

**SENATE . . . . . No.**

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**The Commonwealth of Massachusetts**

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PRESENTED BY:

**Mr. Montigny**  
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*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 Relative to Oversight of Capital Expenditures in the Commonwealth.

\_\_\_\_\_  
PETITION OF:

NAME:

DISTRICT/ADDRESS:

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# The Commonwealth of Massachusetts

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In the Year Two Thousand and Nine  
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## AN ACT RELATIVE TO OVERSIGHT OF CAPITAL EXPENDITURES IN THE COMMONWEALTH.

*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 (a) The treasurer of the commonwealth, all quasi-public entities of the commonwealth and  
2 independent authorities of the commonwealth shall make biannual reports on their borrowing  
3 practices. These reports shall be submitted to the Secretary of Administration and Finance, the auditor  
4 of the commonwealth, the House and Senate chairs of the Committee on Ways and Means, and to the  
5 Senate and House chairs of the Committee on Bonding, Capital Expenditures & State Assets. This report  
6 shall include all transactions entered into, other than fixed-rate borrowing, during the six month period  
7 prior to the report filing deadline. Reports shall be due on the 30<sup>th</sup> day of April and the 31<sup>st</sup> day of  
8 October in each calendar year. The report shall include all transactions related to derivative financial  
9 products. For purposes of this section, derivative financial products shall be defined as financial  
10 instruments whose own value is derived from or based upon the value of other assets or on the level of  
11 an interest rate index, including, but not limited to a call option on a bond, an interest rate swap, caps,  
12 floors, collars, inverse floaters, auction rate securities, or any other financial transaction other than  
13 fixed-rate, long term borrowing. This report shall include the terms and conditions of each derivative

14 financial product transaction; the parties involved in negotiating each derivative financial product  
15 transaction; copies of all agreements entered into between the parties relative to derivative financial  
16 product transactions; the financial impact of each transaction including, but not limited to, the interest  
17 rates, fluctuation in interest rates, and payments associated therewith; and a written rationale of the  
18 treasurer of the commonwealth, quasi-public entities of the commonwealth as to how the  
19 determination to enter into such a transaction was made. The report shall disclose any and all  
20 interactions with legislative agents or registered lobbyists in conjunction with transactions defined in  
21 subsection (a); provided further that such report shall also indicate whether the transaction was subject  
22 to a negotiated contract or an open bidding process. The report shall be signed under the pains and  
23 penalties of perjury by the treasurer, on behalf of the commonwealth; and by the chief financial officers  
24 of each quasi-public entity or independent authority of the commonwealth, and subject to review by the  
25 Secretary of Administration and Finance.

26 (b) Prior to any such transaction described in subsection (a) being authorized, the Secretary of  
27 Administration and Finance, in consultation with the State Treasurer, shall submit to the clerks of the  
28 House of representatives and the Senate, the House and Senate Committees on Ways and Means, and  
29 the House and Senate Committees on Bonding, Capital Expenditures & State Assets, a report indicating  
30 that the Secretary of Administration and Finance and the treasurer of the commonwealth approve of  
31 such transaction and provide written documentation supporting their recommendation.

32 (c) The House and Senate Committees on Bonding, Capital Expenditures & State Assets shall be  
33 authorized to hold oversight hearings regarding the capital programs of the commonwealth; any quasi-  
34 public entity; or independent authority of the commonwealth; provided further that the House and  
35 Senate Committees on Bonding, Capital Expenditures & State Assets shall The House and Senate  
36 Committees on Bonding, Capital Expenditures & State Assets shall have the power to summon

37 witnesses, administer oaths, take testimony and compel the production of books, papers, documents  
38 and other evidence in connection with the programs authorized pursuant to this act. If the committees  
39 shall deem special studies or investigations to be necessary, they may undertake studies or  
40 investigations.