

Massachusetts House of Representatives Bill Summary

Bill #: H.2257

Title: An Act enhancing municipal bonding efficacy

Sponsor: Rep. Michael Day

Committee: Municipalities and Regional Government

Hearing Date: June 24, 2025

Current Law: Section 2 of MGL Chapter 4 governs the establishment of special legislative commissions. It prescribes the manner in which such commissions shall be appointed, and that they shall be provided office space, may incur expenses for expert, legal, clerical and other assistance (subject to appropriation), hold hearings and make reports following a timeline that is dependent upon when the commission has been established. Meetings are public unless the commission votes otherwise. Commissions may be continued or revived and continued.

Summary: This legislation would establish a special legislative commission to study the municipal bonding process.

The eleven-member commission would consist of:

- The House and Senate Chairs of the Joint Committee on Municipalities and Regional Government, or their designees, who would serve as co-chairs of the commission;
- One person appointed by the House Speaker who has expertise in municipal finance;
- One person appointed by the Senate President who is an expert in bonding law or bonding credit rating practices;
- The minority leaders of the House and Senate, or their designees;
- The senior deputy commissioner of the Department of Revenue's Division of Local Services, or their designee;
- One chief financial officer from a city and one from a town, each to be appointed by the Massachusetts Municipal Association;
- The State Treasurer or their designee; and
- The Secretary of Administration and Finance, or their designee.

The commission would examine municipal bond issuance practices in Massachusetts and in other states, with the goal of making recommendations as to how municipalities can maximize their bond rating (which could lower the overall cost of borrowing money). The legislation lists the specific purposes and goals of the commission:

1. Survey credit ratings of bond-issuing municipalities over time;
2. Compare the effect of bond ratings on municipalities and how their experience contrasts with similar municipalities in other states;
3. Compile bond rating presentations and identify best practices;
4. Investigate the methods used by municipal bond credit rating agencies to determine bond ratings;
5. Identify best practices used in municipal finance and what, if any, barriers exist in adopting them; and
6. Determine how statewide organizations and the division of local services may offer technical assistance to municipalities.

The legislation requires the department of revenue and every city and town to provide the commission with access to all records and documents necessary for them to achieve their objectives.

It also states that the commission shall convene within 40 days after a quorum of 5 members has been established and requires the commission to submit a report with its findings and recommendations with the House and Senate Clerks and the Governor not later than September 31, 2025. (The date should read September 30, 2025).