

SENATE No. 270

The Commonwealth of Massachusetts

PRESENTED BY:

Eric P. Lesser

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 to promote inclusive entrepreneurship and economic justice.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>Eric P. Lesser</i>	<i>First Hampden and Hampshire</i>	
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>	
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>	<i>3/9/2021</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>3/9/2021</i>
<i>Joanne M. Comerford</i>	<i>Hampshire, Franklin and Worcester</i>	<i>3/19/2021</i>
<i>Joseph A. Boncore</i>	<i>First Suffolk and Middlesex</i>	<i>3/25/2021</i>

SENATE No. 270

By Mr. Lesser, a petition (accompanied by bill, Senate, No. 270) of Eric P. Lesser, Antonio F. D. Cabral, Thomas M. Stanley, James B. Eldridge and other members of the General Court for legislation to promote inclusive entrepreneurship and economic justice. Economic Development and Emerging Technologies.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act to promote inclusive entrepreneurship and economic justice.

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. Subsection (i) of section 16G of chapter 6A of the general laws, as so
2 appearing in the 2018 official edition, is hereby amended by adding, at the end of the first
3 paragraph, the following sentence:-

4 The annual report shall include an analysis of the share of economic development funds
5 administered by state agencies, including loans, grants, tax credits, and technical assistance
6 services, provided to entities certified under federal or state law as a minority-owned business.

7 SECTION 2. Subsection (i) of section 16G of chapter 6A of the general laws, as so
8 appearing, is hereby further amended by striking out, in the second paragraph, clauses 8, 9, and
9 10 and inserting in place thereof the following three clauses:-

10 (8) a report of patents or products resulting from agency-funded activities;

11 (9) a description of technical assistance that the agency provided; and

12 (10) the share of loans, grants, tax credits, or technical assistance services provided to
13 entities certified under federal or state law as a minority-owned business.

14 SECTION 3. Subsection (l) of section 16G of chapter 6A of the general laws, as so
15 appearing, is hereby amended by striking out the second paragraph and inserting in place thereof
16 the following paragraph:-

17 The secretary of housing and economic development, with the assistance of economic
18 development planning council appointed under this section, shall develop and implement a
19 written comprehensive economic development policy for the commonwealth and a strategic plan
20 for implementing the policy. The policy shall set long term goals and measurable benchmarks
21 which are not limited to a particular gubernatorial administration and shall give consideration to
22 any impacts the plan may have on businesses employing 10 or fewer people. The strategic plan
23 shall include any major economic development initiatives and programs of the secretariat and
24 any agencies subject to this section. The strategic plan shall also include an assessment of racial
25 and ethnic disparities in employment and business ownership and an analysis of how the
26 economic development initiatives contained in the plan will contribute to reducing such
27 disparities. In developing the policy, the council shall review the published economic
28 development policy and plan in effect at the commencement of the governor's term of office and
29 may hold public hearings throughout the commonwealth. However, the council shall hold at least
30 one public hearing on the topic of racial and ethnic disparities in employment and business
31 ownership in the commonwealth.

32 SECTION 4. Chapter 7 of the General Laws is hereby amended by inserting after section
33 62 the following section:-

34 (a) The general court finds and declares that:

35 (1) It is in the state’s interest to encourage competitive business opportunities for all of its
36 people. As anchor institutions, hospitals and higher education institutions are uniquely positioned
37 to build relationships within the communities they serve through the development, inclusion, and
38 utilization of certified minority-owned business enterprises whenever possible.

39 (2) By providing that each major anchor institution submit to the Office of Supplier
40 Diversity a report explaining the institution’s supplier diversity statement and expressing its
41 goals regarding certified minority-owned businesses, and the office placing that information on
42 the office’s internet website, that online resource will help facilitate these supplier relationships.

43 (b) As used in this section, the following words shall have the following meanings, unless
44 a contrary intent is clearly indicated:—

45 “Anchor institution”, a licensed hospital or college or university physically located in
46 Massachusetts.

47 “Certified business enterprise”, a state- or federally-designated minority-owned business
48 physically located in the United States.

49 “Office”, means the Office of Supplier Diversity.

50 “Operating expenses”, means operating expenses, excluding physician professional fees,
51 as reflected in the annual financial report submitted to the office.

52 (c) On or before July 1 of each year, each anchor institution with operating expenses of
53 \$50,000,000 or more, or \$25,000,000 or more when operating as a component of a larger
54 hospital or university system, shall submit an annual report to the office on its minority

55 enterprise procurement efforts during the previous year. The annual report shall include all of the
56 following:

57 (1) The anchor institution's supplier diversity policy statement.

58 (2) The anchor institution's outreach and communications to minority business
59 enterprises, including:

60 (i) How the anchor institution encourages and seeks out minority business enterprises to
61 become potential suppliers.

62 (ii) How the anchor institution encourages its employees involved in procurement to seek
63 out minority business enterprises to become potential suppliers.

64 (iii) How the anchor institution conducts outreach and communication to minority
65 business enterprises.

66 (iv) How the anchor institution supports organizations that promote or certify minority
67 business enterprises.

