



# Local Finance Opinion

LFO-2018-1  
July 11, 2018

**TOPIC:** Transportation Network Company Per-ride Assessment Distribution

**ISSUE:** Municipal finance and accounting treatment of money received from the Commonwealth Transportation Infrastructure Fund

This LFO addresses questions relating to the municipal finance and accounting treatment of moneys distributed to a city, town or district from the Commonwealth Transportation Infrastructure Fund.

## 1. What is the Commonwealth Transportation Infrastructure Fund?

Under Chapter 187 of the Acts of 2016, certain transportation network companies must submit to the Transportation Network Company Division of the Department of Public Utilities (DPU) the number of rides from the previous calendar year that originated within each city or town and a per-ride assessment of \$0.20. The assessment is credited to the Commonwealth Transportation Infrastructure Fund (Fund), which was established by the Act. [St. 2016, c. 187, § 8\(a\)](#). Each year, one half of the amount credited to the Fund will be distributed by the DPU proportionately to each city and town based on the number of rides that originated in that city or town. [St. 2016, c. 187, § 8\(c\)\(i\)](#).

## 2. What is the general rule related to the receipt of money by a city, town or district officer or department?

All money received or collected from any source by a city, town or district belongs to its general fund and can only be spent after appropriation unless a general or special law provides an exception, *i.e.*, expressly restricts use for a particular purpose or allows expenditure by a department or officer without appropriation. [G.L. c. 44 § 53](#).

## 3. Is there an exception to the general rule for money received from the Commonwealth Transportation Infrastructure Fund?

Yes. Money distributed to cities and towns from the Commonwealth Transportation Infrastructure Fund is special revenue earmarked for use by cities and towns “to address the impact of transportation network services on municipal roads, bridges and other transportation infrastructure or any other public purpose substantially related to the operation of transportation network services in the city or town including, but not limited to, the complete streets program established in section 1 of chapter 90I of the General Laws and other programs that support alternative modes of transportation.” [St. 2016, c. 187, § 8\(c\)\(i\)](#). However, the statute establishing the distribution does not authorize any particular department or officer to spend the distributed money without “specific” or “further” appropriation for any of those

statutory purposes. See, *e.g.*, [G.L. c. 40, § 3](#) (municipal and school rental revenues); [G.L. c. 44, § 53A](#) (money gifts and grants); [G.L. c. 44, § 53E½](#) (departmental fees and charges); and [G.L. c. 71, § 47](#) (school activity fees and charges). Therefore, the general rule requiring an appropriation in order to use the money still applies. The accounting officer must establish a receipts reserved for appropriation account for this distribution and credit the money received to that account. To use the money for any allowable purpose, the legislative body must appropriate from available funds in the account.

Additionally, please note that each city or town receiving a distribution from the Commonwealth Transportation Infrastructure Fund must submit a report to the Transportation Network Company Division of the DPU not later than December 31 of each year that details the allowable transportation-related projects conducted, including amounts used or planned to be used for those projects. [St. 2016, c. 187, § 8\(d\)](#). The Division is required to compile the reports and post the projects and amounts of money used on its website. [St. 2016, c. 187, § 8\(d\)](#).



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