c) Variable annuities with guaranteed death or living benefits;

408 (d) Long-term care insurance policies; or

409 (e) Such other life and health insurance and annuity products as to which the NAIC
410 adopts model regulatory requirements with respect to credit for reinsurance.

411 (ii) A regulation adopted pursuant to clauses (a) and (b) of subparagraph (i) of paragraph
412 (B) of this subsection may apply to any treaty containing:

413 (a) Policies issued on or after January 1, 2015, and/or

414 (b) Policies issued prior to January 1, 2015, if risk pertaining to such pre-2015 policies is
415 ceded in connection with the treaty, in whole or in part, on or after January 1, 2015.

416 (iii) A regulation adopted pursuant to paragraph (B) of this subsection may require the
417 ceding insurer, in calculating the amounts or forms of security required to be held under
418 regulations promulgated under this authority, to use the Valuation Manual adopted by the NAIC
419 under Section 11B(1) of the NAIC Standard Valuation Law, including all amendments adopted
420 by the NAIC and in effect on the date as of which the calculation is made, to the extent
421 applicable.

422 (iv) A regulation adopted pursuant to this paragraph (B) of this subsection shall not
423 apply to cessions to an assuming insurer that:

424 (a) Is certified in the commonwealth;

425 (b) Maintains at least \$250,000,000 in capital and surplus when determined in
426 accordance with the NAIC Accounting Practices and Procedures Manual, including all
427 amendments thereto adopted by the NAIC, excluding the impact of any permitted or prescribed
428 practices; and is (1) licensed in at least 26 states; or (2) licensed in at least 10 states, and licensed
429 or accredited in a total of at least 35 states.

430 (v) The authority to adopt regulations pursuant to this paragraph (B) does not limit the
431 commissioner's general authority to adopt regulations pursuant to paragraph (A) of subsection 5
432 of this section.

433 SECTION 25. Section 206 of said chapter 175, as so appearing, is hereby amended by
434 inserting after the definition of "Control" the following definition:-

435 "Group-wide supervisor", the regulatory official authorized to engage in conducting and
436 coordinating group-wide supervision activities who is determined or acknowledged by the
437 commissioner under subsection (y) of section 206C to have sufficient significant contacts with
438 the internationally active insurance group.

439 SECTION 26. Said section 206 of said chapter 175, as so appearing, is hereby further
440 amended by inserting after the definition of "Insurer" the following definition:-

441 "Internationally active insurance group", an insurance holding company system that (1)
442 includes an insurer registered under section 206C; and (2) meets the following criteria: (a)

443 premiums written in at least 3 countries, (b) the percentage of gross premiums written outside the
444 United States is at least 10 per cent of the insurance holding company system's total gross
445 written premiums, and (c) based on a 3-year rolling average, the total assets of the insurance
446 holding company system are at least \$50,000,000,000 or the total gross written premiums of the
447 insurance holding company system are at least \$10,000,000,000.

448 SECTION 27. Section 206C of said chapter 175, as so appearing, is hereby amended by
449 inserting, in line 291, after the word "reported," the following words:- or provided to the
450 division of insurance.

451 SECTION 28. Said section 206C of said chapter 175, as so appearing, is hereby further
452 amended by adding the following subsection:-

453 (y)(1) The commissioner is authorized to act as the group-wide supervisor for any
454 internationally active insurance group in accordance with the provisions of this subsection.
455 However, the commissioner may otherwise acknowledge another regulatory official as the
456 group-wide supervisor where the internationally active insurance group:

457 (i) Does not have substantial insurance operations in the United States;

458 (ii) Has substantial insurance operations in the United States, but not the commonwealth;

459 or

460 (iii) Has substantial insurance operations in the United States and the commonwealth, but
461 the commissioner has determined pursuant to the factors set forth in paragraphs (2) and (6) of
462 this subsection that the other regulatory official is the appropriate group-wide supervisor.

