

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Stephen Kulik

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act to simplify the rules for use of municipal departmental revolving funds.

PETITION OF:

NAME:

Stephen Kulik

DISTRICT/ADDRESS:

1st Franklin

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 1960 OF 2007-2008.]

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT TO SIMPLIFY THE RULES FOR USE OF MUNICIPAL DEPARTMENTAL REVOLVING FUNDS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 44 of the General Laws, as appearing in the 2006 Official Edition, is hereby
2 amended by striking section 53E 1/2 and adding in place thereof the following section:-

3 Section 53E 1/2. Notwithstanding the provisions of section fifty-three, a city or town may authorize or
4 rescind authorization for the use of one or more revolving funds by one or more municipal agency,
5 board, department or office which shall be accounted for separately from all other monies in such city
6 or town and to which shall be credited only the departmental receipts received in connection with the
7 programs supported by such revolving fund. Expenditures may be made from such revolving fund
8 without further appropriation, subject to the provisions of this section; provided, however, that
9 expenditures shall not be made or liabilities incurred from any such revolving fund in excess of the
10 balance of the fund nor in excess of the total authorized expenditures from such fund, nor shall any
11 expenditures be made unless approved in accordance with sections forty-one, forty-two, fifty-two and
12 fifty-six of chapter forty-one.

13 Interest earned on any revolving fund balance shall be treated as general fund revenue of the
14 city or town. No revolving fund may be established pursuant to this section for receipts of a municipal
15 water or sewer department or of a municipal hospital. No such revolving fund may be established if the
16 aggregate limit of all revolving funds authorized under this section exceeds ten percent of the amount
17 raised by taxation by the city or town in the most recent fiscal year for which a tax rate has been
18 certified under section twenty-three of chapter fifty-nine. No revolving fund expenditures shall be made
19 for the purpose of paying any wages or salaries for full time employees unless such revolving fund is also

20 charged for the costs of fringe benefits associated with the wages or salaries so paid; provided,
21 however, that such prohibition shall not apply to wages or salaries paid to full or part-time employees
22 who are employed as drivers providing transportation for public school students; provided further, that
23 only that portion of a revolving fund which is attributable to transportation fees may be used to pay
24 such wages or salaries and provided, further, that any such wages or salaries so paid shall be reported in
25 the budget submitted for the next fiscal year.

26 Authorization or rescission of a revolving fund established under the provisions of this section or
27 any change in the limit on the total amount that may be expended from any such fund shall be by vote
28 of the annual town meeting in the year prior to the fiscal year in which the authorization, rescission or
29 change is to first take effect, in a town, upon recommendation of the finance or appropriations
30 committee, and by vote of the city council in a city, upon recommendation of the mayor or city
31 manager, in Plan E cities, and in any other city or town by vote of the legislative body upon the recom-
32 mendation of the chief administrative or executive officer. Such authorization shall specify: (1) the
33 programs and purposes for which the revolving fund may be expended; (2) the departmental receipts
34 which shall be credited to the revolving fund; (3) the board, department or officer authorized to expend
35 from such fund; (4) a limit on the total amount which may be expended from such fund in the ensuing
36 fiscal year; and, provided, further, that no board, department or officer shall be authorized to expend in
37 any one fiscal year from all revolving funds under its direct control more than two and one-half percent
38 of the amount raised by taxation by the city or town in the most recent fiscal year for which a tax rate
39 has been certified under section twenty-three of chapter fifty-nine. Notwithstanding the provisions of
40 this section, whenever, during the course of any fiscal year, any new revenue source becomes available
41 for the establishment of a revolving fund under this section, such a fund may be established in
42 accordance with this section upon certification by the city auditor, town accountant, or other officer
43 having similar duties, that the revenue source was not used in computing the most recent tax levy.

44 In any fiscal year the limit on the amount that may be spent from a revolving fund may be
45 increased with the approval of the city council and mayor in a city, or with the approval of the selectmen
46 and finance committee, if any, in a town; provided, however, that the two and one-half percent limit
47 established by clause (4) of the third paragraph is not exceeded.

48 The board, department or officer having charge of such revolving fund shall report to the annual
49 town meeting or to the city council and the board of selectmen, the mayor of a city or city manager in a
50 Plan E city or in any other city or town to the legislative body and the chief administrative or executive
51 officer, the total amount of receipts and expenditures for each revolving fund under its control for the
52 prior fiscal year and for the current fiscal year through December thirty-first, or such later date as the
53 town meeting or city council may, by vote determine, and the amount of any increases in spending
54 authority granted during the prior and current fiscal years, together with such other information as the
55 town meeting or city council may by vote require.

56 At the close of a fiscal year for which the authorization for a revolving fund under this section
57 has been rescinded, for the following year, or for which a city or town changes the purposes for which
58 money in a revolving fund may be spent in the following year, the balance in the fund at the end of the

59 fiscal year shall revert to surplus revenue unless the annual town meeting or the city council and mayor
60 or city manager in a Plan E city and in any other city or town the legislative body vote to transfer such
61 balance to another revolving fund established under this section.

62 The director of accounts may issue guidelines further regulating revolving funds established
63 under this section.

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