HOUSE . . . . . No. 2656

By Mr. Natsios of Holliston, petition of Andrew S. Natsios relative to municipal cash management. Local Affairs.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty.

AN ACT RELATIVE TO MUNICIPAL CASH MANAGEMENT.

Be it enacted by the Senate and House of Representatives in General Court assembled and by the authority of the same, as follows:

SECTION 1. Section 56 of chapter 41 of the General Laws as most recently amended by chapter 348 of the acts of 1977 is hereby further amended by adding the following new sentence after the first sentence: —

Provided, however, that the investment of funds in bank accounts or securities may be made prior to the approval by the Selectmen of the warrant for said investment of funds.

SECTION 2. Chapter 44 of the General Laws is hereby amended by adding after section 68 the following sections: —

Section 69. As used in sections 70 through 74 of this chapter, the following words shall have the following meaning unless the context requires otherwise: —

Commissioner — the commissioner of the department of revenue;

Department — the department of revenue;

Treasurer — the treasurer of a city or town.

Section 70. The commissioner shall promulgate standards of professional competancy for treasurers. Said standards shall incorporate the necessary levels of understanding of municipal finance law, public accounting, cash management and investment policies which should be required of treasurers.

The department shall certify those persons who meet said standards.

17 The department shall establish a training program for treasurers
18 who are not so certified. Said program shall be designed so that a
19 person who is not certified can become eligible for certification in a
20 period of not more than six months.
21 *Section 71.* No city or town shall appoint a person treasurer
22 unless said person is certified as meeting the necessary standards
23 pursuant to section 70 of this chapter. If a person is elected treas-
24 urer and is not so certified, he shall participate in the training
25 program established pursuant to said section 70; provided that if
26 said person is not certified within six months following his election,
27 the mayor, selectmen or town council shall declare the office of
28 treasurer vacant and the vacancy shall be filled in the manner
29 provided in section forty or sixty-one A of chapter 41 of the
30 General Laws.
31 The provisions of this section may be enforced by the superior
32 court, upon a petition of not less than ten taxable inhabitants of the
33 city or town.
34 *Section 72.* No treasurer or employee of a treasurer's office
35 shall directly or indirectly solicit or receive any gift, payment,
36 contribution, assessment, subscription or promise of money, or
37 any other thing of value from; (1) a bank, or (2) any person who is
38 an officer, incorporator, employee, or agent of a bank.
39 Political contributions and loans granted at usual and custom-
40 ary rates of interest and repayment schedules made in the ordinary
41 course of business shall not be deemed to be in violation of the
42 provisions of this section.
43 Any person found to be in violation of the provisions of this
44 section shall be punished by a fine of not more than $5,000 or one
45 year imprisonment or both, and shall immediately vacate his
46 position.
47 *Section 73.* Each treasurer shall annually prepare a report on
48 the cash flow of the city or town.
49 Said report shall include, without limitation, the amount of
50 investment income generated during the period of the report and
51 the consecutive daily balances maintained by the city or town in
52 each bank in which funds are deposited.
53 Said report shall conform to rules and regulations of the depart-
54 ment detailing the form of said report, the information which

55 should be included in said report and the date said report shall be
56 filed. Copies of said report shall be filed with the department and
57 with the clerk of the city or town and shall be open to public
58 inspection during regular business hours.
59 *Section 74.* (1) A city or town shall deposit its available cash in
60 the bank which has the highest interest rate as established under the
61 provisions of this section; subject to the limitations of section 55 of
62 chapter 44 of the General Laws, or otherwise provided by law.
63 (2) The highest interest rate shall be determined by competitive
64 bidding by eligible banks every six months. The procedures for said
65 bidding process shall be promulgated by the commissioner.
66 (3) A determination under the provisions of this section that a
67 bank has the highest interest rate shall be valid for six months.