463 An insurance holding company system that does not qualify as an internationally active
464 insurance group may request that the commissioner make a determination or acknowledgement
465 as to a group-wide supervisor pursuant to this subsection.

466 (2) In cooperation with other state, federal and international regulatory agencies, the
467 commissioner shall identify a single group-wide supervisor for an internationally active
468 insurance group. The commissioner may determine that the commissioner is the appropriate
469 group-wide supervisor for an internationally active insurance group that conducts substantial
470 insurance operations concentrated in the commonwealth. However, the commissioner may
471 acknowledge that a regulatory official from another jurisdiction is the appropriate group-wide
472 supervisor for the internationally active insurance group. The commissioner shall consider the
473 following factors when making a determination or acknowledgement under this subsection:

474 (i) The place of domicile of the insurers within the internationally active insurance group
475 that hold the largest share of the group's written premiums, assets or liabilities;

476 (ii) The place of domicile of the top-tiered insurer(s) in the insurance holding company
477 system of the internationally active insurance group;

478 (iii) The location of the executive offices or largest operational offices of the
479 internationally active insurance group;

480 (iv) Whether another regulatory official is acting or is seeking to act as the group-wide
481 supervisor under a regulatory system that the commissioner determines to be substantially
482 similar to the system of regulation provided under the laws of the commonwealth, or otherwise
483 sufficient in terms of providing for group-wide supervision, enterprise risk analysis, and
484 cooperation with other regulatory officials; and

485 (v) Whether another regulatory official acting or seeking to act as the group-wide
486 supervisor provides the commissioner with reasonably reciprocal recognition and cooperation.

487 However, a commissioner identified under this subsection as the group-wide supervisor
488 may determine that it is appropriate to acknowledge another supervisor to serve as the group-
489 wide supervisor. The acknowledgement of the group-wide supervisor shall be made after
490 consideration of the factors listed in subparagraphs (i) through (v), and shall be made in
491 cooperation with and subject to the acknowledgment of other regulatory officials involved with
492 supervision of members of the internationally active insurance group, and in consultation with
493 the internationally active insurance group.

494 (3) Notwithstanding any other provision of law, when another regulatory official is
495 acting as the group-wide supervisor of an internationally active insurance group, the
496 commissioner shall acknowledge that regulatory official as the group-wide supervisor.
497 However, in the event of a material change in the internationally active insurance group that
498 results in: (i) the internationally active insurance group's insurers domiciled in the
499 commonwealth holding the largest share of the group's premiums, assets or liabilities; or (ii) the
500 commonwealth being the place of domicile of the top-tiered insurer(s) in the insurance holding
501 company system of the internationally active insurance group, the commissioner shall make a
502 determination or acknowledgment as to the appropriate group-wide supervisor for such an
503 internationally active insurance group pursuant to paragraph (2) of this subsection.

504 (4) Pursuant to subsection (u), the commissioner is authorized to collect from any insurer
505 registered pursuant to subsection (a) all information necessary to determine whether the
506 commissioner may act as the group-wide supervisor of an internationally active insurance group

507 or if the commissioner may acknowledge another regulatory official to act as the group-wide
508 supervisor. Prior to issuing a determination that an internationally active insurance group is
509 subject to group-wide supervision by the commissioner, the commissioner shall notify the
510 insurer registered pursuant to subsection (a) and the ultimate controlling person within the
511 internationally active insurance group. The internationally active insurance group shall have not
512 less than 30 days to provide the commissioner with additional information pertinent to the
513 pending determination. The commissioner shall publish on the division of insurance's website
514 the identity of internationally active insurance groups that the commissioner has determined are
515 subject to group-wide supervision by the commissioner.

