

Healey aims to invest \$1 billion to boost Mass. climate-tech economy

The \$3.5 billion economic development bill will also include money for life sciences and artificial intelligence

By [Jon Chesto](#) Globe Staff, Updated February 29, 2024, 5:38 p.m.



Governor Maura Healey unveiled the details of how she would use an upcoming economic development bill to make Massachusetts a climate-tech epicenter on Feb. 29. She made the announcement at Form Energy in Somerville. LANE TURNER/GLOBE STAFF

Governor Maura Healey on Thursday unveiled details of how she hopes to use an upcoming economic development bill to boost the climate-tech sector in Massachusetts,

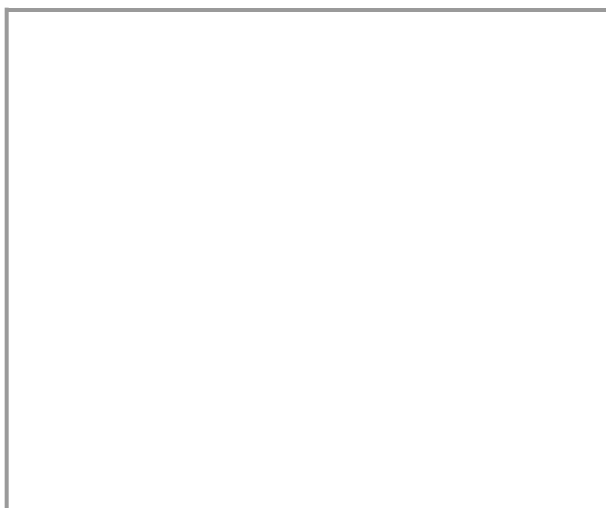
much as similar public investments in life sciences, starting about 15 years ago, helped make Greater Boston the epicenter of that industry.

Healey proposes setting aside \$1 billion over 10 years for climate-tech, with another \$1 billion for life sciences. That represents steady funding for the life sciences sector and a huge boost for [clean energy and other climate-related businesses](#).

The bill, which Healey expects to send to lawmakers in the coming days, would total about \$3.5 billion in state bonds and tax incentives. The package would reauthorize existing programs, such as the MassWorks subsidies for local infrastructure, and add new ones such as \$100 million for an artificial intelligence hub.

But the centerpiece of Healey's first economic development bill is the climate-tech funding, and Healey made the announcement at battery maker Form Energy in Somerville to draw attention to her administration's commitment to the sector. Healey and state economic development secretary Yvonne Hao emphasized that they hope to apply the "lab to fab" model that has worked for life sciences to clean-tech — and spur companies to not only add lab and corporate jobs but manufacturing plants as well.

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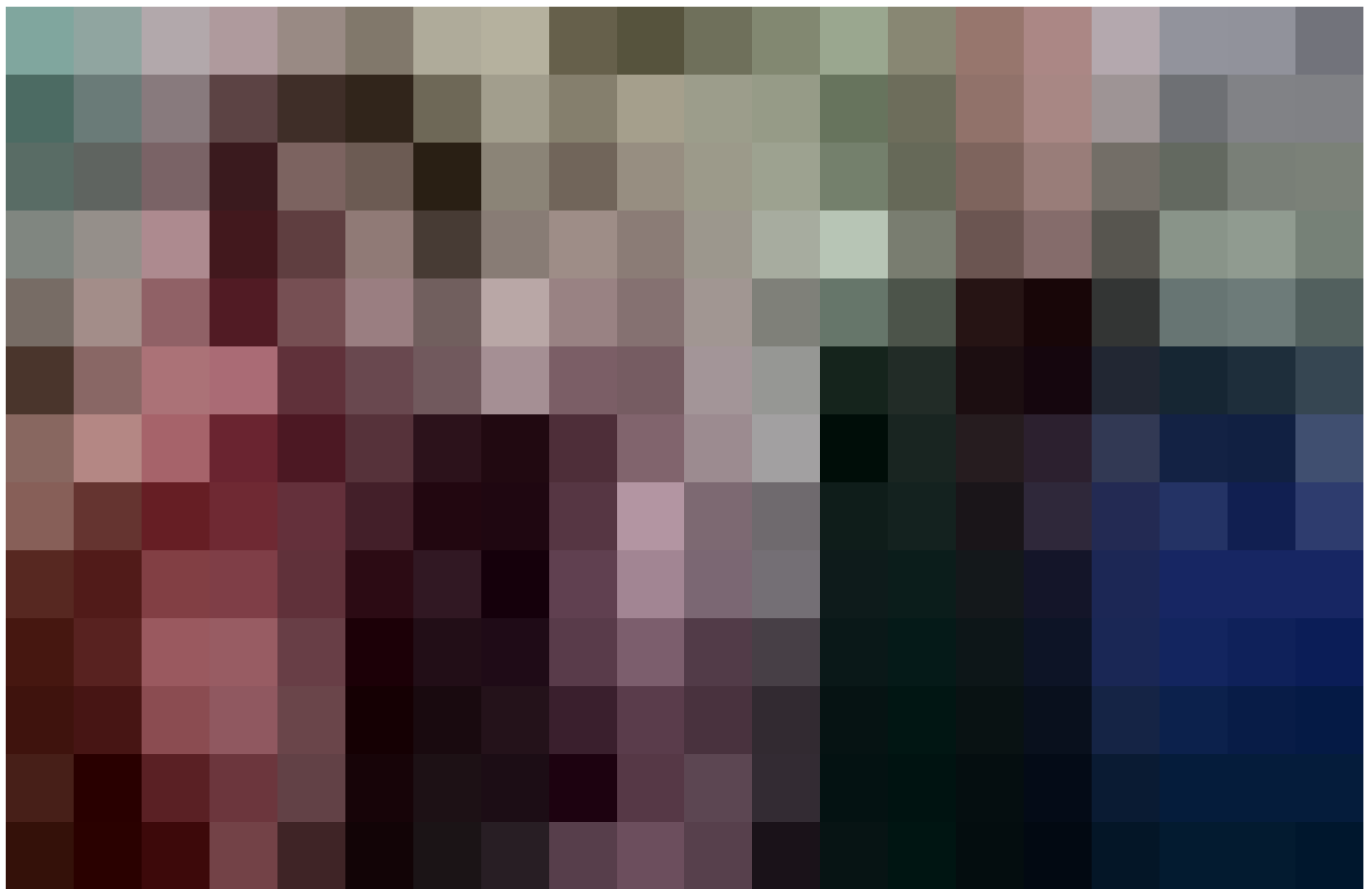


