

Massachusetts House of Representatives Bill Summary

Bill #:	H.491
Title:	An Act including worker-owned businesses in economic development programs
Sponsor:	Rep. Steven Owens
Committee:	Economic Development and Emerging Technologies
Hearing Date:	June 5, 2025
Reporting Deadline:	August 4, 2025 ((subject to extensions under House Rule 27)
Prior History:	N/A
Similar Matters:	S.816 (Sen. Oliveira-Identical Bill)-in Financial Services Committee
Key Terms:	MGL refers to the Massachusetts General Laws.

The Massachusetts Development Finance Agency, which is also known as MassDevelopment, is a quasi-state agency that serves as a finance agency and a land bank, stimulating economic growth, supporting businesses, and revitalizing communities across Massachusetts through financing, real estate guidance, and community development. The agency offers financial tools such as loans, bonds, and guarantees to support real estate and business expansion projects; provides expertise in planning, permitting, development, and management of real estate projects; revitalizes cities and towns, particularly gateway cities; acts as the state's land bank acquiring, redeveloping, and conveying surplus or blighted properties to maximize job creation and expand the local tax base; administers various economic development programs on behalf of the state; and collaborates with many stakeholders to provide technical assistance for economic development challenges.

Employee ownership is a term for any arrangement in which a company's employees own shares in the company's stock. This can be used for business succession planning, to increase employee engagement and loyalty, to improve productivity and profitability, to

reduce tax liability, and to provide for employee wealth building and retirement savings. The most popular forms include Employee Stock Ownership Plan (ESOP) and Worker Cooperatives (Co-ops).

A worked-owned contractor refers to a business, often a construction or contracting firm, where the employees are also the owners, with each employee having a stake in the company's success and decision-making.

The Massachusetts Center for Employee Ownership is located within the Massachusetts Office of Business Development (MOBD) to provide information and resources on employee ownership, promote the benefits of employee involvement and ownership in businesses, and expand and enhance employee ownership opportunities.

Current Law: Chapter 23G of MGL establishes the Massachusetts Development Finance Agency, otherwise known as MassDevelopment.

Section 48 of this chapter, which was inserted by the Massachusetts Leads Act (Chapter 238 of the Acts of 2024), establishes a growth capital division within MassDevelopment. This division shall provide growth capital and other financial assistance to small businesses.

- Subsection (c) of this section authorizes MassDevelopment to participate in projects to provide capital or increase or improve the availability of capital to minority-owned or women-owned contractors. MassDevelopment shall only participate in projects if the agency determines that its participation is necessary to provide funding and shall participate in projects each year that promote the equitable growth of minority-owned or women-owned businesses.
- Subsection (d) authorizes MassDevelopment to establish or invest in the capital stock of any corporation organized to increase capital available to small businesses or to engage Massachusetts residents and businesses to work together to undertake programs, projects and activities that develop and improve urban, rural and suburban communities by creating and expanding economic opportunities for low-and moderate-income people. Such corporation may serve as a financial intermediary between entities undertaking projects and small businesses and public or private sources of capital; provide financial and managerial consulting services to entities undertaking projects, small businesses and minority-owned or women-owned contractors. This subsection also authorizes MassDevelopment to have a controlling or a minority

interest in such a corporation; provided, however, that at least 1 director of MassDevelopment shall sit on the board of the directors of the corporation.

- Subsection (e) requires corporations referenced in this section or corporations in which MassDevelopment has invested in under this section to make certain findings prior to making an investment in the equity capital in making grants to, making loans to or issuing loan guarantees to entities undertaking projects or to small businesses. Paragraph (i) of subsection (e) requires corporations to find that such action, taken by the corporation, is consistent with the objectives of this section and may reasonably be expected to contribute to the redevelopment, and economic well-being of the commonwealth, will create or retain jobs, or will assist minority-or women-owned businesses.

Summary: This legislation amends section 48 of chapter 23G of MGL, which was added through the Massachusetts Leads Act (Chapter 238 of the Acts of 2024), by adding worker owned businesses to the list of entities involved in certain economic development initiatives within MassDevelopment. The initiatives referenced in the applicable General Laws previously only included minority owned or women owned businesses.

Section 1 of this bill amends section 48(c) of chapter 23G of MGL, which was added through section 58 of chapter 238 of the acts of 2024, which is known as the Massachusetts Leads Act, by adding the words “worked-owned contractors” after the words “women-owned contractors”. This change has the effect of authorizing MassDevelopment to provide capital or increase the availability of capital to worked-owned contractors in addition to minority-owned or women-owned contractors.

Section 2 of this bill amends section 48(d) of chapter 23G of MGL, which was also added through section 58 of the Massachusetts Leads Act, by allowing MassDevelopment to establish or invest in the capital stock of any corporation that is providing financial and managerial consulting services to worked-owned businesses in addition to minority-owned or women-owned contractors, entities undertaking projects, or small businesses.

Section 3 amends paragraph (i) of section 48(e) of chapter 23G of MGL, which was also added through section 58 of the Massachusetts Leads Act, by revising the language that outlines what a corporation established in subsection (d) or invested in by

MassDevelopment must do prior to making equity capital investments, grants, or issuing loans to entities undertaking projects or to small businesses.

Prior to making an investment in the equity capital of, making grants to, or issuing loans to entities undertaking projects or to small businesses, corporations referenced in subsection (d) must ensure that such action is consistent with the objectives of this section and may reasonably be expected to contribute to the redevelopment and economic well-being of the commonwealth, will create or retain jobs, or will assist minority, worker, or women owned businesses. The change to this language is the addition of worked owned business to the list of entities this investment, grant, or loan shall potentially assist.

Notes:

There is an error in Section 3 of this bill text. Section 3 should reference Section 48(e)(i) of chapter 23G not Section 48(i), as that paragraph does not exist.