

# The Commonwealth of Massachusetts

IN THE YEAR ONE THOUSAND NINE HUNDRED AND SEVENTY-NINE

## AN ACT TO IMPOSE LIMITATIONS ON PROPERTY TAX LEVIES AND EXPENDITURES OF CITIES, TOWNS AND OTHER LOCAL GOVERNMENTAL UNITS DEPENDENT ON THE PROPERTY TAX.

*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. It is hereby declared to be the policy of the commonwealth that the spiraling costs of governments which are dependent on the property tax as a source of revenue must be contained in order to protect homeowners and renters and to attract and retain industry and jobs; and that this be accomplished by inducing reforms in the operation and management of government affairs and by providing essential services in the most efficient and economical manner. The general court hereby finds that emergency conditions exist and that limitations must be imposed on the spending of such units of government and on the property tax levied to support such units of government in order to promote the general welfare and that the program provided for in this act be instituted immediately for the next fiscal year and that such program be monitored and adjusted in future fiscal years as experience may require.

SECTION 2. Notwithstanding the provisions of any general or special law to the contrary, commencing with the appropriations for the fiscal year ending June thirtieth, nineteen hundred and eighty, and for each fiscal year thereafter, no city, town or district which levies directly a property tax shall exceed the appropriation limit applicable to such city, town or district. For the purpose of this act, "appropriation limit" shall mean the amount of the total appropriations of such city, town or district, including within such total the appropriations for schools, for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine; provided, however, that such amount shall be increased by the amounts required (a) for the payment of principal and interest on bonded indebtedness which becomes payable for the first time after June thirtieth, nineteen hundred and seventy-nine; (b) for the payment of increases in pension costs over the level required for such costs in the appropriations for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, required by the applicable provisions of general or special laws; (c) for the payment of those amounts required as a condition of a federal or state grant which becomes payable for the first time after June thirtieth, nineteen hundred and seventy-nine; and, (d) for the payment of those amounts approved by the local finance appeals board under the provisions of section six of this act by which the city, town or district is allowed to exceed the amount of its total appropriations for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine; and, provided, further, that such amount shall be decreased (a) by any amount available because of a decrease in the amount required for payment of principal and interest on bonded indebtedness from the amount required for such purpose during the fiscal year ending June thirtieth, nineteen hundred and seventy-nine; (b) by any amount available because of a decrease

below the level provided for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, for pension costs required by the applicable provisions of general or special laws; and (c) by any amount available because of the payment of any amount required as a condition of a federal or state grant in the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, which will not be required in subsequent years.

Notwithstanding the provisions of any general or special law to the contrary, commencing with the budget to be submitted for the fiscal year ending June thirtieth, nineteen hundred and eighty, or the calendar year ending December thirty-first, nineteen hundred and eighty, whichever is applicable, no board, committee, or other governing body of a county, district, including a regional or vocational school district, transit authority, including the Massachusetts Bay Transportation Authority, or any other local governmental unit the budget of which is financed in whole or in part by assessments upon said cities and towns shall submit a budget which exceeds the budget limit applicable to such county, district or authority. For the purposes of this act, "budget limit" shall mean the amount of the total budget or appropriations of such county, district, authority or other local governmental unit for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine or for the calendar year ending December thirty-first, nineteen hundred and seventy-nine, whichever is applicable; provided, however, that such amount shall be increased by the amounts required (a) for the payment of principal and interest on bonded indebtedness which becomes payable for the first time after June thirtieth, nineteen hundred and seventy-nine or December thirty-first, nineteen hundred and seventy-nine, whichever date is applicable; (b) for the payment of increases in pension costs

over the level required for such purpose, the budget or appropriations for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, or the calendar year ending December thirty-first, nineteen hundred and seventy-nine, whichever is applicable, required by general or special laws; (c) for the payment of those amounts required as a condition of a federal or state grant which becomes payable for the first time after June thirtieth, nineteen hundred and seventy-nine, or December thirty-first, nineteen hundred and seventy-nine, whichever is applicable, and (d) for the payment of those amounts approved by the local finance appeals board under the provisions of section six of this act by which the county, district, authority or other local governmental unit is allowed to exceed the amount of its total budget or appropriations for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine or the calendar year ending December thirty-first, nineteen hundred and seventy-nine, whichever is applicable; and, provided, further, that such amount shall be decreased (a) by any amount available because of a decrease in the amount required for payment of principal and interest on bonded indebtedness from the amount required for such purpose during the fiscal year ending June thirtieth, nineteen hundred and seventy-nine or the calendar year ending December thirty-first, nineteen hundred and seventy-nine; (b) by any amount available because of a decrease below the level provided for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, or the calendar year ending December thirty-first, nineteen hundred and seventy-nine, whichever is applicable, for pension costs required by the applicable provisions of general or special laws; and (c) by any amount available because of the payment of any amount required as a condition of a federal or state grant in the fiscal year ending June thirtieth, nineteen hundred

