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Governor Healey's Capital Authorization Bills

On Thursday, January 19th, Governor Maura Healey filed the first capital bond bills of her Administration, totaling **\$1.4 billion**. The first bill focuses on what the Administration identifies as the “immediate needs” of municipalities, and includes **\$987 million** for investments in housing, public infrastructure, and economic development. The second bill includes a two-year, **\$400 million** reauthorization of the state’s Chapter 90 program to fund improvements to local roads and bridges.

This brief provides an initial summary of the bills filed by the Governor and compares the proposed authorizations to those that received legislative approval last session in economic development bills passed by the House and Senate. Subsequent publications will summarize actions taken by the House and Senate as the bills move through the legislative process.

Immediate Needs Authorizations

In *An Act Financing the Immediate Economic Revitalization, Community Development, and Housing Needs of the Commonwealth*, Governor Healey proposes **\$987.4 million** in capital authorizations to meet the most pressing needs of municipalities across the state and improve the Commonwealth’s ability to compete for federal grant opportunities.

Notably, **\$956 million** – 97 percent – of the capital authorizations included in the bill already received approval from the Legislature last session in the economic development bills filed by former-Governor Charlie Baker and passed by the House and Senate. No capital authorizations were ultimately included in the final economic development bill signed into law last November. These repeat investments can be grouped into four categories:

- Funds for economic development initiatives (\$477 million);
- Matching grants to capitalize federal funding opportunities and incentivize collaboration among industry partners (\$262 million);
- Funding to support housing production, rehabilitation, and affordability (\$105.1 million); and
- Programs to improve public infrastructure (\$113.3 million).

Of these investments, approximately \$620 million is for programs that have depleted existing resources or will require additional authorization to meet anticipated demand.

Governor Healey has also included **\$30 million** for two new programs to fund grants to municipalities for the siting and establishment of emergency shelters and affordable housing projects, and support capital improvements at public libraries.

Category of Spending	2022 Economic Development Bill	2023 Immediate Needs Bill	Shared Spending
Refiled Authorizations			
Economic Development	\$544.00	\$477.00	\$477.00
Matching Funds	\$327.00	\$262.00	\$262.00
Housing	\$268.80	\$105.10	\$104.00
Public Infrastructure	\$116.00	\$113.30	\$113.30
New Authorizations			
Municipal Housing Grants	\$0.00	\$5.00	\$0.00
Public Library Capital Projects	\$0.00	\$25.00	\$0.00
Total	\$1,255.80	\$987.40	\$956.30
<i>\$ in millions</i>			

Notable investments in the Immediate Needs bill include:

Economic Development

- \$400 million to reauthorize the state’s MassWorks grant program, the largest and most flexible public infrastructure grant program in the state. The bill also extends the program’s reauthorization to 2028.
- \$34 million for the Underutilized Properties program to rehabilitate and redevelop under used properties across the state.
- \$20 million for a Competitive and Secure Innovation Program; originally proposed by former-Governor Baker.
- \$10 million in total funding for competitive grant programs dedicated to rural and community development and tourism destination development projects.

Matching Funds

- \$200 million to enable academic institutions, non-profits, and other economic development corporations to compete for research and workforce development grants made available through the federal CHIPS and Science Act.
- \$30 million to leverage federal broadband infrastructure funding made available through the Bipartisan Infrastructure Law (BIL).
- \$32 million in total funding for matching grants to incentivize collaboration between manufacturers, higher education institutions, and non-profit organizations in the development and promotion of advanced manufacturing in the Commonwealth.

Housing & Public Infrastructure

- \$48 million for capital improvements at public housing authorities.

- \$16 million dedicated to the Housing Stabilization and Investment Trust Fund.
- \$10 million for the Housing Innovations Trust Fund.
- \$8 million for the Smart Growth Housing Trust Fund to incentivize the development of affordable housing, a \$1.1 billion increase over the economic development bills from last session.
- \$3 million in total funding to encourage transit-oriented housing, as well as sustainable and climate resilient multi-family housing.
- \$104 million for the Clean Water Trust Fund.
- \$9.3 million to support capital improvements to broadband infrastructure, including the “middle mile” that supports high-speed internet access in rural areas of the state.

