FILED ON: 8/5/2026

SENATE . . . . No. 3249

Senate, August 6, 2026 - Substituting a new draft (Senator Creem) for the Senate Bill authorizing the city of Newton to issue pension obligation bonds or notes (Senate, No. 3092).

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Fourth General Court
(2025-2026)

An Act authorizing the city of Newton to issue pension obligation bonds or notes.

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. The city of Newton may issue, from time to time, bonds or notes for the purpose of funding all or a portion of the unfunded pension liability of the retirement system of the city. The proceeds of any such bonds or notes, other than amounts to be applied to issuance costs, establishment of a pension system stabilization fund and expenses, shall be: (i) paid by the city to the retirement board of the city allocated solely to reduce the unfunded pension liability to which the bonds or notes relate; (ii) invested in any investments permitted under chapter 32 of the General Laws; and (iii) held and expended by the retirement board of the city in accordance with law. The terms of any such bonds or notes shall not exceed 30 years from the date of issuance and the amount of any such bonds or notes shall be outside the limit of indebtedness prescribed in section 10 of chapter 44 of the General Laws. Upon the authorization of the issuance of pension obligation bonds by the city of Newton, the city shall submit the vote and a plan demonstrating how the city will finance and allocate the debt service associated with the bonds or notes to the executive office for administration and finance and no bonds or notes authorized to be issued by this act shall be issued until the secretary of administration and finance has approved the plan and the issuance of such bonds or notes. Except as otherwise provided in this act, such bonds or notes shall be subject to said chapter 44.

SECTION 2. The aggregate principal amount of the bonds or notes that may be issued under this act shall not exceed the amount which the retirement board of the city of Newton, with the approval of the city's chief financial officer, shall determine to be necessary, from time to time, to be issued to fund the unfunded pension liability of the retirement system of the city as of a particular date, in addition to the amount determined by the city to be necessary to provide for issuance costs, establishment of a pension system stabilization fund as described below and any other expenses necessary or incidental thereto. Such determination of the retirement board of the city of the unfunded pension liability shall be based upon the report of a nationally recognized independent consulting firm, which may be the consulting actuary generally retained by the retirement board. Such report shall also set forth the present value savings to the city of Newton reasonably expected to be achieved as a result of the issuance of such bonds or notes and an allocation of the unfunded pension liability of the retirement system of the city among each governmental unit, the employees of which are members of the retirement system.

SECTION 3. The maturities of such bonds or notes shall be scheduled so that the annual combined payments of principal and interest for each issue shall be as nearly equal as practicable in the opinion of the city treasurer in a manner that shall provide for a more rapid amortization of principal or in accordance with any other manner consistent with the city's approved funding schedule and approved by the secretary of administration and finance. In granting the approval, the secretary may require the establishment of a pension system stabilization fund and the city of Newton may establish such fund upon such terms and conditions as may be required by the secretary or, if no such fund is required by the secretary, such fund may be established upon such terms and conditions as the city shall determine. A pension system stabilization fund established pursuant to this act may be funded with proceeds of bonds or notes issued pursuant to this act, available funds of the city or any combination thereof; provided, however, that such fund shall be held and controlled by the city and shall be separate from any other reserve or fund of the city allowed or required by statute. In the case of a pension system stabilization fund required to be established by the secretary of administration and finance, the secretary shall establish a method to calculate both the required amount of any annual contribution to the fund and the minimum amount to be maintained in the fund and shall prescribe conditions for expenditure from the fund, including its use if necessary to prevent or limit any future unfunded actuarial pension liability, and the conditions under which all or a portion of the amounts in the pension system stabilization fund may be available for unrestricted purposes in which case such funds or portions thereof shall be transferred to the city treasury. All amounts held in the pension system stabilization fund shall be trust funds within the meaning of section 54 of chapter 44 of the General Laws and, except as otherwise provided in this act, shall be subject to the provisions of said section 54 of said chapter 44 and chapter 75 of the acts of 2007.

SECTION 4. If the unfunded pension liability to be funded with the proceeds of bonds or notes issued under this act relates in part to employees of a governmental unit other than the city of Newton, each such governmental unit shall be responsible for reimbursing the city for such proportion of the annual debt service expense paid by the city for bonds or notes issued hereunder as is equal to the proportion of the total unfunded pension liability to be funded with the proceeds of the bonds or notes as relates to that governmental unit. Notwithstanding any general or special law to the contrary, the public employee retirement administration commission shall increase the annual amount to be certified under section 22 of chapter 32 of the General Laws as the amount necessary to be paid by each such governmental unit other than the city by each such governmental unit's proportionate share of the annual debt service expense as determined herein. The city of Newton shall have the same legal rights and authority as the retirement board of the city to collect any amount so assessed to any such governmental unit.

SECTION 5. Notwithstanding chapter 70 of the General Laws or any other general or special law to the contrary, the portion of the annual debt service paid by the city of Newton for bonds or notes issued under this act applicable to school department personnel who are members of the city’s retirement system shall be included in the computation of net school spending for the purposes of said chapter 70 or any other law.

SECTION 6. This act shall take effect upon its passage.