

**HOUSE . . . . . No. 01450**

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The Commonwealth of Massachusetts

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PRESENTED BY:

*Stephen Kulik*

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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 municipal departmental revolving funds.

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

NAME:

*Stephen Kulik*

DISTRICT/ADDRESS:

*1st Franklin*

# HOUSE . . . . . No. 01450

By Mr. Stephen Kulik of Worthington, petition (accompanied by bill, House, No. 01450) of Stephen Kulik relative to municipal departmental revolving funds. Joint Committee on Municipalities and Regional Government.

## The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to 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 2008 Official Edition, is  
2 hereby amended by striking section 53E 1/2 and adding in place thereof the following section:-  
3 Section 53E ½. Notwithstanding the provisions of section fifty three, a city or town may  
4 authorize or rescind authorization for the use of one or more revolving funds by one or more  
5 municipal agency, board, department or office which shall be accounted for separately from all  
6 other monies in such city or town and to which shall be credited only the departmental receipts  
7 received in connection with the programs supported by such revolving fund. Expenditures may  
8 be made from such revolving fund without further appropriation, subject to the provisions of this  
9 section; provided, however, that expenditures shall not be made or liabilities incurred from any  
10 such revolving fund in excess of the balance of the fund nor in excess of the total authorized

11 expenditures from such fund, nor shall any expenditures be made unless approved in accordance  
12 with sections forty one, forty two, fifty two and fifty six of chapter forty one.

13           Interest earned on any revolving fund balance shall be treated as general fund revenue of  
14 the city or town. No revolving fund may be established pursuant to this section for receipts of a  
15 municipal water or sewer department or of a municipal hospital. No such revolving fund may be  
16 established if the aggregate limit of all revolving funds authorized under this section exceeds  
17 ten percent of the amount raised by taxation by the city or town in the most recent fiscal year for  
18 which a tax rate has been certified under section twenty three of chapter fifty nine. No revolving  
19 fund expenditures shall be made for the purpose of paying any wages or salaries for full time  
20 employees unless such revolving fund is also charged for the costs of fringe benefits associated  
21 with the wages or salaries so paid; provided, however, that such prohibition shall not apply to  
22 wages or salaries paid to full or part time employees who are employed as drivers providing  
23 transportation for public school students; provided further, that only that portion of a revolving  
24 fund which is attributable to transportation fees may be used to pay such wages or salaries and  
25 provided, further, that any such wages or salaries so paid shall be reported in the budget  
26 submitted for the next fiscal year.

27           Authorization or rescission of a revolving fund established under the provisions of this  
28 section or any change in the limit on the total amount that may be expended from any such fund  
29 shall be by vote of the annual town meeting in the year prior to the fiscal year in which the  
30 authorization, rescission or change is to first take effect, in a town, upon recommendation of the  
31 finance or appropriations committee, and by vote of the city council in a city, upon  
32 recommendation of the mayor or city manager, in Plan E cities, and in any other city or town by  
33 vote of the legislative body upon the recommendation of the chief administrative or executive

34 officer. Such authorization shall specify: (1) the programs and purposes for which the revolving  
35 fund may be expended; (2) the departmental receipts which shall be credited to the revolving  
36 fund; (3) the board, department or officer authorized to expend from such fund; (4) a limit on the  
37 total amount which may be expended from such fund in the ensuing fiscal year; and, provided,  
38 further, that no board, department or officer shall be authorized to expend in any one fiscal year  
39 from all revolving funds under its direct control more than five percent of the amount raised by  
40 taxation by the city or town in the most recent fiscal year for which a tax rate has been certified  
41 under section twenty three of chapter fifty-nine. Notwithstanding the provisions of this section,  
42 whenever, during the course of any fiscal year, any new revenue source becomes available for  
43 the establishment of a revolving fund under this section, such a fund may be established in  
44 accordance with this section upon certification by the city auditor, town accountant, or other  
45 officer having similar duties, that the revenue source was not used in computing the most recent  
46 tax levy.

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

51         The board, department or officer having charge of such revolving fund shall report to the  
52 annual town meeting or to the city council and the board of selectmen, the mayor of a city or city  
53 manager in a Plan E city or in any other city or town to the legislative body and the chief  
54 administrative or executive officer, the total amount of receipts and expenditures for each  
55 revolving fund under its control for the prior fiscal year and for the current fiscal year through  
56 December thirty first, or such later date as the town meeting or city council may, by vote

57 determine, and the amount of any increases in spending authority granted during the prior and  
58 current fiscal years, together with such other information as the town meeting or city council  
59 may by vote require.

60           At the close of a fiscal year for which the authorization for a revolving fund under this  
61 section has been rescinded, for the following year, or for which a city or town changes the  
62 purposes for which money in a revolving fund may be spent in the following year, the balance in  
63 the fund at the end of the fiscal year shall revert to surplus revenue unless the annual town  
64 meeting or the city council and mayor or city manager in a Plan E city and in any other city or  
65 town the legislative body vote to transfer such balance to another revolving fund established  
66 under this section.

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