

HOUSE No. 5402

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, April 4, 1991.

The committee on Ways and Means, to whom were referred the residue of the message from His Excellency the Governor recommending legislation relative to revising the government of the Commonwealth of Massachusetts and making emergency appropriations (House, No. 5010), and the residue of the message from His Excellency the Governor recommending legislation relative to revising the government of the Commonwealth and making emergency appropriations (House, No. 5231), reports, in part, recommending that the accompanying bill (House, No. 5402) ought to pass.

For the committee,

THOMAS M. FINNERAN.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-One.

AN ACT RELATIVE TO ESTABLISHING EMERGENCY FISCAL CONTROLS FOR
FISCAL YEAR NINETEEN HUNDRED AND NINETY-ONE.

1 *Whereas*, The deferred operation of this act would tend to
2 defeat its purpose, which is to immediately relieve the hardship
3 placed on public employees by a temporary furlough, therefore
4 it is hereby declared to be an emergency law, necessary for the
5 immediate preservation of the public convenience.

*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. Section 59 of chapter 6 of the acts of 1991 is
2 hereby amended by striking out the sixth sentence and inserting
3 in place thereof the following sentence: — In no event shall any
4 action taken pursuant to this section alter the amount owed to,
5 or due from, hospitals pursuant to section fifteen of said chapter
6 one hundred and eighteen F or alter the amount of any Medicare
7 payments due hospitals for exceptional low income dispropor-
8 tionate share adjustments.

1 SECTION 2. Section 90 of said chapter 6 is hereby amended
2 by striking out subdivision (m) and inserting in place thereof the
3 following subdivision: —

4 (m) Notwithstanding the provisions of any general or special
5 law or rule to the contrary, the state treasurer is hereby authorized
6 and directed to establish an emergency loan program for
7 furloughed public employees, consistent with the requirements of
8 the United States Internal Revenue Code relative to tax-qualified
9 pension plans, in accordance with the following provisions:

10 (i) Every public employee who is a member of the state
11 employees' retirement system pursuant to the provisions of
12 chapter thirty-two of the General Laws and who is required to
13 participate in the temporary furlough program in accordance with

14 the provisions of this section is hereby authorized to borrow from
15 such employee's account in the Annuity Savings Fund of such
16 retirement system an amount not to exceed the lesser of (1) the
17 total amount of such employee's compensation which shall be
18 reduced pursuant to the provisions of subdivision (c) of this
19 section and (2) the total amount of accumulated deductions
20 credited to such employee's account in said Annuity Savings Fund
21 as of March thirty-first, nineteen hundred and ninety-one;
22 provided, however, that such employee must request such loan
23 from the state treasurer on or before June thirtieth, nineteen
24 hundred and ninety-one.

25 (ii) The investment committee established pursuant to the
26 provisions of paragraph (a) of subdivision (1) of section twenty-
27 three of said chapter thirty-two of the General Laws for the general
28 supervision of the investment of the funds of the state employees'
29 retirement system shall determine the rate of interest to be paid
30 by such employees on such loans issued pursuant to this
31 subdivision; provided, however, that such rate shall be
32 commensurate with the prevailing rate of return for cash
33 investments, taking into account the loan term. The state
34 treasurer, as the custodian of the state employees' retirement
35 system, shall disburse any such amounts loaned from said Annuity
36 Savings Fund pursuant to this subdivision directly to each such
37 employee who elects to so borrow from his account in said
38 Annuity Savings Fund. The state treasurer shall determine
39 reasonable schedules of repayment for such loans; provided,
40 however, that the term of any such loan shall not exceed five years;
41 and provided, further, that such schedule shall take into account
42 the retirement intentions of any such employee. Payments of the
43 principal of any such loan shall be credited to the borrower's
44 account in said Annuity Savings Fund and all interest paid on
45 any such loan shall be credited to the investment income account
46 of said state employees' retirement system.

47 (iii) Each such employee who so elects to borrow from his
48 account in said Annuity Savings Fund must repay to said account
49 the entire amount of such loan, plus interest as determined by the
50 investment committee pursuant to the provisions of paragraph
51 (ii), in accordance with the schedule of payment determined by
52 the state treasurer pursuant to said paragraph (ii), provided,

53 however, that any such employee must repay to said retirement
54 system the amount of any principal and accrued interest remaining
55 unpaid on such loan prior to the date of such employee's
56 retirement. The amount of any such loan shall be deducted from
57 such employee's account in said Annuity Savings Fund, and if any
58 such employee with an outstanding balance on any such loan shall
59 request a return of his accumulated total deductions in accordance
60 with the provisions of chapter thirty-two of the General Laws,
61 notwithstanding the provisions of the preceding sentence, he shall
62 receive the amount of his accumulated total deductions less any
63 principal and accrued interest remaining unpaid on such loan.

64 (iv) The state treasurer shall notify every public employee
65 authorized by this subdivision to borrow from the Annuity
66 Savings Fund of the state retirement system of the provisions and
67 terms of said loan program no later than April sixteenth, nineteen
68 hundred and ninety-one.

1 SECTION. 3. The provisions of section 2 of this act shall take
2 effect as of March twenty-second, nineteen hundred and ninety-
3 one.