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Representative Smola supports bill granting cities and town more flexibility, local control

BOSTON – Representative Todd M. Smola (R-Warren, Ranking Member, Committee on Ways & Means), is supporting comprehensive legislation giving cities and towns more flexibility and control over everything from contract procurement and municipal borrowing to the issuance of liens and the management of local stabilization funds.

House Bill 4397, *An Act to modernize municipal finance and government*, was approved unanimously by the House of Representatives on a 153-0 vote on June 15. The bill reflects many of the priorities the Baker-Polito Administration included in its own version of the municipal modernization bill filed last December by updating or eliminating obsolete laws, streamlining state oversight and granting more independence to municipalities.

“Cities and towns have long been advocating for more flexibility in dealing with a variety of issues that impact municipal government, and this bill delivers on that request,” said Representative Smola. “Today’s action by the House provides communities with a wide range of options for better managing municipal finances and improving local government operations.”

To help local officials address extraordinary or unforeseen expenses, House Bill 4397 increases the amount that cities may appropriate for a reserve fund from 3% to 5% of the tax levy for the preceding fiscal year. The 5% level conforms to what is currently authorized for towns and districts.

The House bill eliminates existing limits on the types and amounts of appropriation transfers that can be made by local selectmen with finance committee approval. In addition to allowing end-of-fiscal-year transfers from health insurance, debt service or other unclassified or non-departmental line items, the bill eliminates the 3% cap on the amount of funding that may be transferred from any department.

Another provision contained in the House bill permits appropriations into local stabilization funds by a majority vote and permits municipalities, without appropriation, to dedicate all or a portion of particular revenue streams to the fund. It also eliminates the 10% prior year property tax cap on the amount reserved, but retains the requirement for a 2/3 vote to make appropriations from the fund.

House Bill 4397 authorizes 10-year bond anticipation notes to provide municipal treasurers with more flexibility in structuring debt. In addition, the bill allows cities and towns to borrow in advance of receiving federal grants and lifts the cap on investments in certificates of deposit from 1 year to 3 years to help communities secure better rates on short-term investments. It also empowers the chief administrative office in a municipality to authorize deficit spending for snow and ice removal without having to secure the prior approval of the local city council or board of selectmen.

If a taxpayer has neglected or refused to pay local taxes and has not filed a good faith application for abatement, the bill allows municipalities to deny local licenses and permits to that taxpayer until the taxes are paid. Current law permits this collection method, but only if the taxpayer has been delinquent for at least one year. The bill also allows municipalities to impose liens on properties for unpaid fines.

The statutes governing municipal construction procurement are also modified by House Bill 4397. For example, the bill increases the dollar threshold for horizontal construction, such as road and bridge projects, requiring less-than-full competitive bidding from \$10,000 to \$50,000. It adds a “middle tier” of contracts valued at between \$10,000 and \$50,000 for which public entities may either give public notification of the contract or use the Operational Services Division’s (OSD) statewide contracts or other “blanket” contracts to solicit a minimum of three bids.

In addition, the bill amends the public advertising requirements for vertical construction contracts awarded using a competitive bidding process. Municipalities are already required to advertise these contracts at least once in their local newspapers, not less than two weeks prior to the specified deadline for receiving bids, but House Bill 4397 requires that these contracts also be advertised on the OSD’s COMMBUYS system.

To facilitate the implementation of the new “E-Citations” project jointly administered by the Executive Office of Public Safety and Security (EOPSS) and the Registry of Motor Vehicles (RMV), House Bill 4397 amends definitions and other references to paper citations to include electronically issued citations; gives EOPSS the authority to promulgate regulations to set standards for e-citations and associated equipment

requirements; and ensures that both paper and electronic copies of citations are properly delivered by police departments to the RMV and district courts.

The bill also:

- allows municipalities and districts that provide water and sewer services to customers outside their borders to establish liens when customers of municipal utility services fail to pay their user charges when due;
- authorizes the DOR commissioner to approve a revised tax rate when a community has made significant inadvertent errors in its submission, as long as tax bills have not yet been issued;
- increases the amount of surplus bond proceeds that can be applied to debt service from \$1,000 to \$50,000;
- permits governmental units to establish an Other Post-Employment Benefits (OPEB) Liability Trust Fund, clarifying current language, which only authorizes a reserve fund for retiree health insurance purposes;
- allows cities and towns to combine their treasurer and tax collector into a single appointed position without having to secure a special act of the Legislature;
- increases the property tax exemption for commercial fishing boats, nets and gear from \$10,000 to \$50,000;
- provides communities the option to use electronic poll books for elections;
- allows for automatic approval of payment for liabilities incurred as a result of emergencies and disasters when the Governor declares a state of emergency;
- authorizes the chief executive entity of any city, town or government unit to enter into a joint powers agreement with another governmental unit for the joint exercise of any of their common powers and duties within a designated region;
- eliminates the current procedure under which DOR values state-owned land every four years, replacing that process with a statutory formula for determining the valuation every two years after the 2017 valuation required by current law;
- sets April 1 as the deadline for personal exemption applications in all communities, including exemptions to the municipal water infrastructure surcharge, creating a uniform and consistent deadline for taxpayers;
- removes the \$5,000 expenditure limit placed on vocational schools' revolving funds used for culinary arts or other related programs;

- authorizes the board of selectmen in a town to approve the establishment of an industrial development financing authority, and permits the board of selectmen in two or more towns to consolidate the functions of their industrial development financing authorities; and
- increases by \$130,000 the amount that municipalities may spend without appropriation from insurance or restitution proceeds to restore or replace damaged property, from \$20,000 to \$150,000.

The bill now heads to the Senate for further action. For additional information please contact Representative Smola at Todd.Smola@mahouse.gov or (617)722-2100.

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