

SENATE No. 3046

The Commonwealth of Massachusetts

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

1 by adding after section X the following sections:-

2 "SECTION X1. Subsection (i) of section 16G of chapter 6A of the general laws, as so
3 appearing in the 2018 official edition, is hereby amended by adding, at the end of the first
4 paragraph, the following sentence:-

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

8 SECTION X2. Subsection (i) of section 16G of chapter 6A of the general laws, as so
9 appearing, is hereby further amended by striking out, in the second paragraph, clauses 8, 9, and
10 10 and inserting in place thereof the following three clauses:-

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

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

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

SECTION X3. Subsection (l) of section 16G of chapter 6A of the general laws, as so appearing, is hereby amended by striking out the second paragraph and inserting in place thereof the following paragraph:-

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

SECTION X4. Chapter 7 of the General Laws is hereby amended by inserting after section 62 the following section:-

(a) The general court finds and declares that:

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

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

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

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

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

“Office”, means the Office of Supplier Diversity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION X5. Chapter 10 of the general laws, as so appearing in the 2018 official edition, shall be amended by adding, after section 10A, the following new section:-

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

SECTION X6. Chapter 10 of the general laws, as appearing in the 2018 edition, is hereby amended by inserting after section 35LLL, the following new section:

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

“Agency”, the Massachusetts Development Finance Agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION X7. Section 22A of chapter 40 of the general laws, as appearing in the 2018 official edition, is hereby amended by inserting after the phrase "improvements to the public realm" in paragraph 1, the following words:- including district management activities and operations

SECTION X8. Section 22C of chapter 40 of the general laws, as appearing in the 2018 official edition, is hereby amended by inserting after the phrase, "public transportation station accessibility improvements" the following words:- district management activities and operations,

SECTION X9. Chapter 167 of the general laws, as so appearing in the 2018 official edition, shall be amended by adding, after section 13 the following new section:-

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

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

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

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

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

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

SECTION X10. (a) Notwithstanding any general or special law to the contrary, all appointive boards and commissions in the commonwealth established by the Massachusetts general laws, including boards and commissions of a political subdivision of the state, if not otherwise provided by law, shall adopt policies and practices designed to increase the racial and ethnic diversity of their board membership and commission membership. To meet this goal, said boards and commissions shall report on an annual basis to the secretary of state and the office of the governor the following: (i) data on specific qualifications, skills and experience that the board appointees considers for its board of directors and nominees for the board of directors and commissions; (ii) the self-identified race and ethnicity of each member of said board of directors and commissions; (iii) the number of total individuals on said boards and commissions; iv) a description of the process of said board or commission for identifying, evaluating, and determining nominees and appointees including, but not limited to, how demographic diversity is considered; and (v) a description of the policies and practices of said boards and commissions for promoting diversity, equity and inclusion among said boards and commissions and (vi) the total

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

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

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

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

SECTION X11. Sections X4 and X10 shall take effect on July 1, 2021."