



Municipal Empowerment Act - Overview

Healey-Driscoll Administration

Introduction

The Municipal Empowerment Act is designed to arm local governments with greater tools and supports to chart their own course, making it easier for communities to generate resources for vital local services and access the products and people they need to best serve Massachusetts residents.

The bill contains local option revenue raisers, including a **new Motor Vehicle Excise surcharge local option** that can benefit every city and town in the Commonwealth; provides relief from numerous administrative burdens, including **reforms to procurement rules** that raise thresholds for competitive bids and remove onerous publishing requirements; improves the efficiency of local operations by, for example, **updating borrowing rules for school projects** and **establishing enforcement mechanisms for double pole prohibitions**; and provides new tools for addressing critical local workforce challenges, such as **allowing the creation of Regional Boards of Assessors**, **centralizing valuation of telecom and utility property** at the state level and **creating additional flexibilities in post-retirement employment exemptions**.

Supporting and Learning from Our Local Leaders

The Healey-Driscoll Administration recognizes that the health of the Commonwealth's 351 cities and towns underpins the overall success of Massachusetts and its people. That is why this administration is committed to ensuring that every municipality, from Provincetown to Pittsfield, has the resources it needs to succeed.

Since taking office, the Healey-Driscoll Administration has been focused on ensuring our municipal partners have the support they need from the state. The Administration's Fiscal Year 2025 proposal will once again recommend historic investments in municipal partnerships. From **fully funding the Student Opportunity Act** to **boosting resources for unrestricted general government aid (UGGA)**, the FY25 budget proposal provides nearly **\$8.7 billion for local aid, a \$269.4 million (or 3 percent) increase over the FY24 GAA**. (More detail on municipally-focused FY25 investments below)

But the administration also recognizes that boosting funding alone is not enough. Cities and towns across the Commonwealth can benefit from changes to state programs and rules that make it easier for the state and municipalities, together, to best serve our constituents. The administration, therefore, engaged in an extensive listening tour with municipal leaders this Fall to unearth ideas on how the Commonwealth could better partner with our cities and towns. Over several months, the administration held seven regional listening sessions that engaged over 130 municipal managers and

Fall Municipal Leader Listening Session Regions



administrators from 112 different municipalities and solicited input from professional associations representing local leaders and employees – receiving feedback from more than twenty such groups.

What emerged were concrete suggestions for improving the finances and operations of local government – from solutions to acute workforce challenges, to relief from specific administrative burdens, to new tools to make local management more efficient and effective. The Municipal Empowerment Act is a direct outgrowth of that feedback.

Bill Highlights

Reflecting the input of those who do the work in our cities and towns, the Municipal Empowerment Act includes provisions that:

Strengthen Local Fiscal and Staffing Stability

- **Empower localities to generate more local revenue:** The bill includes several provisions designed to empower communities to generate additional local resources to support local needs, including:
 - **Increasing the local lodging tax ceiling** from 6 percent to 7 percent (6.5 percent to 7.5 percent for Boston);
 - **Increasing the local meals tax ceiling** from .75 percent to 1 percent;
 - **Adding a new 5 percent local option Motor Vehicle Excise surcharge** – a provision that could benefit every community in Massachusetts.
- **Create new property tax exemptions for seniors:** The bill will allow cities and towns to adopt a new Senior Means Tested Property Tax Exemption for qualifying seniors and to increase existing senior property tax exemptions (“clause exemptions”). The bill also adds an option to provide an annual cost of living adjustment to help combat the effects of inflation, available for seniors as well as other groups that qualify for locally adopted abatements.

- **Addressing long-term benefit funding pressures:** The bill will establish a new OPEB Commission to take a fresh look at opportunities to address unfunded liabilities from non-pension employee benefits.
- **Allow the creation of Regional Boards of Assessors:** The bill will allow municipalities to create Regional Boards of Assessors to help streamline duties and reduce significant staffing challenges cited by many local leaders.
- **Create additional flexibilities in post-retirement employment:** The bill also includes a provision aimed at addressing critical staffing shortages at the local level by expanding the process for seeking exemptions to post-retirement employment rules – a direct response to concerns raised by municipal leaders during the administration’s listening sessions about critical local staffing shortages in public safety and other areas.

Increase Municipal Flexibilities

- **Make permanent COVID-era public meeting, dining & liquor purchase flexibilities:** Local governments were allowed to permit hybrid public meetings, outdoor dining, and takeaway liquor sales during the pandemic – flexibilities that proved popular with residents, profitable for businesses and beneficial for democratic participation. The Municipal Empowerment Act will make these popular Covid-era flexibilities permanent.
- **Address double poles:** Provisions in the bill allow enforcement, with penalties, of the statutory prohibition of keeping double poles up after 90 days. Currently, there is no enforcement mechanism for these violations, leaving many communities with aesthetic and public safety issues.

