The Division of Local Services has received numerous inquiries from city and town officials and legislators about financing flood damage costs. This Bulletin addresses only the funding options available under the General Laws, rather than those involving state agencies, which would be initiated by the Governor.

Chapter 44 § 31 allows emergency spending in cases of such natural disasters following a declaration of emergency by the City Council or Selectmen and the approval of the Director of Accounts. This is not the best option since any amount authorized to be expended must be raised in the annual tax rate and any offsetting state reimbursements are not likely to be known before the approval of the tax rate in the next several weeks. However, this option may provide for immediate spending authority until other remedies such as loans approved by the Emergency Board are in place.¹

Emergency loans authorized under Chapter 44 § 8 (9) appear to be a better alternative. A state board composed of the State Treasurer or his designee, the Attorney General or his designee and the Director of Accounts may authorize loans for emergency spending for a period of up to two years for purposes for which borrowing is not otherwise available to the city or town. If approved by the state board, a borrowing order must subsequently be approved by the city council or town meeting by a two-thirds vote. If approved, these loans should be issued, for example, for six months to allow receipt and application of any state reimbursement. The balance of the authorized loan could be financed over three fiscal periods, which would include the following: at council or town meetings in April, May or June 2006 (FY06), at the one-year

¹ The vote of the city council or selectmen requesting emergency spending authority may provide that “the amount of any state or federal reimbursements and the amount of bonds or notes issued to finance the costs of this flood emergency may be applied to reduce amounts to be raised by taxation under provisions of Chapter 44 § 31.”
anniversary of the loans in approximately November 2006 (FY07), and at the two-year anniversary of the loans in November 2007 (FY08).

In communities that combine emergency spending authorization under Ch. 44 § 31 with reimbursement of the spending from proceeds of loans authorized by the state Emergency Board under Ch. 44 § 8(9), the tax rate could not be approved until the funds authorized by the state board and the city council or town meeting had been borrowed.

Requests for a hearing should be submitted within 20 days of the emergency to Camille Gradozzi, Administrative Assistant to the Board, at the address below. While the hearing need not be held during that period, city or town officials should compile the schedule of expenses for presentation at the hearing. These schedules will likely also be used for submission for any state reimbursement programs.

In discussions with legislators, it is likely that hearings will be scheduled at least in Springfield and Boston.

Please contact your Bureau of Accounts field representative with any questions.