

HOUSE No. 3235

The Commonwealth of Massachusetts

PRESENTED BY:

Tommy Vitolo

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 authorizing municipalities to impose a methane emissions surcharge and authorize non-pipeline alternatives.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Tommy Vitolo</i>	<i>15th Norfolk</i>	<i>1/19/2023</i>
<i>Kevin G. Honan</i>	<i>17th Suffolk</i>	<i>2/2/2023</i>

HOUSE No. 3235

By Representative Vitolo of Brookline, a petition (accompanied by bill, House, No. 3235) of Tommy Vitolo and Kevin G. Honan for legislation to authorize cities and towns to impose a methane emissions surcharge and non-pipeline alternatives. Telecommunications, Utilities and Energy.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act authorizing municipalities to impose a methane emissions surcharge and authorize non-pipeline alternatives.

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. (a) Notwithstanding the provisions of section 53 of chapter 44 of the
2 General Laws, or any other general or special law to the contrary, a city or town that accepts the
3 provisions of this section pursuant to section 4 of chapter 4 of the General Laws shall establish a
4 separate account to be known as the Emissions Reduction Fund of which the municipal treasurer
5 shall be the custodian. The authority to approve expenditures from the fund shall be limited to
6 the legislative body and the municipal treasurer shall pay such expenses in accordance with
7 chapter 41 of the General Laws.

8 The following monies shall be deposited in the Emissions Reduction Fund: (i) all funds
9 collected pursuant to local surcharges or bond proceeds in anticipation of revenue from such
10 surcharges; (ii) all funds received from the commonwealth or any other source for such purposes;
11 and (iii) proceeds from the disposition of a real property interest that was acquired with funds

12 from the Emissions Reduction Fund. The treasurer may deposit or invest the proceeds of the fund
13 in savings banks, trust companies incorporated under the laws of the commonwealth, banking
14 companies incorporated under the laws of the commonwealth that are members of the Federal
15 Deposit Insurance Corporation, or national banks, or may invest the proceeds in paid up shares
16 and accounts of and in co-operative banks or in shares of savings and loan associations or in
17 shares of federal savings and loan associations doing business in the commonwealth or in the
18 manner authorized by section 54 of chapter 44 of the General Laws, and any income therefrom
19 shall be credited to the fund.

20 (b) Municipal boards and commissions shall, from time to time, make recommendations
21 to the legislative body of the municipality to fund programs or activities to promote emissions
22 reductions. The boards and commissions may include in their recommendations to the legislative
23 body of the municipality a recommendation to set aside for later spending funds for specific
24 purposes that are consistent with emissions reduction but for which sufficient revenues are not
25 then available in the Emissions Reduction Fund to accomplish that specific purpose or to set
26 aside for later spending funds for general purposes that are consistent with emissions reduction.

27 (c) After receiving such recommendations from municipal boards and commissions, the
28 legislative body of the municipality may then take such action and approve such appropriations
29 from the Emissions Reduction Fund established pursuant to subsection (a) in an amount not to
30 exceed the amounts recommended; provided, however, that nothing herein shall be deemed to
31 constrain the legislative body of the municipality from appropriating such additional amounts as
32 it deems appropriate to carry out the recommendations from a source other than the Emissions
33 Reduction Fund.

34 (d) A real property interest that is purchased with monies from the Emissions Reduction
35 Fund shall be bound by a permanent deed restriction that meets the requirements of chapter 184
36 of the General Laws, limiting the use of the property to the purpose for which it was acquired.
37 The deed restriction shall run with the land and shall be enforceable by the municipality. The
38 deed restriction may also run to the benefit of a nonprofit, charitable corporation or foundation
39 selected by the municipality with the right to enforce the restriction.

40 (e) Real property interests acquired under this section shall be owned and managed by the
41 municipality, but the legislative body of the municipality may delegate management of such
42 property to any other municipal board or commission, as it may deem appropriate. The
43 legislative body of the municipality may also delegate management of such property to a
44 nonprofit organization created under chapter 180 or chapter 203 of the General Laws.

45 (f) The municipal treasurer shall keep a full and accurate account of all appropriations or
46 expenditures made from the Emissions Reduction Fund. The municipal treasurer shall also keep
47 records of any real property interests acquired, disposed of, or improved by the municipality,
48 including the names and addresses of the grantors or grantees and the nature and amount of the
49 consideration paid. The records and accounts shall be public records.

50 (g) Funds in the Emissions Reduction Fund may be made available and used by the
51 municipality as the local share for state or federal grants upon approval by the legislative body of
52 the municipality.