and seventy-nine, or the calendar year ending December thirty-first, nineteen hundred and seventy-nine, whichever is applicable, which will not be required in subsequent years. In the case of a county, such amount shall be further decreased by those amounts appropriated for the costs of county courts and district attorneys in the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, which are assumed by the commonwealth in the fiscal year ending June thirtieth, nineteen hundred and eighty, and thereafter, under the provisions of chapter four hundred seventy-eight of the acts of nineteen hundred and seventy-nine.

SECTION 3. Notwithstanding the provisions of any general or special law to the contrary, commencing with the property tax levy for the fiscal year ending June thirtieth, nineteen hundred and eighty, and thereafter, no property tax levy in any city, town or district which levies directly a property tax shall be assessed by the assessors under the provisions of section twenty-three of chapter fifty-nine of the General Laws which exceeds the levy limit applicable to such city, town or district. For the purposes of this act, "levy limit" shall mean the total amount of the property tax levy assessed under the provisions of said section twenty-three of said chapter fifty-nine of the General Laws for such city, town or district for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine; provided, however, that such amount shall be increased (a) by any increase in those amounts assessed as an overlay, or to cover overlay deficits, shortfalls in estimated receipts used for calculating prior tax levies and allowances for uncollected property taxes for prior years; (b) by amounts required for the payment of principal and interest on bonded indebtedness which becomes payable for the first time after June thirtieth, nineteen hundred and seventy-nine;

(c) for the payment of increases in pension costs over the level required for such costs in the appropriations for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, required by general or special laws; (d) for the payment of those amounts required as a condition of a federal or state grant which become payable for the first time after June thirtieth, nineteen hundred and seventy-nine; (e) by amounts necessary for the payment of any expenditures ordered by any court of the commonwealth or of the United States; (f) by amounts necessary to provide for the payment of increases over the level for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine of charges and assessments under any general or special law as estimated by the commissioner of revenue under the provisions of section twenty-one of chapter fifty-nine of the General Laws; and (g) by amounts approved by the local finance appeals board under the provisions of section six of this act by which the city, town or district is allowed to exceed the amount of its total property tax levy for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine; and, provided, further, that such amount shall be decreased (a) by any amount available because of a decrease in those amounts assessed as an overlay, or to cover overlay deficits, shortfalls in estimated receipts used for calculating prior tax levies and allowances for uncollected property taxes in prior years; (b) by any amount available because of a decrease in the amount required for payment of principal and interest on bonded indebtedness from the amount required for payment for such purpose during the fiscal year ending June thirtieth, nineteen hundred and seventy-nine; (c) by any amount available because of a decrease below the level provided for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine for pension costs required by the applicable provisions of general or special laws; and (d) by any amount available because of the payment

of any amount required as a condition of a federal or state grant in the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, which will not be required in subsequent years; (e) by any amount available because of the payment in the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, of any expenditure ordered by any court of the commonwealth or of the United States which will not be required in subsequent years; and (f) by any amount available because of a decrease below the level for the fiscal year ending June thirtieth, nineteen hundred and seventy-nine, of charges and assessments under any general or special law as estimated by the commissioner of revenue under the provisions of said section twenty-one of said chapter fifty-nine of the General Laws.

SECTION 4. The commissioner of revenue shall determine the "appropriation limit" applicable to each such city, town or district and the "budget limit" applicable to each such county, district, authority or other local governmental unit in accordance with the provisions of section two of this act, and the "levy limit" applicable to each city, town or district in accordance with the provisions of section three of this act. In order for him to make such determination, the said commissioner may require the presentation of such books, records or other information by any official of the commonwealth or any official of a city, town, district, county, authority or other governmental unit as he deems necessary. He shall forthwith certify the amount of such appropriation limit or budget limit and the amount of such levy limit to the city manager, if any, or the mayor of a city; the town manager, if any, or the board of selectmen of a town; the county commissioners of a county; the committee and the superintendent of a regional or vocational school district; and, the appropriate executive officer or board of any authority or other local governmental unit. Any amount so certified may be

adjusted in accordance with any action taken by the local finance appeals board in accordance with the provisions of section six of this act.

