

SENATE No. 1068

The Commonwealth of Massachusetts

PRESENTED BY:

Kenneth J. Donnelly

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: |
|----------------------------|------------------------------------|
| <i>Kenneth J. Donnelly</i> | <i>Fourth Middlesex</i> |
| <i>Chris Walsh</i> | <i>6th Middlesex</i> |
| <i>Jason M. Lewis</i> | <i>Fifth Middlesex</i> |
| <i>Eric P. Lesser</i> | <i>First Hampden and Hampshire</i> |

SENATE No. 1068

By Mr. Donnelly, a petition (accompanied by bill, Senate, No. 1068) of Kenneth J. Donnelly, Chris Walsh, Jason M. Lewis and Eric P. Lesser for legislation relative to streamlining municipal finance. Municipalities and Regional Government.

The Commonwealth of Massachusetts

**In the One Hundred and Eighty-Ninth General Court
(2015-2016)**

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:

1 SECTION 1. Section 5B of Chapter 40 of the General Laws, as appearing in the 2012
2 Official Edition, is hereby amended by striking in the second sentence of the third paragraph the
3 words "into or."

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

6 The city council of a city, the board of selectmen of a town and the prudential committee,
7 if any, otherwise, the commissioners of a district, may authorize and provide for the issuance of
8 refunding bonds or notes of the city, town or district for the purpose of paying or refunding all or
9 any designated part of an issue of bonds or notes then outstanding, including the amount of any
10 redemption premium thereon; provided, however, that no such refunding bonds or notes shall be
11 payable over a period longer than the period during which the original bonds or notes so
12 refunded must be paid pursuant to law; and provided, further, that, notwithstanding any provision

13 of any general or special law, city charter, city ordinance or city council rule or order to the
14 contrary, any vote of the city council of a city authorizing and providing for the issuance of
15 refunding bonds or notes of the city may be introduced and given final passage at one meeting of
16 the city council, shall not be subject to any publication requirement, shall not be subject to any
17 referendum provision, and shall be effective upon passage.

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

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

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

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

32 SECTION 5. Chapter 44 of the General Laws is hereby amended by striking section 53E
33 1/2 and adding in place thereof the following section:-

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

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

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

58 Authorization or rescission of a revolving fund established under the provisions of this
59 section or any change in the limit on the total amount that may be expended from any such fund
60 shall be by vote of the annual town meeting in the year prior to the fiscal year in which the
61 authorization, rescission or change is to first take effect, in a town, upon recommendation of the
62 finance or appropriations committee, and by vote of the city council in a city, upon
63 recommendation of the mayor or city manager, in Plan E cities, and in any other city or town by
64 vote of the legislative body upon the recommendation of the chief administrative or executive
65 officer. Such authorization shall specify: (1) the programs and purposes for which the revolving
66 fund may be expended; (2) the departmental receipts which shall be credited to the revolving
67 fund; (3) the board, department or officer authorized to expend from such fund; (4) a limit on the
68 total amount which may be expended from such fund in the ensuing fiscal year; and, provided,
69 further, that no board, department or officer shall be authorized to expend in any one fiscal year
70 from all revolving funds under its direct control more than five percent of the amount raised by
71 taxation by the city or town in the most recent fiscal year for which a tax rate has been certified
72 under section twenty three of chapter fifty-nine. Notwithstanding the provisions of this section,
73 whenever, during the course of any fiscal year, any new revenue source becomes available for
74 the establishment of a revolving fund under this section, such a fund may be established in
75 accordance with this section upon certification by the city auditor, town accountant, or other
76 officer having similar duties, that the revenue source was not used in computing the most recent
77 tax levy.

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

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

91 At the close of a fiscal year for which the authorization for a revolving fund under this
92 section has been rescinded, for the following year, or for which a city or town changes the
93 purposes for which money in a revolving fund may be spent in the following year, the balance in
94 the fund at the end of the fiscal year shall revert to surplus revenue unless the annual town
95 meeting or the city council and mayor or city manager in a Plan E city and in any other city or
96 town the legislative body vote to transfer such balance to another revolving fund established
97 under this section.

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