516 (5) If the commissioner is the group-wide supervisor for an internationally active
517 insurance group, the commissioner is authorized to engage in any of the following group-wide
518 supervision activities:

519 (i) Assess the enterprise risks within the internationally active insurance group to ensure
520 that the material financial condition and liquidity risks to the members of the internationally
521 active insurance group that are engaged in the business of insurance are identified by
522 management, and reasonable and effective mitigation measures are in place;

523 (ii) Request, from any member of an internationally active insurance group subject to the
524 commissioner's supervision, information necessary and appropriate to assess enterprise risk,
525 including but not limited to, information about the members of the internationally active
526 insurance group regarding governance, risk assessment and management; capital adequacy, and
527 material intercompany transactions;

528 (iii) Coordinate and, through the authority of the regulatory officials of the jurisdictions
529 where members of the internationally active insurance group are domiciled, compel development
530 and implementation of reasonable measures designed to ensure that the internationally active
531 insurance group is able to timely recognize and mitigate enterprise risks to members of such
532 internationally active insurance group that are engaged in the business of insurance;

533 (iv) Communicate with other state, federal and international regulatory agencies for
534 members within the internationally active insurance group and share relevant information subject
535 to the confidentiality provisions of subsection (v), through supervisory colleges as set forth in
536 subsection (x) or otherwise;

537 (v) Enter into agreements with or obtain documentation from any insurer registered
538 under subsection (a), any member of the internationally active insurance group, and any other
539 state, federal and international regulatory agencies for members of the internationally active
540 insurance group, providing the basis for or otherwise clarifying the commissioner's role as
541 group-wide supervisor, including provisions for resolving disputes with other regulatory
542 officials. Such agreements or documentation shall not serve as evidence in any proceeding that
543 any insurer or person within an insurance holding company system not domiciled or incorporated
544 in the commonwealth is doing business in the commonwealth or is otherwise subject to
545 jurisdiction in this state; and

546 (vi) Other group-wide supervision activities, consistent with the authorities and purposes
547 enumerated in this paragraph, as considered necessary by the commissioner.

548 (6) If the commissioner acknowledges that another regulatory official from a jurisdiction
549 that is not accredited by the NAIC is the group-wide supervisor, the commissioner is authorized

550 to reasonably cooperate, through supervisory colleges or otherwise, with group-wide supervision
551 undertaken by the group-wide supervisor, provided that (i) the commissioner's cooperation is in
552 compliance with the laws of the commonwealth; and (ii) the regulatory official acknowledged as
553 the group-wide supervisor also recognizes and cooperates with the commissioner's activities as a
554 group-wide supervisor for other internationally active insurance groups where applicable. Where
555 such recognition and cooperation is not reasonably reciprocal, the commissioner is authorized to
556 refuse recognition and cooperation.

557 (7) The commissioner is authorized to enter into agreements with or obtain
558 documentation from any insurer registered under subsection (a), any affiliate of the insurer, and
559 other state, federal and international regulatory agencies for members of the internationally
560 active insurance group that provide the basis for or otherwise clarify a regulatory official's role
561 as group-wide supervisor.

562 (8) A registered insurer subject to this subsection shall be liable for and shall pay the
563 reasonable expenses of the commissioner's participation in the administration of this subsection,
564 including the engagement of attorneys, actuaries and any other professionals and all reasonable
565 travel expenses.

566 SECTION 29. Chapter 175 of the General Laws is hereby amended by adding the
567 following section:-

568 Section 230. Notwithstanding any general or special law to the contrary, chapter 176W
569 shall apply to insurers governed by this chapter.

570 SECTION 30. Chapter 176 of the General Laws is hereby amended by inserting after
571 section 1A the following section:-

572 Section 1B. Notwithstanding any general or special law to the contrary, chapter 176W
573 shall apply to fraternal benefit societies governed by this chapter.

574 SECTION 31. Section 18 of chapter 176A of the General Laws, as appearing in the 2016
575 Official Edition, is hereby amended by adding the following paragraph:-

576 Notwithstanding any general or special law to the contrary, chapter 176W shall apply to
577 every corporation subject to this chapter.

578 SECTION 32. Chapter 176B of the General Laws is hereby amended by inserting after
579 section 8B the following section:-

580 Section 8C. Notwithstanding any general or special law to the contrary, chapter 176W
581 shall apply to a medical service corporation governed by this chapter.