No tax rate for any fiscal year, commencing with the fiscal year ending June thirtieth, nineteen hundred and eighty, shall be fixed by the assessors of any city or town until such rate has been approved by the commissioner of revenue, and the said commissioner shall not approve a rate for any city or town which would allow the amount of property taxes levied to exceed the levy limit applicable to such city or town or one which is based on total appropriations which exceed the appropriation limit applicable to such city, town or district.

No budget shall be approved by any board, committee or other governing body of any district, authority or other local governmental unit until the amount of such budget is certified by the commissioner of revenue to be within the budget limit applicable to such district, authority or other local governmental unit.

In the case of a county, the said commissioner shall also certify the budget limit applicable to each county to the joint committee on counties of the general court.

SECTION 5. A city, town, district, transit authority or other local governmental unit on which an appropriation, budget limit or a levy limit is imposed by sections two or three of this act, may by a two-thirds majority vote of the council in the case of a city, the town meeting in the case of a town, or the appropriate governing body in the case of any other governmental unit, request permission to exceed such appropriation, budget or levy limit, in the manner provided in section six of this act.

SECTION 6. There shall be in the executive office for administration and finance a local finance appeals board, hereinafter called the board, consisting of the commissioner of revenue, the director of accounts, the secretary of

communities and development, ex officio, and two citizens of the commonwealth, experienced in municipal finance and administration, to be appointed by the governor. The governor shall designate one of the appointed members as chairman and may at any time remove an appointed member and fill a vacancy among the appointed members. The commissioner of revenue, the director of accounts and the secretary of communities and development may, by a writing filed with the board, designate an officer or employee in his department who shall, without additional compensation therefor, perform his duties during his absence. The action of a majority of the members shall constitute action of the board and, whenever any action of the board is required to be in writing, the writing shall be sufficient if it is signed by a majority of the members.

The members shall serve without compensation, but shall be reimbursed for their necessary expenses incurred in connection with travel in the discharge of their official duties. The commissioner of revenue shall, upon request of the board, assign to it such clerical assistance as it may need from the personnel of the department of revenue. Any expenses incurred by reason of an assignment of such personnel shall be deemed to be an expense of the board.

The board may allow a city, town, district, transit authority or other local governmental unit, on which an appropriation, budget or levy limit has been imposed by sections two and three of this act, to exceed such limit upon request in the manner provided in section five of this act.

The board shall promulgate rules and regulations which shall prescribe the specific manner in which such request shall be made and the specific local finance conditions which must exist before any such request will be considered, and the board may impose requirements upon a city, town, district, transit authority or other local governmental unit as a condition to the power granted to exceed the appropri-

ation budget or levy limit which would otherwise be imposed.

Any action of the board to allow or refuse to allow a city, town, district, authority or other local governmental unit to exceed such limit or limits shall be transmitted in writing to the official or board to which the limit was initially certified by the commissioner of revenue under the provisions of section four of this act. A copy of such action shall be forwarded to the commissioner of revenue, who shall adjust the appropriate limit initially certified by him accordingly.

SECTION 7. Notwithstanding any general or special law to the contrary, at any time after the expiration of three years from the date on which any optional provision of general laws or special act has been accepted in any city or town, whether by official ballot at an election, by bylaw, by ordinance or by vote of the legislative body of the city or town, or by vote of the board of selectmen or school committee of a town, the revocation of such acceptance shall be effected in the manner as was the vote to accept said provisions, but such revocation shall be subject to the following restrictions:

(a) this section shall not apply if the optional provision contains, within itself, another method of revocation;

(b) this section shall not apply to any optional provision which authorizes, but does not require, the city or town to act;

(c) this section shall not apply to any action taken under chapter thirty-two or thirty-two B of the General Laws;

(d) this section shall not apply to any action taken to establish a regional district, authority or other entity which involves another city, town, district or other governmental unit;

(e) this section shall not effect contractual or civil service rights which have

come into existence between the city or town and any officer or employee thereof as a result of the acceptance of any optional provision of the General Laws, provided, however, such revocation shall apply to the successor of the incumbent officer or employee, so as to prevent the same contractual or civil service rights from automatically continuing with respect to such successor officer or employee.

