HOUSE DOCKET, NO. 1705 FILED ON: 1/17/2013

HOUSE . . . . . No. 1857

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 adoption of the accompanying bill:

An Act relative to streamlining municipal finance.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Stephen Kulik	*1st Franklin*
Carolyn C. Dykema	*8th Middlesex*
Sarah K. Peake	*4th Barnstable*

HOUSE DOCKET, NO. 1705 FILED ON: 1/17/2013

HOUSE . . . . . No. 1857

By Mr. Kulik of Worthington, a petition (accompanied by bill, House, No. 1857) of Stephen Kulik, Carolyn C. Dykema and Sarah K. Peake relative to streamlining municipal finance. Municipalities and Regional Government.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act relative to streamlining municipal finance.

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. Section 5B of Chapter 40 of the General Laws is hereby amended by striking in the second sentence of the third paragraph the words "into or."

SECTION 2. Section 21A of chapter 44 of the General Laws is hereby amended by striking out the first sentence and inserting in place thereof the following:

The city council of a city, the board of selectmen of a town and the prudential committee, if any, otherwise, the commissioners of a district, may authorize and provide for the issuance of refunding bonds or notes of the city, town or district for the purpose of paying or refunding all or any designated part of an issue of bonds or notes then outstanding, including the amount of any redemption premium thereon; provided, however, that no such refunding bonds or notes shall be payable over a period longer than the period during which the original bonds or notes so refunded must be paid pursuant to law; and provided, further, that, notwithstanding any provision of any general or special law, city charter, city ordinance or city council rule or order to the contrary, any vote of the city council of a city authorizing and providing for the issuance of refunding bonds or notes of the city may be introduced and given final passage at one meeting of the city council, shall not be subject to any publication requirement, shall not be subject to any referendum provision, and shall be effective upon passage.

SECTION 3. Section 21A of chapter 44 of the General Laws is hereby amended by deleting the first clause of the second sentence and by inserting in place thereof, the following new clause:

The first annual payment of principal on account of an issue of refunding bonds or notes shall not be later than the last day of the fiscal year in which any of the bonds or notes being refunded would otherwise have been payable and the annual payments thereafter shall be arranged in accordance with the provisions of section nineteen;

SECTION 4. Section 19 of chapter 44 of the General Laws is hereby amended by adding at the end of said section, the following new paragraph:

Notwithstanding any general or special law to the contrary, the final payment on account of any bonds issued by a city, town or district may be made not later than the end of the fiscal year in which such bonds would otherwise have been payable in accordance with the provisions of Sections 7 and 8 of chapter 44 of the General Laws, or in accordance with any other statutory authority pursuant to which the issuance of any such bonds was otherwise authorized.

SECTION 5. Chapter 44 of the General Laws 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 provided, further, that any such wages or salaries so paid shall be reported in the budget submitted for the next fiscal year.

Authorization or rescission of a revolving fund established under the provisions of this section or any change in the limit on the total amount that may be expended from any such fund shall be by vote of the annual town meeting in the year prior to the fiscal year in which the authorization, rescission or change is to first take effect, in a town, upon recommendation of the finance or appropriations committee, and by vote of the city council in a city, upon recommendation of the mayor or city manager, in Plan E cities, and in any other city or town by vote of the legislative body upon the recom¬mendation of the chief administrative or executive officer. Such authorization shall specify: (1) the programs and purposes for which the revolving fund may be expended; (2) the departmental receipts which shall be credited to the revolving fund; (3) the board, department or officer authorized to expend from such fund; (4) a limit on the total amount which may be expended from such fund in the ensuing fiscal year; and, provided, further, that no board, department or officer shall be authorized to expend in any one fiscal year from all revolving funds under its direct control more than five 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. Notwithstand¬ing the provisions of this section, whenever, during the course of any fiscal year, any new revenue source becomes available for the establish¬ment of a revolving fund under this section, such a fund may be established in accordance with this section upon certification by the city auditor, town accountant, or other officer having similar duties, that the revenue source was not used in computing the most recent tax levy.

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

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

At the close of a fiscal year for which the authorization for a revolving fund under this section has been rescinded, for the following year, or for which a city or town changes the purposes for which money in a revolving fund may be spent in the following year, the balance in the fund at the end of the fiscal year shall revert to surplus revenue unless the annual town meeting or the city council and mayor or city manager in a Plan E city and in any other city or

town the legislative body vote to transfer such balance to another revolving fund established under this section.

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