582 SECTION 33. Chapter 176E of the General Laws is hereby amended by inserting after
583 section 8B the following section:-

584 Section 8C. Notwithstanding any general or special law to the contrary, chapter 176W
585 shall apply to a dental service corporation governed by this chapter.

586 SECTION 34. Chapter 176F of the General Laws is hereby amended by inserting after
587 section 8A the following section:-

588 Section 8B. Notwithstanding any general or special law to the contrary, chapter 176W
589 shall apply to an optometric service corporation governed by this chapter.

590 SECTION 35. Chapter 176G of the General Laws is hereby amended by inserting after
591 section 10A the following section:-

592 Section 10B. Notwithstanding any general or special law to the contrary, chapter 176W
593 shall apply to a health maintenance organization governed by this chapter.

594 SECTION 36. Chapter 176H of the General Laws is hereby amended by inserting after
595 section 13A the following section:-

596 Section 13B. Notwithstanding any general or special law to the contrary, chapter 176W
597 shall apply to legal services plans governed by this chapter.

598 SECTION 37. Section 6 of chapter 176O of the General Laws, as appearing in the 2016
599 Official Edition, is hereby amended by striking out, in lines 36 to 37 and 102 to 103, in each
600 instance, the words “and the involuntary disenrollment rate among insureds of the carrier”.

601 SECTION 38. Section 21 of said chapter 176O, as so appearing, is hereby amended by
602 striking out subsection (a).

603 SECTION 39. Subsection (b) of said section 21 of said chapter 176O, as so appearing, is
604 hereby amended by striking out paragraph (2) and inserting in place thereof the following
605 paragraph:-

606 (2) Any carrier which provides administrative services to 1 or more self-insured groups
607 shall submit to the division a report including the following information:

608 (i) the number of the carrier's self-insured customers;

609 (ii) the aggregate number of members, as defined in section 1 of chapter 176J, in all of
610 the carrier's self-insured customers;

611 (iii) the aggregate number of lives covered in all of the carrier's self-insured customers;

612 (iv) the percentage of the carrier's self-insured customers that include each of the benefits
613 mandated for health benefit plans under chapters 175, 176A, 176B and 176G; and

614 (v) any other information deemed necessary by the commissioner.

615 SECTION 40. Subsection (d) of said section 21 of said chapter 176O, as so appearing, is
616 hereby amended by striking out the first sentence and inserting in place thereof the following
617 sentence:-

618 If, for any year, the division determines, based on the report submitted under section 10
619 of chapter 176G or other sources, that a carrier has a risk-based capital ratio on a combined entity
620 basis that exceeds 700 per cent, the division shall hold a public hearing within 60 days.

621 SECTION 41. Chapter 176P of the General Laws is hereby amended by inserting after
622 section 38A the following section:-

623 Section 38B. Notwithstanding any general or special law to the contrary, chapter 176W
624 shall apply to a limited society governed by this chapter.

625 SECTION 42. The General Laws, as appearing in the 2016 Official Edition, are hereby
626 amended by inserting after chapter 176V the following chapter:

627 CHAPTER 176W

628 CORPORATE GOVERNANCE ANNUAL DISCLOSURE

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

631 “Commissioner”, the commissioner of insurance.

632 “Corporate Governance Annual Disclosure (CGAD)”, a confidential report filed by the
633 insurer or insurance group made in accordance with the requirements of this chapter.

634 “Corporate Governance Annual Disclosure Model Regulation”, the current version of the
635 Corporate Governance Annual Disclosure Model Regulation developed and adopted by the
636 NAIC and as amended from time to time. A change in the Corporate Governance Annual
637 Disclosure Model Regulation shall be effective on the January 1 following the calendar year in
638 which the changes have been adopted by the NAIC.

639 “Division”, the division of insurance.

