



*The Commonwealth of Massachusetts*  
*House of Representatives*  
*State House, Boston 02133-1054*

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## **Representative Smola supports legislation to assist cities and towns with their finances and operations**

**BOSTON – Representative Todd M. Smola (R-Warren, Ranking Member, Committee on Ways & Means)** has endorsed comprehensive legislation that will help streamline municipal operations and provide greater financial flexibility to cities and towns.

On the last day of formal legislative sessions, the House of Representatives voted 158-0 to pass House Bill 4565, *An Act to modernize municipal finance and government*. The bill represents a compromise reached by a six-member Conference Committee that was appointed on July 18 to work out the differences between previously approved House and Senate versions of the bill.

“The municipal modernization bill contains many important provisions that will help to improve the delivery of essential services at the local level,” said Representative Smola. “Municipal officials from across the state had identified this bill as a top priority, and I’m proud to support its passage on behalf of the communities in my district.”

House Bill 4565 provides cities and towns with the option of creating special reserve funds to pay for unanticipated costs associated with special education, out-of-school-district tuition or transportation. The balance of such funds would be capped at 2% of the annual net school spending of the school district.

The bill also increases the amount that cities may appropriate for a reserve fund from 3% to 5% of the tax levy for the preceding fiscal year. 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 included in the municipal modernization bill allows appropriations for local stabilization funds to be made by a majority vote and permits communities to dedicate all or a portion of particular revenue streams to the fund, without appropriation. A 2/3 vote would be required to make appropriations from the fund.

House Bill 4565 also:

- lifts the cap on investments in certificates of deposit from 1 year to 3 years to enable communities to secure better rates on short-term investments;
- authorizes 10-year bond anticipation notes to provide more flexibility in structuring debt;
- empowers the chief administrative officer to authorize deficit spending for snow and ice removal;
- allows municipalities to deny local licenses and permits to delinquent taxpayers who have not filed a good faith application for abatement;
- increases to \$50,000 the amount of surplus bond proceeds that can be applied to debt service;
- amends the municipal procurement laws by increasing the dollar threshold for horizontal construction projects requiring less-than-full competitive bidding from \$10,000 to \$50,000, and 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;
- requires vertical construction contracts awarded using a competitive bidding process be advertised on the OSD’s COMMBUYS system;
- increases the property tax exemption for commercial fishing boats, nets and gear from \$10,000 to \$50,000, and changes the eligibility standard by requiring that at least half of the taxpayer’s income come from commercial fishing;
- gives communities the option of using 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;
- 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;
- increases from \$20,000 to \$150,000 the amount that municipalities may spend without appropriation from insurance or restitution proceeds to restore or replace damaged property;
- updates the lost or damaged school book and materials restitution exception to include electronic devices and equipment provided to students;
- allows for the creation of municipal agricultural commissions to promote and develop local agricultural resources;
- expands the roll-back taxes exemption for land used or converted to a renewable energy generating source, land subject to a permanent wetland reserve easement through the agricultural conservation easement program, and land subject to other federal conservation programs; and
- authorizes land being used primarily for agriculture or horticulture to be used as a site for a renewable energy generating source, provided that the site produce energy exclusively for the use of the land and farm upon it, and that it not produce more than 125% of the annual energy needs of the land and farm;

The municipal modernization bill, which was also enacted by the Senate, now heads to Governor Charlie Baker's desk for his review and signature. For additional information please contact Representative Smola at [Todd.Smola@mahouse.gov](mailto:Todd.Smola@mahouse.gov) or (617)722-2100.

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