68 (v) Information regarding appropriate contacts at the anchor institution for interested
69 business enterprises.

70 (vi) The anchor institution's procurements that are made from minority business
71 enterprises with at least a majority of the enterprise's workforce in Massachusetts, with each
72 category aggregated separately, to the extent that information is readily accessible. An anchor
73 institution that is part of a system may report the diversity of its procurement in compliance with
74 this subparagraph from a system level if there are suppliers that provide services or goods to all

75 units within the system. An anchor institution shall report the diversity of the remainder of its
76 procurement, including the suppliers that do not resource the entire system.

77 (3) The report may include other relevant information the office or anchor institution
78 deems necessary.

79 (d) This section shall not be construed to require quotas, set-asides, or preferences in an
80 anchor institution's goods or services.

81 (e) By July 1, 2021, the office shall establish and maintain a link on the office's internet
82 website that provides public access to the contents of each anchor institution's report on minority
83 business enterprise procurement efforts. The office shall include a statement on the office's
84 internet website that the information contained in the anchor institution's report on minority
85 business enterprises is provided for informational purposes only.

86 SECTION 5. Chapter 10 of the general laws, as so appearing in the 2018 official edition,
87 shall be amended by adding, after section 10A, the following new section:-

88 Section 10B. Prior to the state treasurer's deposit of cash reserves to eligible lending and
89 banking institutions, as defined in section 10A of chapter 10 of the general laws, the treasurer
90 shall ensure the division of banks, as defined in section 1 of chapter 167 of the general laws, has
91 collected data required of lending institutions pursuant to section 13A of chapter 167 of the
92 general laws.

93 SECTION 6 Chapter 10 of the general laws, as appearing in the 2018 edition, is hereby
94 amended by inserting after section 35LLL, the following new section:

95 Section 35MMM (a) As used in this section, the following words shall, unless the context
96 requires otherwise, have the following meanings:-

97 “Agency”, the Massachusetts Development Finance Agency.

98 “Director” or “Executive Director”, the Chief Executive Officer of the Massachusetts
99 Development Finance Agency.

100 “Fund”, the Small Business District Improvement Fund, established under subsection (b)
101 of section 35MMM of chapter 10 of the general laws.

102 “Dedicated remote retailers sales tax revenue amount”, all moneys received by the
103 commonwealth equal to 5 per cent of the receipts from sales from remote retailers, which include
104 both remote marketplace sellers and remote marketplace facilitators as defined by 830 CMR
105 64H.1.9.

106 (b) There is hereby established on the books of the commonwealth a separate fund to be
107 known as the Small Business District Improvement Fund. There shall be credited to the fund the
108 dedicated remote retailers sales tax revenue amount. Annual receipts into the fund on account of
109 any fiscal year shall be considered to meet the full obligation of the commonwealth to the fund
110 for said fiscal year.

111 (c) Amounts in the fund shall be held by the Massachusetts Development Finance
112 Agency, as trustee and not on account of the commonwealth, exclusively for the purposes of the
113 fund, and the agency shall disburse amounts in the fund, without further appropriation, upon the
114 request from time to time of its executive director. All amounts in the fund, including investment
115 earnings, shall be available for expenditure by the agency for any lawful purpose.

116 (d) The agency shall report annually on grants dispersed by the fund to the clerks of the
117 house and senate and to the house and senate committees on ways and means.

118 (e) The agency shall make expenditures from the fund for the following purposes:

119 (1) To provide matching grants to implement district management strategies in
120 commercial areas, which may include establishing or strengthening a business improvement
121 district as defined in section 1 of chapter 40o of the general laws, a parking benefit district as
122 defined in section 22A1/2 of chapter 40 of the general laws, a cultural district as defined in
123 section 58A of chapter 10 of the general laws, or other district management strategy approved by
124 the agency, provided that the district is located in a municipality certified as a gateway
125 municipality as defined in section 3A of chapter 23A of the general laws, or a municipality
126 where at least 20% of the population is non-white, or is a cultural or commercial district whose
127 mission includes serving a community that is underrepresented in business ownership in the
128 commonwealth.

129 (2) To provide grants to help local commercial areas and districts expand their customer
130 base, provided that this financial assistance may be administered through a contract with the
131 Agency. Said grants shall be for amounts not to exceed \$250,000 and shall be for a term not to
132 exceed 2 years.

133 (f) Not later than September 1 of each year, the director shall file a report in writing with
134 the joint committee on community development and small businesses and the house and senate
135 committees on ways and means concerning the grants made in the fiscal year ending on the
136 preceding June 30.

137 (g) The director, in consultation with the secretary of housing and economic
138 development, shall adopt regulations to carry out this section, including providing an application
139 and selection process.