640 “Insurance group”, those insurers and affiliates included within an insurance holding
641 company system as defined in section 206 of chapter 175; health maintenance organizations and
642 affiliates included within a health maintenance organization holding company system, as defined
643 in section 1 of chapter 176G; public employer self-insurance groups and their affiliates organized
644 pursuant to chapter 40M; workers compensation self-insurance groups and their affiliates
645 organized pursuant to sections 25E to 25U, inclusive, of chapter 152; fraternal benefit societies
646 and their affiliates organized pursuant to chapter 176; non-profit hospital service corporations
647 and their affiliates organized pursuant to chapter 176A; medical service corporations and their
648 affiliates organized pursuant to chapter 176B; dental service corporations and their affiliates
649 organized pursuant to chapter 176E; optometric service corporations and their affiliates
650 organized pursuant to chapter 176F; insured legal services plans and their affiliates organized
651 pursuant to chapter 176H; and limited societies and their affiliates organized pursuant to chapter
652 176P.

653 “Insurer”, the same meaning as in section 1 of chapter 175 and shall also include public
654 employer self-insurance groups organized pursuant to chapter 40M; workers compensation self-
655 insurance groups organized pursuant to sections 25E to 25U, inclusive, of chapter 152; fraternal
656 benefit societies organized pursuant to chapter 176; non-profit hospital service corporations
657 organized pursuant to chapter 176A; medical service corporations organized pursuant to chapter
658 176B; dental services corporations organized pursuant to chapter 176E; optometric service
659 corporations organized pursuant to chapter 176F; health maintenance organizations organized
660 pursuant to chapter 176G; insured legal services plans organized pursuant to chapter 176H; and
661 limited societies organized pursuant to chapter 176P; except that “insurer” shall not include
662 agencies, authorities or instrumentalities of the United States, its possessions and territories, the
663 commonwealth of Puerto Rico, the District of Columbia or a state or political subdivision of a
664 state.

665 “NAIC”, the National Association of Insurance Commissioners.

666 “ORSA summary report”, the report filed in accordance with chapter 176V.

667 Section 2. (a) An insurer, or the insurance group of which the insurer is a member, shall,
668 no later than June 1 of each calendar year, submit to the commissioner a CGAD that contains the
669 information described in section 4(b). Notwithstanding any request from the commissioner made
670 pursuant to subsection (c), if the insurer is a member of an insurance group, the insurer shall
671 submit the report required by this section to the commissioner of the lead state for the insurance
672 group, in accordance with the laws of the lead state, as determined by the procedures outlined in
673 the most recent Financial Analysis Handbook adopted by the NAIC.

674 (b) The CGAD must include a signature of the insurer's or insurance group's chief
675 executive officer or corporate secretary attesting to the best of that individual's belief and
676 knowledge that the insurer has implemented the corporate governance practices and that a copy
677 of the disclosure has been provided to the insurer's board of directors or the appropriate
678 committee thereof.

679 (c) An insurer not required to submit a CGAD under this section shall do so upon the
680 commissioner's request.

681 (d) For purposes of completing the CGAD, the insurer or insurance group may provide
682 information regarding corporate governance at the ultimate controlling parent level, an
683 intermediate holding company level or the individual legal entity level, depending upon how the
684 insurer or insurance group has structured its system of corporate governance. The insurer or
685 insurance group is encouraged to make the CGAD disclosures at the level at which the insurer's
686 or insurance group's risk appetite is determined, or at which the earnings, capital, liquidity,
687 operations, and reputation of the insurer are overseen collectively and at which the supervision of
688 those factors are coordinated and exercised, or the level at which legal liability for failure of
689 general corporate governance duties would be placed. If the insurer or insurance group
690 determines the level of reporting based on these criteria, it shall indicate which of the three
691 criteria was used to determine the level of reporting and explain any subsequent changes in level
692 of reporting.

693 (e) The review of the CGAD and any additional requests for information shall be made
694 through the lead state as determined by the procedures within the most recent Financial Analysis
695 Handbook referenced in subsection (a).