New Investments

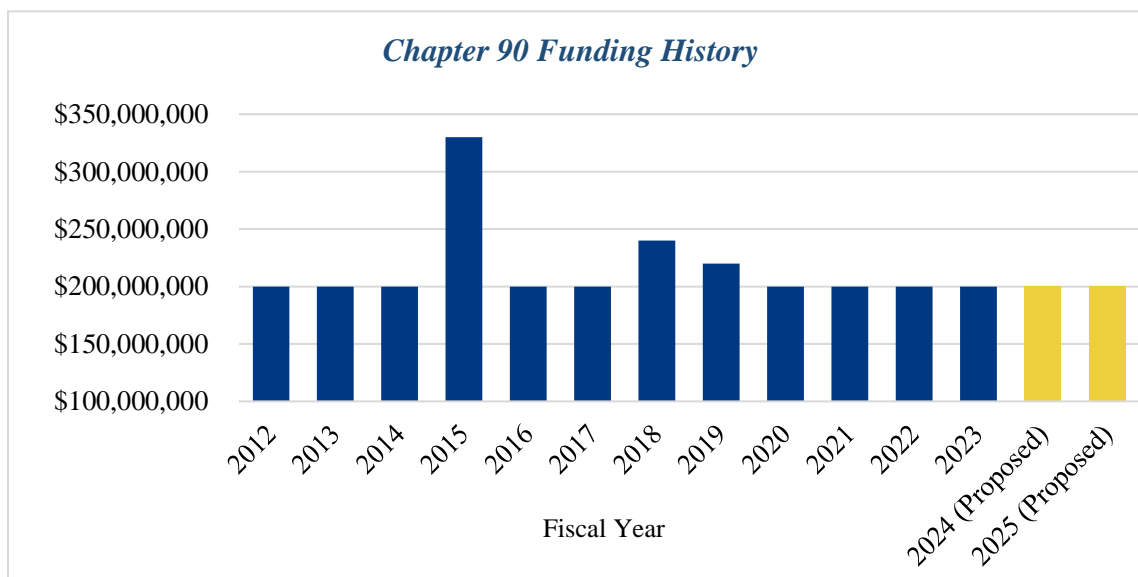
- \$25 million for a program to support capital improvement projects at public libraries.
- \$5 million for grants to municipalities to site and establish housing and emergency shelters.

Chapter 90 Transportation Bond Bill

In a second bill, *An Act Financing Improvements to Municipal Roads and Bridges*, Governor Healey proposes a two-year, **\$400 million** reauthorization of the state’s Chapter 90 Program. Chapter 90 reimburses municipalities for projects to improve local transportation networks; the total amount of reimbursement available for cities and towns is determined according to a formula based on population, local road mileage, and employment.

This level of investment is consistent with historic annual funding levels of \$200 million; however, the bill language does not indicate that the funding will be apportioned equally over the two-year period.

The table below illustrates the funding history of the Chapter 90 program since FY 2012.



Before being made available to municipalities, the \$400 million authorization will need to be approved by the Legislature. Final apportionments to cities and towns will be determined by the Massachusetts Department of Transportation (MassDOT).

Bottom Line

Two weeks after being sworn into office, Governor Healey filed her Administration's first capital authorization proposals. The quick turnaround in filing the bills is driven in part by pressures to reauthorize or expand existing programs that have depleted resources or are facing increased demand. However, in keeping with promises made on the campaign trail, the bills focus on housing production, rehabilitation, and affordability; as well as strengthening public infrastructure and economic development efforts. While many of the proposals included in the "immediate needs" legislation have already received legislative consensus in prior vehicles, Governor Healey's approach on Chapter 90 funding diverges from past practice by authorizing funding for a two-year period. Governor Healey's proposal also continues the Baker Administration's strategy of leveraging state resources to improve applications for federal grant opportunities and encourage collaboration among industry partners.

On Thursday, January 26th, the Immediate Needs bill was sent to the House and Senate Committee on Ways and Means, and the Chapter 90 bill was sent to the Joint Committee on Transportation.