

By Mr. Shannon, a petition (accompanied by bill, Senate, No. 1819) of Charles E. Shannon, Paul C. Casey, other members of the General Court and others for legislation relative to the creation, management and application of stabilization funds in cities, towns and districts. Taxation.

The Commonwealth of Massachusetts

In the Year Two Thousand and Three.

AN ACT RELATIVE TO STABILIZATION 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 40 of the General Laws, as appearing in
2 the 2000 Official Edition, is hereby amended by striking out
3 section 5B and inserting in place thereof the following section:—

4 Section 5B. For the purpose of creating 1 or more stabilization
5 funds, cities, towns and districts may appropriate in any year an
6 amount not exceeding, in the aggregate, 10 per cent of the amount
7 raised in the preceding fiscal year by taxation of real estate and
8 tangible personal property or such larger amount as may be
9 approved by the Emergency Finance Board established under
10 section 47 of Chapter 10. The aggregate amount in such funds at
11 any time shall not exceed 10 percent of the equalized valuation of
12 the city or town as defined in section 1 of chapter 44. Any interest
13 shall be added to or become a part of such applicable funds. The
14 treasurer shall be the custodian of all such funds and may deposit
15 the proceeds in national banks or invest the proceeds by deposit in
16 savings banks, co-operative banks or trust companies organized
17 under the laws of the commonwealth, or invest the same in such
18 securities as are legal for the investment of funds of savings banks
19 under the laws of the commonwealth or in federal savings and
20 loans associations situated in the commonwealth.

21 At the time of creating any such fund the city, town or district
22 shall specify, and at any later time may alter, the purpose or pur-
23 poses of the fund, which may be for any lawful purpose, including

24 without limitation an approved school project under chapter 70B
25 or any other purpose for which the city, town or district may law-
26 fully borrow money. Such specification and any such alteration of
27 purpose, and any appropriation of funds into or out of any such
28 fund, shall be approved by 2/3 vote, except as provided in para-
29 graph (g) of section 21C of chapter 59 by a majority referendum
30 vote. Subject to said section 21C, in a town or district any such
31 vote shall be taken at an annual or special town meeting, and in a
32 city any such vote shall be taken by the city council with the
33 approval of the mayor.

1 SECTION 2. Paragraph (g) of section 21C of chapter 59, as so
2 appearing, is hereby amended by adding the following paragraph:—
3 If a question as aforesaid shall provide for assessing taxes for
4 the purpose of funding 1 or more stabilization funds established
5 pursuant to section 5B of chapter 40, the assessors shall in each
6 successive fiscal year assess property taxes for the same purpose
7 in an amount equal to 102 1/2 per cent of the amount assessed in
8 the next preceding year in which additional taxes were assessed
9 for such purpose, but only if local appropriating authority votes by
10 a 2/3 vote to appropriate such increased amount in such year for
11 such purpose, provided that the voters of the city or town, by
12 majority vote at a referendum, may alter the purpose of the stabi-
13 lization fund or authorize the assessment of such additional prop-
14 erty taxes for another purpose. In any year in which the local
15 appropriating authority does not vote to appropriate such amount
16 as aforesaid, the total property tax levy for such year shall be
17 reduced by the amount that could otherwise have been assessed,
18 so that such additional taxes may not be assessed for any other
19 purpose. The maximum levy limit under paragraph (f) shall not be
20 affected by any such reduction in the levy for such year.