

Massachusetts House of Representatives Bill Summary

Bill #: H.2252

Title: An Act to establish a commission to study the distribution of unrestricted local aid

Sponsor: Rep. Antonio Cabral and Rep. Andres Vargas

Committee: Municipalities and Regional Government

Hearing Date: June 24, 2025

Prior History: Similar to H.2115 (Study Order H.4997)

Current Law: Chapter 23A Section 3A of MGL defines a gateway municipality as a municipality with a population greater than 35,000 and less than 250,000 with a median household income below the commonwealth's average and a rate of educational attainment of a bachelor's degree or above that is below the commonwealth's average.

Chapter 58 Section 18C of MGL describes when and how budgeted aid to cities and towns gets distributed by the State Treasurer.

Chapter 70 of MGL governs school funds and state aid for public schools. Section 2 of this chapter defines foundation aid as, for each school district, the difference between the school district's foundation budget and the required local contribution.

Summary: Section 1 of this legislation adds a new chapter to the General Laws, Chapter 40Z, which shall consist of four sections.

Section 1 of Chapter 40Z establishes a commission to study the distribution of general local aid in the commonwealth, including unrestricted general government aid, lottery aid as promulgated in section 18C of chapter 58 of the General Laws, and additional assistance aid to municipalities. The study shall not include foundation aid under section 2 of chapter 70 of the General Laws.

Section 2 of this new chapter specifies what this commission shall examine and review. This commission shall examine the current formula used to distribute unrestricted general government aid to municipalities, evaluate the effectiveness and equity of said formula, and make recommendations to establish a more equitable distribution of unrestricted general government aid to municipalities. The

commission shall also review all aspects of general local aid including, but not limited to:

- the current allocation of local aid to municipalities
- the reflectiveness of municipalities' needs in the proportional distribution of the unrestricted general government aid formula
- any equity disparities that exist between municipalities related to local aid distribution
- the ability to account for a municipality's change in population or tax base in a general local aid funding formula
- the potential to calculate municipal costs based on a municipality's need for municipal services and a municipality's ability to raise local revenue, subtracting a municipality's local revenues
- any alternative formulas that may create a more equitable distribution of general local aid

Section 3 of Chapter 40Z outlines the membership of this commission. The commission shall consist of

- the secretary of administration and finance, or a designee
- the commissioner of the department of revenue, or a designee
- 1 member appointed by the state treasurer
- 2 members of the senate, 1 of whom shall represent a gateway municipality as defined in section 3A of chapter 23A of MGL and shall serve as co-chair
- 2 members of the house of representatives, 1 of whom shall represent a gateway municipality and shall serve as co-chair
- 5 members appointed by the governor, 1 of whom shall be nominated by the Massachusetts Municipal Association, Inc., 1 of whom shall be nominated by the Federal Reserve Bank of Boston, 1 of whom shall be nominated by the Massachusetts Budget and Policy Center, Inc., 1 of whom shall be nominated by the Massachusetts Taxpayers Foundation, Inc, and 1 of whom shall be nominated by the Edward J. Collins, Jr. Center for Public Management at the University of Massachusetts at Boston.

Section 4 of Chapter 40Z requires this commission to file a report of its findings and recommendations, including any new or revised local aid formulas, with the clerks of the senate and house of representatives, the chairs of the senate and house committees on ways and means, and the chairs of the joint committee on municipalities and regional government no later than 1 year after the passage of this act.

Section 2 of this act states that this act shall take effect upon passage.