

# SENATE NO. 1174

## **AN ACT** REVISING THE FISCAL YEAR OF CITIES, TOWNS, AND DISTRICTS

*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. Section 56 of chapter 44 of the general laws, as appearing in the 2004 Official  
2 Edition, is hereby amended by striking out said section, and inserting in place thereof, the following  
3 new section:-

4 Section 56. The fiscal year of all towns of the commonwealth shall begin with October first and end  
5 with the following September thirtieth, and the returns made to the director under section forty-  
6 three shall show the financial condition of the town at the close of business on September thirtieth;  
7 provided, however, that the treasurer shall, until October fifteenth, enter in his books all items for  
8 the payment of bills incurred and salaries and wages earned during the previous fiscal year,  
9 excepting payment of school teachers' salaries which have been deferred under the provisions of  
10 section forty of chapter seventy-one, and expenditures thereof shall be deemed to be as of June  
11 thirtieth preceding.

12 SECTION 2. Section 56A of chapter 44 of the general laws, as appearing in the 2004 Official  
13 Edition, is hereby amended by striking out said section, and inserting in place thereof, the following  
14 new section:-

15 Section 56. The fiscal year of all towns of the commonwealth shall begin with October first and end  
16 with the following September thirtieth, and the returns made to the director under section forty-  
17 three shall show the financial condition of the town at the close of business on September thirtieth;  
18 provided, however, that the treasurer shall, until October fifteenth, enter in his books all items for  
19 the payment of bills incurred and salaries and wages earned during the previous fiscal year,  
20 excepting payment of school teachers' salaries which have been deferred under the provisions of  
21 section forty of chapter seventy-one, and expenditures thereof shall be deemed to be as of June  
22 thirtieth preceding.

23 SECTION 3. Notwithstanding the provisions of any other general or special law to the contrary, all  
24 appropriations for state aid to cities towns and districts shall be allocated on the basis of five  
25 quarters in the first year in which the municipal fiscal year is changed from July 1 to October 1 and  
26 shall be allocated on the basis of three quarters in the next fiscal year, in order to coincide with the  
27 new fiscal year schedule. Cities, towns, and districts will be authorized to develop a five quarter  
28 budget for the first year in which the fiscal year is changed from July 1 to October 1, and shall be  
29 authorized to appropriate a three quarter budget for the next fiscal year. Thereafter, all state aid and  
30 all budgets for cities, towns, and districts shall conform to the October 1 through September 30  
31 fiscal year.

32 SECTION 4. This act shall take effect for the state fiscal year beginning July 1, 2009.

33 Explanation: The current system of the state and local budgets based on a July 1 – June 30 fiscal  
34 year makes it difficult for cities, towns, and districts to plan accurately for their budgets since state  
35 aid numbers are not usually settled before mid June. If the state budget, with local aid numbers,  
36 was required to be in place by June 30, and local budgets did not begin before October 1, more  
37 accurate budget planning could occur. Undoubtedly, other sections of general law may need to be

38 changed if there is agreement to change the local and district fiscal year. The purpose of this bill is  
39 to initiate a discussion of the issue.