(f) if a petition signed by five percent or more of the registered voters of a city or town is filed in the office of the city or town clerk within sixty days following a vote, other than a vote which has been submitted to the voters on an official ballot at an election, to revoke the acceptance of any optional provisions of general law or special act is taken, requesting that the revoking of such acceptance be submitted as a question to the voters of such city or town, said vote to revoke shall be suspended from taking effect until such question is determined by vote of the registered voters voting thereon at the next regular city or town election, or if the city council or board of selectmen or other authority charged with calling elections shall so direct, at a special election called for that purpose. Petitions filed requesting the placement of the question of revocation on the ballot shall be substantially in conformity with the provisions of the law governing the signing of nomination papers for city or town officers, the identification and certification of names thereon, and the submission thereof to the registrars. If, on the sixty-first day following the date a vote has been taken to revoke the acceptance of an optional provision of the general law or special act no petition as aforesaid has been filed, the vote to revoke shall become effective forthwith. A question to be placed on a ballot shall be substantially as follows: "Shall the acceptance by the (city) (town) of section(s) of chapter of the general law or special act be revoked?" A brief summary of the relevant

section or sections of the general law or special act shall also appear on the official ballot. If a majority of the voters voting on the question vote in the affirmative, the acceptance of said optional law shall be revoked and it shall become null and void in such city or town beginning with the first day of the month next following said vote.

SECTION 8. Notwithstanding any general or special law to the contrary, for the fiscal year ending June thirtieth, nineteen hundred and eighty, the amount of one million dollars shall be appropriated from the Local Aid Fund, established under the provisions of section two D of chapter twenty-nine, as inserted by section fifty-eight of chapter three hundred and sixty-seven of the acts of nineteen hundred and seventy-eight, for a program of local government management improvement in the executive office of communities and development. Said amount shall be expended only for the purposes of encouraging the employment and use of professional management by units of local government and of providing technical assistance and training to the officials of such units of local government. For the furtherance of such purposes, the said amount may be expended for: (a) for the payment of management improvement grants to any city, town, district or other unit of local government, or a group of one or more of such cities, towns, districts or other units of local government, in accordance with management improvement plans submitted and approved in accordance with rules, regulations and other criteria promulgated by the secretary of communities and development; (b) for the payment for services of the Institute of Governmental Services of the University of Massachusetts, the Massachusetts League of Cities and Towns, or any other public or private agency to provide technical assistance or training to the officials of such cities, towns, districts and other units of local government; and

(c) for the payment of amounts required as a condition of a federal or state grant for the purpose of encouraging the employment and use of professional management by units of local government.

There shall be within the executive office of communities and development a local government management advisory board, consisting of the secretary of communities and development or his designee, the secretary of administration or his designee, the president of the University of Massachusetts or his designee, and five persons to be appointed by and serve at the pleasure of the governor, each of whom shall be a member of a municipal league or association, a municipal management or personnel association, or other association of local officials. For the purpose of making such appointments, the governor shall solicit nominations from the Local Government Advisory Committee, so-called, and from any other organization of local officials which he deems advisable; provided, however, that he shall not be limited to such nominations in making his appointments. The purpose of the board shall be to advise the secretary of communities and development on the establishment and administration of the program of municipal management improvement provided in this section. The members of the board shall receive no compensation for their services as members of the board, nor shall they be reimbursed for any expenses incurred in the performance of their duties.

Any amount received by a city, town, district or other unit of local government as a grant for an approved management improvement plan, as provided by this section, shall be expended exclusively for such purpose without further action of the local legislative body.

SECTION 9. This act shall take effect upon its passage.



# CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139  
Tel. 498-9011

EXECUTIVE DEPARTMENT  
JAMES L. SULLIVAN  
City Manager

February 12, 1979

To the Honorable, the City Council:

I am enclosing herewith a copy of the Bill filed by Governor King to impose limitations on property tax levies and expenditures of cities, towns and other local governmental units dependent on the property tax.

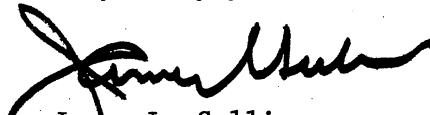
It is clear from the language of the Bill that the Bill places an absolute limit on appropriations at the level established for Fiscal 1979. The only exemptions to the appropriation limit that it allows are:

1. for the increase in pensions required;
2. for any increase in debt and interest for capital improvements; and
3. for the necessary local match to a Federal grant.

I have requested all departments to prepare their budgets in accordance with the limitations that are required by the Bill. As the Council is aware, the Bill will now go through the necessary legislative process and may be subject to some amendment.

This communication and the copy of the Bill are for the information of the City Council.

Very truly yours,



James L. Sullivan  
City Manager

JLS/mbf  
Enc.

F-354

RE: Bill filed by Governor King to impose limitations on property tax levies and expenditures of cities, towns and other local governmental units dependent on the property tax.

In City Council,  
February 12, 1979

2/12/1979

Referred to the  
Finance Committee  
for

Hearing  
190500 of Economic Costs

7/17/79

Placed on File - Finance