696 (f) Insurers providing information substantially similar to the information required by
697 this chapter in other documents provided to the commissioner, including proxy statements filed
698 in conjunction with Form B requirements pursuant to section 206C of chapter 175, or other state
699 or federal filings provided to the Division shall not be required to duplicate that information in
700 the CGAD, but shall only be required to cross reference the document in which the information
701 is included.

702 Section 3. The commissioner may, upon notice and opportunity for all interested persons
703 to be heard, issue such rules, regulations and orders as shall be necessary to carry out the
704 provisions of this chapter.

705 Section 4. (a) The insurer or insurance group shall have discretion over the responses to
706 the CGAD inquiries, provided the CGAD shall contain the material information necessary to
707 permit the commissioner to gain an understanding of the insurer's or group's corporate
708 governance structure, policies, and practices. The commissioner may request additional
709 information that he or she deems material and necessary to provide the commissioner with a
710 clear understanding of the corporate governance policies, the reporting or information system or
711 controls implementing those policies.

712 (b) Notwithstanding subsection (a) of this section, the CGAD shall be prepared
713 consistent with the NAIC Corporate Governance Annual Disclosure Model Regulation, subject
714 to the requirements of this chapter. Documentation and supporting information shall be
715 maintained and made available upon examination or upon request of the commissioner.

716 Section 5. (a) Documents, materials or other information including the CGAD, in the
717 possession or control of the Division that are obtained by, created by or disclosed to the

718 commissioner or any other person under this chapter shall be proprietary and recognized to
719 contain trade secrets. All such documents, materials or other information shall be confidential by
720 law and privileged, shall not be considered a public record pursuant to section 10 of chapter 66,
721 shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence
722 in any private civil action. However, the commissioner is authorized to use the documents,
723 materials or other information in the furtherance of any regulatory or legal action brought as a
724 part of the commissioner's official duties. The commissioner shall not otherwise make the
725 documents, materials or other information public without the prior written consent of the insurer.
726 Nothing in this section shall be construed to require written consent of the insurer before the
727 commissioner may share or receive confidential documents, materials or other CGAD-related
728 information pursuant to subsection (c) to assist in the performance of the commissioner's regular
729 duties.

730 (b) Neither the commissioner nor any person who received documents, materials or other
731 CGAD-related information, through examination or otherwise, while acting under the authority
732 of the commissioner, or with whom such documents, materials or other information are shared
733 pursuant to this chapter shall be permitted or required to testify in any private civil action
734 concerning any confidential documents, materials, or information subject to paragraph (a).

735 (c) In order to assist in the performance of the commissioner's regulatory duties, the
736 commissioner:

737 (i) May, upon request, share documents, materials or other CGAD-related information
738 including the confidential and privileged documents, materials or information subject to
739 subsection (a), including proprietary and trade secret documents and materials with other state,

740 federal and international financial regulatory agencies, including members of any supervisory
741 college as defined in subsection (x) of section 206C of chapter 175, with the NAIC, and with
742 third party consultants pursuant to section 6, provided that the recipient agrees in writing to
743 maintain the confidentiality and privileged status of the CGAD-related documents, material or
744 other information and has verified in writing the legal authority to maintain confidentiality; and

745 (ii) May receive documents, materials or other CGAD-related information, including
746 otherwise confidential and privileged documents, materials or information, including proprietary
747 and trade-secret information or documents, from regulatory officials of other state, federal and
748 international financial regulatory agencies, including members of any supervisory college as
749 defined in subsection (x) of section 206C of chapter 175, and from the NAIC, and shall maintain
750 as confidential or privileged any documents, materials or information received with notice or the
751 understanding that it is confidential or privileged under the laws of the jurisdiction that is the
752 source of the document, material or information.

753 (d) The sharing of information and documents by the commissioner pursuant to this
754 chapter shall not constitute a delegation of regulatory authority or rulemaking, and the
755 commissioner is solely responsible for the administration, execution and enforcement of the
756 provisions of this chapter.

