

Massachusetts House of Representatives Bill Summary

Bill #:	H.502
Title:	An Act relative to business relocation after receiving state grant funding.
Sponsor:	Rep. Marcus S. Vaughn
Committee:	Economic Development and Emerging Technologies
Hearing Date:	September 25, 2025
Reporting Deadline:	November 24, 2025 (subject to extensions under House Rule 27)
Prior History:	N/A-New File
Key Terms:	<p><u>Certified Project</u> - a proposed project that is certified by the EACC pursuant to Chapter 23A, <u>section 3C</u>. (See MGL Ch. 23A, Section 3A(b)).</p> <p><u>Controlling Business</u> – a business that owns, leases or has the power to direct the operation or management of all or a portion of a facility at which the business employs or intends to employ permanent full-time employees. (See MGL Ch. 23A, Section 3A(b)).</p> <p><u>Economic Assistance Coordinating Council (“EACC”)</u> – a council comprised of 15 voting members that include public officials and appointees by the governor. The EACC is primarily responsible for establishing regulations, policies and procedures to administer the EDIP; certifying EDIP Projects; administering EDIP annual reports; and decertifying projects that are not compliant. ((See MGL Ch. 23A, Section 3b(a)).</p> <p><u>Economic Development Incentive Program (“EDIP”)</u> – EDIP is a program administered by the Economic Assistance Coordinating Council. This program is designed to foster job creation and stimulate business growth. A company that participates in this program may receive state tax credits and local property tax incentives in exchange</p>

for a commitment to create new jobs, retain existing jobs, and commit private investment to the project.

EDIP Contract - a written agreement between Massachusetts Office of Business Development and the recipient of EDIP tax credits setting forth the amount of credits awarded, the schedule on which the credits may be claimed, any restriction on the carryover of unused credits, the consequences for failing to produce the projected new jobs or new investment and such other terms and conditions as Massachusetts Office of Business Development may in its discretion require. (See MGL Ch. 23A, Section 3A(b)).

EDIP tax credits -the tax credits authorized by the EACC pursuant to section 3D and claimed by a taxpayer pursuant to subsection (g) of section 6 of chapter 62 or section 38N of chapter 63. (See MGL Ch. 23A, Section 3A(b)).

Massachusetts Office of Business Development (“MOBD”) – Part of the Executive Office of Economic Development is responsible for administering over nearly all aspects of the EDIP program. (MGL Chapter 23A, Section 1).

Current Law: Chapter 23A – Department of Economic Development

- Section 3A – Economic development incentive program; establishment; definitions for Secs. 3A to 3G
 - o Section 3A establishes an economic development incentive program, also known as EDIP, which shall be administered by the Economic Assistance Coordinating Council (EACC) to provide incentives that stimulate job creation and investment of private capital and to promote economic growth and expand economic opportunity to all areas of the commonwealth. EDIP may include the issuance of tax credits and other incentives to stimulate job creation, attract new business activity and promote investment that would not otherwise occur in Massachusetts.
- Section 3D - Awarding of tax credits available pursuant to Sec. 6 of chapter 62 or Sec. 38N of chapter 63; refundable tax credits; limitations; execution of EDIP contract; finality of EACC decisions
 - o Subsection (a) authorizes the Economic Assistance Coordinating Council (EACC) to award tax credits to the controlling business of a certified project or its affiliate and outlines the factors the EACC should consider when

determining the amount of the award. It also grants the EACC discretion to impose limitations on the tax credits, including setting a maximum dollar amount, specifying the schedule on which the credits may be claimed, and restricting or eliminating the ability to carry unused credits forward to future tax year

- Subsection (b) states that the EACC may grant refundable tax credits to a certified project; provided, however, that the EACC shall not authorize more than \$5,000,000 in refundable tax credits for any single calendar year.
- Subsection (c) states the total amount of tax credits that may be authorized by the EACC under this section for any calendar year shall not exceed \$30,000,000.
- Subsection (d) requires the Massachusetts Office of business Development is required to enter into an EDIP contracts with the recipient of the tax credits awarded by the EACC awards tax credits.
- Subsection (e) states that all decisions made by the EACC are final and not subject to administrative appeal or judicial review.

Summary: Requires all EDIP contracts awarded by the EACC to include a forfeiture clause mandating that recipients repay any tax credits or grants if they relocate outside Massachusetts within 20 years, unless they declare bankruptcy.

Section 1 of this bill amends Section 3D of Chapter 23A of the Massachusetts General Laws by adding a new subsection-- "subsection (f)"

The new subsection requires that all Economic Development Incentive Program (EDIP) contracts awarded by the Economic Assistance Coordinating Council (EACC) must include a forfeiture clause. More specifically, a forfeiture clause stating that if any corporation, sole proprietorship, limited liability company, or partnership receiving EDIP tax credits or grants for a certified project must forfeit or refund those benefits if the business relocates outside of Massachusetts within 20 years—unless the business declares bankruptcy under federal law (11 U.S.C.). The Attorney General's Office is directed to promulgate regulations to enforce this provision.

Notes: Note 1: The Bill was drafted using the 2022 Official Edition of the MGL. The reason that this is important is that a lot of changes were

made to the EDIP process under the 2024 Mass Leads Act. The changes made to EDIP have not yet been statutorily updated.