



House Speaker Salvatore DiMasi  
Massachusetts State House  
Room 356  
Boston MA, 02133

Dear House Speaker:

The Massachusetts Alliance for Economic Development strongly supports the enactment of Senate Bill 146 and House Bill 159 that would add Chapter 40T to the General Laws. The proposed Chapter 40T would permit property owners, with the consent of the municipality, to create development zones that would allow property owners to self-assess themselves in order to pay for needed public infrastructure improvements. Either the Massachusetts Development Finance Agency or a local improvement district would finance needed infrastructure benefiting the development zone through the issuance of notes or bonds. The debt service on the bonds would be paid back through a schedule of special assessments on the real estate within the development zone. Development zones could only be established with the approval of both the local property owners and the city or town.

Chapter 40T would enable municipalities to provide an efficient mechanism to construct, administer, operate and repair project infrastructure, saving residents outside the project area (development zone) such expenses. This financing technique has been used with great success in other states. Currently, we are missing out on this pool of capital. Last year some \$15 billion in infrastructure was financed for other states. Massachusetts already permits municipalities to fund projects benefiting particular neighborhoods through betterments or assessments. This, however, requires the municipality to pledge its credit and then collect the betterment or assessment fees. Chapter 40T would relieve the municipality of this liability. Without Chapter 40T, the use of this potential source of capital can only be accessed through home rule special legislation on a case by case basis.

Many municipal budgets cannot fully support the roads, water, sewer and other infrastructure needed for quality industrial, commercial and residential development. Financing under the proposed Chapter 40T could be used by developers of commercial or residential projects with large infrastructure needs. It would also be available as a financing mechanism for existing neighborhoods with unmet sewer or water needs if a city or town is unwilling or unable to finance such improvements.

The enactment of Chapter 40T would enhance quality development and neighborhood revitalization, increase employment and speed the flow of local and state tax revenues. For these reasons we respectfully urge you to support the legislation.

Sincerely

Executive Director  
Massachusetts Alliance for Economic Development