



Bulletin

2006-08B

TO: Mayors, Managers and Selectmen
City Auditors and Town Accountants
City and Town Treasurers

A handwritten signature in black ink that reads "Anthony A. Rassias".

FROM: Anthony A. Rassias, Deputy Director of Accounts
DATE: May 24, 2006
RE: **Flood Damage Costs**

In October of 2005, the Division of Local Services issued Bulletin 2005-14B regarding financing flood damage costs. Due to the current flooding conditions, this Bulletin will again address funding options available under the General Laws.

Chapter 44 §31 allows emergency spending in cases of such natural disasters with a 2/3rds vote of the City Council or a majority vote of the Board of Selectmen and with the approval of the Director of Accounts. A dollar amount authorized by this process to be expended less any offsetting reimbursements must be raised or be otherwise provided for in the annual tax rate. This option may provide for immediate spending authority until other remedies such as loans approved by the Emergency Board are in place.¹ We suggest that if this option is selected, it be done as soon as possible, **but no later than June 30, 2006**, so that free cash is not reduced by appropriation overdrafts.

The state Emergency Board, composed of the State Treasurer or his designee, the Attorney General or his designee and the Director of Accounts, may authorize loans for emergency spending pursuant to Chapter 44 §8 (9). These loans may be authorized for a period of up to two years for purposes for which borrowing is not otherwise available to the city or town. A borrowing order must be first approved by the Emergency Board and subsequently by the City Council or Town Meeting by a two-thirds vote. For additional flexibility, local authorization and borrowing should take place **prior to September 30, 2006** so that free cash is not reduced by appropriation overdrafts.

¹ The vote of the City Council or Board of Selectmen requesting emergency spending authority may provide that "the amount of any state or federal reimbursement and the amount of bonds or notes issued to finance the costs of this flood emergency may be applied to reduce amounts to be raised by taxation under provisions of Chapter 44 §31."

In communities that combine emergency spending authorization under Chapter 44 §31 with reimbursement of the spending from proceeds of loans authorized by the state Emergency Board under Chapter 44 §8 (9), the tax rate cannot be approved until the funds authorized by the Emergency Board and the City Council or Town Meeting have been borrowed.

Requests for a hearing should be submitted within 20 days of the date of this Bulletin to Camille Gradozzi, Administrative Assistant to the Board, at the address below. While the hearing need not be held during that period, city or town officials should compile the schedule of actual and anticipated expenses for presentation at the hearing. These schedules will likely also be used for any state reimbursement programs.

Please contact your Bureau of Accounts field representative with any questions.