Drive Operational Efficiency and Modernization

- **Reform procurement laws:** The Municipal Empowerment Act also responds to municipal leaders’ requests for common-sense procurement reform, including:
 - Clarifying that 30B enables groups of cities and towns to award multiple contracts through the RFP process and purchase both supplies and services from collectively bid contracts;
 - Equalizing 30B thresholds for advertised procurements to \$100 k for all municipal purchasing – not just schools;
 - Eliminating the requirement to publish notice of invitations for competitive bids on COMMBUYS;
 - Streamlining procurement for electric school buses and charging infrastructure by allowing single procurements for both under Chapter 30B.

- **Establish central valuation of telecom and utility property:** The assessment of certain types of personal property is currently complicated for cities and towns, requiring the hiring of costly valuation experts. The Department of Revenue's Division of Local Services (DLS) already centrally values telephone and oil/natural gas pipelines, so extending this to all telecom and to utility companies would result in a more efficient and cost-effective process for both municipalities and industry.
- **Update borrowing rules for school projects:** The legislation will increase from 30 years to 40 the bond term for school projects so that the costs are realized in a manner that more closely reflects the life expectancy of the project.

More details on the provisions of the bill can be found in the policy briefs on **Fiscal & Staffing Stability**, **Local Flexibility and Operational Efficiency**, and **Rural Supports**.

Ongoing Commitment to Supporting Municipalities

The Municipal Empowerment Act builds on numerous investments and policies championed by the Healey-Driscoll Administration to support cities and towns.

FY25 Budget

The administration's FY25 budget proposal funds the following programs benefitting the Commonwealth's 351 cities and towns, including:

- **Growing Unrestricted Government Aid (UGGA) at 3 percent**, which is above consensus revenue growth
- **Fully funds the fourth year of the Student Opportunity Act**
- **\$15 million for rural school aid**
- **\$6 million to nearly triple funding for the Community Compact Program** to help municipalities implement best practices and regionalization initiatives
- **\$500,000 to sustain the successful Local Finance Commonwealth Fellowship Program**, which provides students at Massachusetts community colleges with career preparation and work-based learning to become the next generation of municipal finance professionals
- **\$500,000 to launch a new program focused on generating a pipeline of qualified individuals for high-demand municipal positions**
- **\$100 million in supplemental Chapter 90 funding**, plus **\$24 million for Rural Road Aid** – a first-time investment in road aid specifically dedicated to rural communities – through Fair Share

For more information see the **FY25 Local Aid brief**.

Transportation Innovations & Investments

Safe, reliable transportation infrastructure is critical to all cities and towns. The above FY25 transportation investments are complemented by several additional initiatives designed to support cities and towns:

- **Transportation grant application assistance:** This spring, MassDOT will be implementing a new department focused on municipal assistance, modeled after the Community One-Stop for Growth, to make it easier for local officials to work with MassDOT to access and leverage transportation-related funding.
- **Working group to examine Chapter 90 Administration:** Lt. Governor Driscoll has also directed MassDOT and the Executive Office for Administration and Finance to assemble a working group of state and local officials to review Chapter 90 administration and recommend ways to reduce the complexity and burdens of applying for and receiving these vital transportation funds.
- **Chapter 90 two-year authorization:** Side-by-side with the Municipal Empowerment Act, the administration is filing a \$400 million two-year Chapter 90 authorization to enable cities and towns sufficient time to put funds to work given the planning and coordination required to complete infrastructure projects.

Affordable Homes Act Reforms

One of the major themes of the fall municipal listening sessions was housing. Much of the feedback collected was reflected in the Administration's Affordable Homes Act, which included municipally-focused provisions such as:

- **\$175 million for HousingWorks Infrastructure Program** to fund municipal infrastructure related to housing development.
- **A local option transfer fee** that allows municipalities and regional affordable housing commissions to adopt a transfer fee of 0.5 percent to 2.0 percent to be used for affordable housing purposes.
- **Inclusionary zoning by simple majority**, which adds inclusionary zoning to the list of zoning changes municipalities can pass by a simple majority instead of a 2/3 super majority vote of city/town legislative body.
- **Accessory Dwelling Units (ADUs) As-Of-Right**, which permits ADUs equal to or less than 900 square feet to be built by-right in single family zoning districts in all communities.

See the **Affordable Homes Act briefs** for more information on that bill.

FutureTech Act of 2024 Authorizations

Additionally, the recently filed FutureTech Act of 2024 included authorizations to support two popular local grant programs:

- **\$25 million (over 5 years) for the Community Compact IT Grant Program**, a competitive grant program aimed at driving innovation at the local level available to any municipality that is part of the Community Compact. The program supports the implementation of technology projects that harness the power of IT to drive innovation, make government more efficient, save taxpayers money, and make it easier for residents to interact and transact with local government.
- **\$30 million (over 5 years) for the Municipal Fiber Grant Program**, a competitive grant program that supports the closing of critical gaps that exist in municipal networks. Focused on connecting municipality-owned facilities, the program assists municipalities in achieving many critical goals associated with municipal fiber.

See the **FutureTech brief** for more information on that bill.

The Administration is also committing to **doubling the FY24 Municipal Fiber Grant Program** – raising this year’s funding to **\$10 million** to match the anticipated high-demand for this impactful, popular program.