

# SENATE . . . . . No. 251

By Mr. Keating, a petition (accompanied by bill, Senate, No. 251) of William R. Keating and John H. Rogers for legislation to establish a reserve fund for future education costs. Education, Arts and Humanities.

## **The Commonwealth of Massachusetts**

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

AN ACT ESTABLISHING A RESERVE FUND FOR FUTURE EDUCATION COSTS.

*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 2H of chapter 29 of the General Laws, as appearing in  
2 the 1992 Official Edition, is hereby amended by striking the sec-  
3 tion in its entirety and inserting in place thereof the following:—

4 (1) There shall be established and set up on the books of the  
5 commonwealth two separate funds to be known as the Excellence  
6 in Education Fund and the Commonwealth Stabilization Fund,  
7 consisting of amounts transferred to the fund in accordance with  
8 the provisions of section five C and income derived from the  
9 investment of amounts so transferred.

10 (2) The purpose of the Excellence in Education Fund shall be  
11 to create and maintain a reserve to which any available portion of  
12 excess tax revenues and the consolidated net surplus in the operat-  
13 ing funds shall be transferred and from which appropriations pur-  
14 suant to chapter 70 may be made in any subsequent year.

15 (3) The purpose of the Commonwealth Stabilization Fund shall  
16 be to create and maintain a reserve to which any available portion  
17 of the consolidated net surplus in the operating funds shall be  
18 transferred and from which appropriations may be made for the  
19 following purposes: (1) to make up any difference between actual  
20 state revenues and allowable state revenues in any fiscal year in  
21 which actual revenues fall below the allowable amount and (2) to  
22 replace the state and local loss of federal funds, or (3) for any

23 event which threatens the health, safety or welfare of the people  
24 or the fiscal stability of the commonwealth or any of its political  
25 subdivisions. Such event or events, as determined by the general  
26 court, shall include, but not be limited to, a substantial decline in  
27 economic indicators which result in severe reductions in state rev-  
28 enues or state financial assistance to local governmental units, or  
29 court ordered or otherwise mandated assumptions by the common-  
30 wealth of programs or costs of programs previously borne by local  
31 governmental units.

32 (4) In the event that the amount remaining in the  
33 Commonwealth Stabilization Fund at the close of a fiscal year  
34 exceeds five per cent of the total tax revenues received in that fis-  
35 cal year, as shown in the statement of the comptroller required by  
36 clause (5) of section five, the amounts so in excess shall be trans-  
37 ferred to the Tax Reduction Fund established by section two I.

38 Section 5C of said chapter 29 is hereby amended by adding the  
39 following new paragraph after the first paragraph, in line 9:—

40 (b) Fifty percent of any remaining amount of such consolidated  
41 net surplus shall be transferred to the “Excellence in Education”  
42 Fund, established pursuant to section 2H of this chapter, from the  
43 General Fund. Within twenty days after the end of each calendar  
44 quarter during the fiscal year, the comptroller shall certify to the  
45 commissioner of administration and finance, the amount of excess  
46 tax revenues for said fiscal quarter. The amounts so certified shall  
47 be reserved and transferred to the “Excellence in Education”  
48 Fund. “Excess tax revenues” shall be that amount certified by the  
49 commissioner by which tax collections for the calendar quarter  
50 exceed tax collections for the same calendar quarter in the pre-  
51 vious fiscal year by one hundred and six percent.

52 Section 5C of said chapter 29 is hereby further amended by  
53 striking the designation “(b)” in line 9 and inserting in place  
54 thereof the designation “(c)”.