HOUSE DOCKET, NO. 1283 FILED ON: 1/20/2011

HOUSE . . . . . No. 1450

The Commonwealth of Massachusetts

PRESENTED BY:

Stephen Kulik

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act relative to municipal departmental revolving funds.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Stephen Kulik	*1st Franklin*

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HOUSE . . . . . No. 1450

By Mr. Stephen Kulik of Worthington, petition (accompanied by bill, House, No. 01450) of Stephen Kulik relative to municipal departmental revolving funds. Joint Committee on Municipalities and Regional Government.

The Commonwealth of Massachusetts

An Act relative to municipal departmental revolving funds.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 44 of the General Laws, as appearing in the 2008 Official Edition, is hereby amended by striking section 53E 1/2 and adding in place thereof the following section:-

Section 53E ½. Notwithstanding the provisions of section fifty three, a city or town may authorize or rescind authorization for the use of one or more revolving funds by one or more municipal agency, board, department or office which shall be accounted for separately from all other monies in such city or town and to which shall be credited only the departmental receipts received in connection with the programs supported by such revolving fund. Expenditures may be made from such revolving fund without further appropriation, subject to the provisions of this section; provided, however, that expenditures shall not be made or liabilities incurred from any such revolving fund in excess of the balance of the fund nor in excess of the total authorized expenditures from such fund, nor shall any expenditures be made unless approved in accordance with sections forty one, forty two, fifty two and fifty six of chapter forty one.

Interest earned on any revolving fund balance shall be treated as general fund revenue of the city or town. No revolving fund may be established pursuant to this section for receipts of a municipal water or sewer department or of a municipal hospital. No such revolving fund may be established if the aggregate limit of all revolving funds autho¬rized under this section exceeds ten percent of the amount raised by taxation by the city or town in the most recent fiscal year for which a tax rate has been certified under section twenty three of chapter fifty nine. No revolving fund expenditures shall be made for the purpose of paying any wages or salaries for full time employees unless such revolving fund is also charged for the costs of fringe benefits associated with the wages or salaries so paid; provided, however, that such prohibition shall not apply to wages or salaries paid to full or part time employees who are employed as drivers providing transportation for public school students; provided further, that only that portion of a revolving fund which is attributable to transportation fees may be used to pay such wages or salaries and

25 provided, further, that any such wages or salaries so paid shall be reported in the budget
26 submitted for the next fiscal year.

27 Authorization or rescission of a revolving fund established under the provisions of this
28 section or any change in the limit on the total amount that may be expended from any such fund
29 shall be by vote of the annual town meeting in the year prior to the fiscal year in which the
30 authorization, rescission or change is to first take effect, in a town, upon recommendation of the
31 finance or appropriations committee, and by vote of the city council in a city, upon
32 recommendation of the mayor or city manager, in Plan E cities, and in any other city or town by
33 vote of the legislative body upon the recom¬mendation of the chief administrative or executive
34 officer. Such authorization shall specify: (1) the programs and purposes for which the revolving
35 fund may be expended; (2) the departmental receipts which shall be credited to the revolving
36 fund; (3) the board, department or officer authorized to expend from such fund; (4) a limit on the
37 total amount which may be expended from such fund in the ensuing fiscal year; and, provided,
38 further, that no board, department or officer shall be authorized to expend in any one fiscal year
39 from all revolving funds under its direct control more than five percent of the amount raised by
40 taxation by the city or town in the most recent fiscal year for which a tax rate has been certified
41 under section twenty three of chapter fifty-nine. Notwithstand¬ing the provisions of this section,
42 whenever, during the course of any fiscal year, any new revenue source becomes available for
43 the establish¬ment of a revolving fund under this section, such a fund may be established in
44 accordance with this section upon certification by the city auditor, town accountant, or other
45 officer having similar duties, that the revenue source was not used in computing the most recent
46 tax levy.

47 In any fiscal year the limit on the amount that may be spent from a revolving fund may be
48 increased with the approval of the city council and mayor in a city, or with the approval of the
49 selectmen and finance committee, if any, in a town; provided, however, that the five percent
50 limit established by clause (4) of the third paragraph is not exceeded.

51 The board, department or officer having charge of such revolving fund shall report to the
52 annual town meeting or to the city council and the board of selectmen, the mayor of a city or city
53 manager in a Plan E city or in any other city or town to the legislative body and the chief
54 administrative or executive officer, the total amount of receipts and expenditures for each
55 revolving fund under its control for the prior fiscal year and for the current fiscal year through
56 December thirty first, or such later date as the town meeting or city council may, by vote
57 determine, and the amount of any increases in spending authority granted during the prior and
58 current fiscal years, together with such other information as the town meeting or city council
59 may by vote require.

60 At the close of a fiscal year for which the authorization for a revolving fund under this
61 section has been rescinded, for the following year, or for which a city or town changes the
62 purposes for which money in a revolving fund may be spent in the following year, the balance in

63 the fund at the end of the fiscal year shall revert to surplus revenue unless the annual town
64 meeting or the city council and mayor or city manager in a Plan E city and in any other city or
65 town the legislative body vote to transfer such balance to another revolving fund established
66 under this section.

67 The director of accounts may issue guidelines further regulating revolving funds
68 established under this section.