“One thing that people really appreciate, if you talk to CEOs, is the ability of research and innovation to be proximate to manufacturing,” Healey said. “I think we have an ability to do that in this state.”

Form Energy president Ted Wiley concurred. Although his company is planning a factory in West Virginia to build grid-scale batteries, Wiley said he believes the incentives in this bill would help ensure that more Massachusetts-born companies choose to grow here.

Form is among them: The company recently leased the nearly 100,000-square-foot spot in Somerville's Inner Belt district where Healey's announcement took place, and is considering an even bigger expansion in the city.

"There are so many great ideas that come from this region," Wiley said. "This bill helps ensure that a lot more of those ideas turn into companies that start here, but more importantly they scale here, they grow here, they prove their technology to the world, and they stay here."



Form Energy president Ted Wiley said he believes the incentives in Governor Maura Healey's economic development bill would help ensure more of the state's homegrown companies choose to expand here. LANE TURNER/GLOBE STAFF

The \$1 billion in climate-tech funding breaks down into three buckets, all under the Massachusetts Clean Energy Center's purview: \$400 million over 10 years for capital

projects, \$300 million for tax incentives, and \$300 million for operations.

Before this year, the clean energy center's annual budget typically totaled \$30 million or so, funded mainly by a charge on electric utility bills. Last year, at Healey's request, the Legislature essentially doubled that number by adding \$30 million from the state budget. While Healey's commitment to MassCEC's operations assumes that the Legislature will keep that funding intact over the next 10 years, the upcoming bond bill would expand MassCEC's capacity to invest in capital projects such as real estate and equipment, as well as new climate-tech tax incentives.

"It's bringing us into the same realm as life sciences in terms of the type of investments we can do," said Emily Reichert, the former Greentown Labs chief executive recruited by Healey last fall to run the clean energy center. "Companies tend to start here. Our ecosystem is so strong that I think this extra ability that MassCEC will have to do economic development activity can tip us over into a much more attractive long-term place [for climate-tech companies]."

In total, Healey is seeking the Legislature's approval to borrow \$500 million for life sciences and \$400 million for climate-tech over 10 years, and then another \$1.9 billion over five years for other economic development programs. The \$3.5 billion total also assumes \$650 million in tax incentives for clean-tech and life sciences and another \$100 million for other tax credits but does not include money for the operating budgets for MassCEC and its counterpart, the Massachusetts Life Sciences Center, according to the state Executive Office of Administration & Finance. Matthew Gorzkowicz, the Administration & Finance secretary, said the administration can fit the bonding elements of the bill within the state's roughly \$3 billion annual borrowing limit.

The Legislature's economic development committee will hold a public hearing in the next several weeks to discuss the bill. Eventually, the House and Senate will propose their own versions before the differences get resolved before formal legislative sessions end on July 31.

The committee cochairs, Senator Barry Finegold and Representative Jerald Parisella, stood aside Healey during her announcement on Thursday, and offered praise for Healey's and Hao's ideas in subsequent interviews. But they said they still need to see the bill's details before forming a full opinion.

“There are a lot of interesting ideas in there, there are a lot of good proposals,” Parisella said. “I want to make sure we do our own due diligence. ... We do have to ask the question: ‘Is this something we can afford?’ ”

Some advocates had wanted to see an even bigger boost. The fear is that rival states such as California and New York can outmaneuver Massachusetts in the race for climate-tech jobs as states and countries around the world look to reduce carbon emissions and fight global warming.

Massachusetts is already in a strong position, with investment bank Jefferies recently ranking the state second after California in climate-tech based on the total of venture, private equity and infrastructure investments over the past three years.

“I marvel at the scale of opportunity in Massachusetts to really own this sector,” said Elizabeth Turnbull Henry, president of the Environmental League of Massachusetts. “We’re hearing from entrepreneurs and founders and CEOs that it’s kind of a jump ball right now where the sector really finds its home in the US. If Massachusetts is visionary ... and committed, we could win it. If we’re not, we won’t.”

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