53 (h) The Emissions Reduction Fund shall have a limit of \$15,000,000 in inflation-adjusted
54 2022 dollars, for unallocated funds. If at the end of any fiscal year there are more dollars in the
55 fund than the limit, excluding: (1) any portion of funds already allocated by the legislative body

56 of the municipality; (2) any portion of funds deposited within that fiscal year; and (3) any portion
57 of funds provided by the commonwealth rather than from local revenue, such excess shall be
58 transferred to the municipality's free cash. The legislative body of the municipality may modify
59 the limit.

60 (i) At any point more than 5 years after its establishment, the legislative body of the
61 municipality may choose to terminate the Emissions Reduction Fund. If terminating the
62 Emissions Reduction Fund, the legislative body of the municipality may transfer remaining
63 funds to other funds or to free cash, and may choose whether to terminate individual programs
64 generating revenue for the Fund or to redirect those programs to generate revenue for another
65 purpose.

66 SECTION 2. (a) Notwithstanding the provisions of any general or special law to the
67 contrary, a city or town that accepts the provisions of this section pursuant to section 4 of chapter
68 4 of the General Laws may impose a surcharge on the use of natural gas within the municipality.
69 The surcharge shall apply to all properties in the municipality served by gas companies as
70 defined in section 1 of chapter 164 of the General Laws. The surcharge shall be assessed and
71 collected on gas bills for properties located in the municipality. The amount of such surcharge, to
72 be determined by legislative body of the municipality, shall be no greater than 25 per cent of all
73 charges for gas service on the customer's bill.

74 (b) There shall be a complete exemption from the natural gas surcharge for qualifying
75 residential customers who already receive a means-tested discounted rate from the utility, or for
76 qualifying residential customers whose income in the immediately prior year was less than 200
77 per cent of the area median income, provided that the legislative body of the municipality may

78 increase this percentage. For the purposes of this section, the term “area median income” shall
79 mean the median family income for the Boston-Cambridge-Quincy area, adjusted for family size,
80 as established by the United States Department of Housing and Urban Development. The
81 exemption shall be applied to the primary residence of the taxpayer only.

82 (c) Customers shall qualify for the exemption if all the following criteria are met:

83 (i) the applicant or joint applicants’ prior year income would make the applicant or
84 joint applicants eligible for the exemption; or the applicant or joint applicants receive gas service
85 from the utility under a means-tested discounted rate; or the applicant or joint applicants are
86 qualified participants in the Low Income Home Energy Assistance Program administered by the
87 department of housing and community development;

88 (ii) the qualifying residential property is occupied by the applicant or joint applicants as
89 their primary residence; and

90 (iii) applicants complete annual certification, meeting the stated criteria relative to
91 income and residency.

92 (d) The legislative body of the municipality may wholly or partially exempt any set of
93 gas utility customers from this surcharge, and a locally established Emissions Reduction Fund
94 may wholly or partially reimburse any resident for a surcharge paid by their condominium
95 association or landlord.

96 (e) Upon initial connection to gas service, and every April thereafter, the utility shall
97 provide an application, the contents of which shall be created in consultation with and subject to
98 the approval of either the municipal treasurer or the municipal assessor, to determine whether a

99 customer qualifies for a total or partial exemption from the surcharge. A person who seeks to
100 qualify for an exemption shall complete said application. Qualifying applicants shall be entitled
101 to the exemption. The application shall be completed in each year for which the applicant seeks
102 the exemption.

103 (f) The gas company shall collect all amounts received pursuant to the surcharge
104 established in subsection (a) and maintain them in a segregated account. The gas company shall
105 remit all funds collected under the surcharge no later than the 15th of the month following
106 receipt of such amounts, to the Emissions Reduction Fund established by the municipality. Late
107 payments of the surcharge shall be exempt from the calculation of any late payment charges
108 otherwise authorized for utility bills. Annually, the gas company shall provide an audited report
109 to the municipality of all collections and disbursements of funds made pursuant to this act.

110 SECTION 3. (a) Notwithstanding any general or special law to the contrary, a gas
111 company as defined in section 1 of chapter 164 of the General Laws shall offer a program of
112 financing for alternatives to the gas company's distribution of natural gas to all gas customers in
113 a city or town that accepts the provisions of this section pursuant to section 4 of chapter 4 of the
114 General Laws. Such program shall include, but need not be limited to, financing for:

115 (i) the sale or lease, installation and servicing of ground source or air source heat pumps
116 and other electric heating or cooling devices;

117 (ii) the sale or lease, installation and servicing of electric appliances to replace or
118 supplement gas appliances, including but not limited to hot water heaters, dryers and ranges; and

119 (iii) the sale or lease, installation and servicing of renewable energy storage and
120 generation equipment.

121 (b) The gas company shall offer on-bill financing for the non-pipeline alternatives
122 provided for in subsection (a) and may also base all or portions of the financing costs for these
123 investments if they serve to accelerate electrification.

124 (c) A gas company may, subject to all applicable local by-laws and regulations, engage in
125 renewable energy generation and storage in the municipality.