757 (e) No waiver of any applicable privilege or claim of confidentiality in the documents,
758 proprietary and trade-secret materials or other CGAD-related information shall occur as a result
759 of disclosure of such CGAD-related information or documents to the commissioner under this
760 section or as a result of sharing as authorized in this chapter.

761 Section 6. (a) The commissioner may retain, at the insurer's expense, third-party
762 consultants, including attorneys, actuaries, accountants and other experts not otherwise a part of
763 the commissioner's staff as may be reasonably necessary to assist the commissioner in reviewing
764 the CGAD and related information or the insurer's compliance with this chapter.

765 (b) Any persons retained under subsection (a) shall be under the direction and control of
766 the commissioner and shall act in a purely advisory capacity.

767 (c) The NAIC and third-party consultants shall be subject to the same confidentiality
768 standards and requirements as the commissioner.

769 (d) As part of the retention process, a third-party consultant shall verify to the
770 commissioner, with notice to the insurer, that it is free of a conflict of interest and that it has
771 internal procedures in place to monitor compliance with a conflict and to comply with the
772 confidentiality standards and requirements of this chapter.

773 (e) A written agreement with the NAIC or a third-party consultant governing sharing and
774 use of information provided pursuant to this chapter shall contain the following provisions and
775 expressly require the written consent of the insurer prior to making public information provided
776 under this chapter:

777 (i) Specific procedures and protocols for maintaining the confidentiality and security of
778 CGAD-related information shared with the NAIC or a third-party consultant pursuant to this
779 chapter;

780 (ii) Procedures and protocols for sharing by the NAIC only with other state regulators
781 from states in which the insurance group has domiciled insurers. The agreement shall provide

782 that the recipient agrees in writing to maintain the confidentiality and privileged status of the
783 CGAD-related documents, materials or other information and has verified in writing the legal
784 authority to maintain confidentiality;

785 (iii) A provision specifying that ownership of the CGAD-related information shared with
786 the NAIC or a third-party consultant remains with the Division and the NAIC's or third-party
787 consultant's use of the information is subject to the direction of the commissioner;

788 (iv) A provision that prohibits the NAIC or a third-party consultant from storing the
789 information shared pursuant to this chapter in a permanent database after the underlying analysis
790 is completed;

791 (v) A provision requiring the NAIC or third-party consultant to provide prompt notice to
792 the commissioner and to the insurer or insurance group regarding any subpoena, request for
793 disclosure, or request for production of the insurer's CGAD-related information; and

794 (vi) A requirement that the NAIC or a third-party consultant consent to intervention by
795 an insurer in any judicial or administrative action in which the NAIC or a third-party consultant
796 may be required to disclose confidential information about the insurer shared with the NAIC or a
797 third-party consultant pursuant to this chapter.

798 Section 7. Any insurer failing, without just cause, to timely file the CGAD as required in
799 this chapter shall be required, after notice and hearing, to pay a penalty of \$500 for each day of
800 delay, to be recovered by the commissioner. The maximum penalty under this section is
801 \$10,000. The commissioner may reduce the penalty if the insurer demonstrates to the
802 commissioner that the imposition of the penalty would constitute a financial hardship to the
803 insurer.

804 Section 8. If any provision of this chapter other than Section 5, or the application thereof
805 to any person or circumstance, is held invalid, such determination shall not affect the provisions
806 or applications of this chapter which can be given effect without the invalid provision or
807 application, and to that end the provisions of this chapter, with the exception of Section 5, are
808 severable.

809 SECTION 43. Section 135 of chapter 219 of the acts of 2016 is hereby amended by
810 striking out the words “from August 1, 2016 to July 31, 2018, inclusive,”.

811 SECTION 44. Notwithstanding any general or special law to the contrary, in fiscal years
812 2019 to 2025, inclusive, the office of Medicaid shall allocate \$1,000,000 annually for a Fishing
813 Partnership Health Plan Corporation project that shall provide services to fishermen and fishing
814 families; provided, however, that such services shall include, but not be limited to, assisting
815 fishermen and fishing families in obtaining health insurance coverage.