140 (h) There shall be established a board to be known as the Small District Improvement
141 Fund Advisory Board. Said board shall consist of 12 members, who shall be citizens of the
142 commonwealth, and appointed by the director. The members of the board shall include: 3
143 members who shall be selected from a list of 5 individuals recommended by the Massachusetts
144 Association of Community Development Corporations; 3 members who shall be from a list of 5
145 individuals recommended by the Massachusetts Retailers Association; 3 members who shall be
146 selected from a list of 5 individuals recommended by the Black Economic Council of
147 Massachusetts; and 3 members who shall be from organizations representing business owners of
148 color. Of the members originally appointed, 3 shall serve a term of 1 year, 3 shall serve a term of
149 2 years, and 3 shall serve a term of 3 years in a manner determined by the director. Thereafter, as
150 the terms of said members expire, the director shall appoint members for terms of 2 years.
151 Vacancies shall be filled by appointment by the director for the remainder of the unexpired term.
152 All members shall serve until the qualification of their respective successors. Members shall
153 serve without compensation. The board shall advise the director on the activities and uses of the
154 fund including, but not limited to: reviewing and making recommendations on grant
155 requirements and selection criteria, and reviewing grant applications and making
156 recommendations relative to grant awards. The advisory board shall, from time to time, submit
157 recommendations to the legislature on any legislative changes it deems necessary for the
158 successful operation of the fund.

159 (i) The director may contract with a private organization to carry out some or all of the
160 agency's duties provided in this section.

161 SECTION 7. Section 22A of chapter 40 of the general laws, as appearing in the 2018
162 official edition, is hereby amended by inserting after the phrase "improvements to the public
163 realm" in paragraph 1, the following words:- including district management activities and
164 operations

165 SECTION 8. Section 22C of chapter 40 of the general laws, as appearing in the 2018
166 official edition, is hereby amended by inserting after the phrase, "public transportation station
167 accessibility improvements" the following words:- district management activities and operations,

168 SECTION 9. Chapter 167 of the general laws, as so appearing in the 2018 official
169 edition, shall be amended by adding, after section 13 the following new section:-

170 Section 13A. (a) The division of banks shall require the collection of small business
171 lending data from all lenders, including online lenders, and small businesses on an annual basis.
172 The division shall also analyze the impacts that lenders, including online lenders, and their
173 practices have on minority borrowers in the Commonwealth.

174 (b) The division shall promulgate regulations relative to the required collection of small
175 business lending data. Said regulations shall include, but not be limited to the following:

176 (1) the establishment of a central depository of the collection and analysis of small
177 business lending data, to include, but not be limited to the following: lending and banking
178 institutions' average annual percent rates, default rates, and fees.

179 (2) procedures for the solicitation and acceptance of reports regarding small businesses'
180 incidents of predatory lending practices.

181 (3) procedures for assessing the credibility and accuracy of reports of small business
182 lending data from lending institutions.

183 (c) The division shall file an annual report with the information obtained pursuant to
184 subsections (a) and (b) as well as recommendations for best practices for small business
185 borrower lending with the house and senate clerks and the house and senate chairs of the joint
186 committee on financial services not later than July 1.

187 SECTION 10. (a) Notwithstanding any general or special law to the contrary, all
188 appointive boards and commissions in the commonwealth established by the Massachusetts
189 general laws, including boards and commissions of a political subdivision of the state, if not
190 otherwise provided by law, shall adopt policies and practices designed to increase the racial and
191 ethnic diversity of their board membership and commission membership. To meet this goal, said
192 boards and commissions shall report on an annual basis to the secretary of state and the office of
193 the governor the following: (i) data on specific qualifications, skills and experience that the
194 board appointees considers for its board of directors and nominees for the board of directors and
195 commissions; (ii) the self-identified race and ethnicity of each member of said board of directors
196 and commissions; (iii) the number of total individuals on said boards and commissions; iv) a
197 description of the process of said board or commission for identifying, evaluating, and
198 determining nominees and appointees including, but not limited to, how demographic diversity is
199 considered; and (v) a description of the policies and practices of said boards and commissions for
200 promoting diversity, equity and inclusion among said boards and commissions and (vi) the total

201 number of people of color and the total number of individuals who serve as members on all
202 boards and commissions in the commonwealth.

203 (b) To track and measure progress, an annual report shall be published by the office of
204 the governor, annually, not later than July 1, that provides: (i) demographic data provided by all
205 public board and commission applicants, including boards and commissions of a political
206 subdivision of the state, relative to ethnicity and race; and (ii) demographic data provided by all
207 public board and commission nominees or appointees, including boards and commissions of a
208 political subdivision of the state, relative to ethnicity and race, pursuant to section (a) of this act.
209 Any demographic data disclosed or released pursuant to this section shall be anonymized to the
210 extent practicable and shall not identify an individual applicant, nominee or appointed board
211 member or commissioner. Said demographic data shall also disclose aggregated statistical data
212 by commission or board sector and by secretariat that governs said board or commission, if
213 applicable.

214 (c) Notwithstanding any general or special law to the contrary, and pursuant to any
215 established appointment procedures of individual boards or commissions in the commonwealth,
216 racial diversity shall be considered in any subsequent appointments made after July 1, 2021, to
217 any public boards and commissions in the commonwealth.

218 (d) By January 1, 2025 all boards and commissions shall, to the extent feasible, broadly
219 reflect the general public of the commonwealth, including the percentage of racial and ethnic
220 minorities in the general population.

221 SECTION 11. Sections 4 and 10 shall take effect on July 1, 2021.