816 SECTION 45. Notwithstanding any general or special law to the contrary, the
817 Massachusetts Technology Park Corporation, established in section 3 of chapter 40J of the
818 General Laws and doing business as the Massachusetts Technology Collaborative, shall conduct
819 a study on the autonomous vehicles industry and issue recommendations on how to advance the
820 state’s competitiveness in the emerging industry. The study shall include, but not be limited to,
821 cybersecurity, data privacy, data analytics, artificial intelligence, the internet of things,
822 navigational software, robotics, advanced manufacturing, and other emerging technologies
823 related to autonomous vehicles. Provided further, the study shall examine ways to accommodate
824 research and development in a safe and productive manner. The Massachusetts Technology
825 Collaborative may conduct this study in collaboration with relevant stakeholders, including but

826 not limited to, the insurance industry, municipalities, institutions of higher education, automobile
827 manufacturers, technology companies, policymakers, and other entities deemed necessary and
828 relevant. The recommendations shall provide ways for the state to improve on its strengths and
829 weaknesses through policies, strategies and initiatives to create new or stronger working
830 relationships between key institutions, agencies, organizations and businesses. The study and
831 recommendations shall be submitted to the joint committee on economic development and
832 emerging technologies and joint committee on transportation no later than December 31, 2019.

833 SECTION 46. Notwithstanding any general or special law to the contrary, to meet the
834 expenditures necessary in carrying out section 2A, the state treasurer shall, upon receipt of a
835 request by the governor, issue and sell bonds of the commonwealth in an amount to be specified
836 by the governor from time to time but not exceeding, in the aggregate, \$441,250,000. All bonds
837 issued by the commonwealth, as aforesaid, shall be designated on their face, Commonwealth
838 Economic Development Act of 2018, and shall be issued for a maximum term of years, not
839 exceeding 30 years, as the governor may recommend to the general court pursuant to Section 3
840 of Article LXII of the Amendments to the Constitution; provided, however, that all such bonds
841 shall be payable not later than June 30, 2053. All interest and payments on account of principal
842 on such obligations shall be payable from the General Fund. Bonds and interest thereon issued
843 under the authority of this section shall, notwithstanding any other provision of this act, be
844 general obligations of the commonwealth.

845 SECTION 47. Notwithstanding any general or special law to the contrary, to meet the
846 expenditures necessary in carrying out section 2B, the state treasurer shall, upon receipt of a
847 request by the governor, issue and sell bonds of the commonwealth in an amount to be specified
848 by the governor from time to time but not exceeding, in the aggregate, \$225,000,000. All bonds

849 issued by the commonwealth, as aforesaid, shall be designated on their face, Commonwealth
850 Economic Development Act of 2018, and shall be issued for a maximum term of years, not
851 exceeding 30 years, as the governor may recommend to the general court pursuant to Section 3
852 of Article LXII of the Amendments to the Constitution; provided, however, that all such bonds
853 shall be payable not later than June 30, 2053. All interest and payments on account of principal
854 on such obligations shall be payable from the General Fund. Bonds and interest thereon issued
855 under the authority of this section shall, notwithstanding any other provision of this act, be
856 general obligations of the commonwealth.

857 SECTION 48. Sections 11, 21 to 36, inclusive, and 41 to 42, inclusive, shall take effect
858 90 days after enactment.

859 SECTION 49. Sections 4 to 7, inclusive, and 12 to 19, inclusive, shall take effect on
860 January 1, 2019 and shall be effective for all tax years beginning on or after January 1, 2019.

861 SECTION 50. Sections 15 and 19 are hereby repealed.

862 SECTION 51. Section 50 shall take effect on January 1, 2022.

863 SECTION 52. Except as otherwise specified, this bill shall become effective upon
864 enactment.