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 refiled bill contains local option revenue raisers, including **increasing the local meals and lodging tax ceilings**; provides relief from numerous administrative burdens, including **reforms to procurement rules** that raise thresholds for competitive bids and remove onerous posting 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 for the creation of Regional Boards of Assessors**, **centralizing valuation of telecom and utility property** at the state level and **creating additional temporary 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 2026 proposal will once again recommend historic investments in municipal partnerships. From **fully funding the Student Opportunity Act** to **growing unrestricted general government aid (UGGA)** consistent with consensus tax revenue growth (2.2 percent), the FY26 budget proposal provides nearly **$9.205 billion for local aid, a $480 million (or 6 percent) increase over the FY25 GAA**. (More detail on municipally-focused FY26 investments below)

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 last Fall to unearth ideas on how the Commonwealth can be a better partner to our cities and towns. Over several months, the administration held 7 regional

Fall Municipal Leader Listening Session Regions



listening sessions that engaged over 130 municipal managers and 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 for 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. This session's refiled version of the bill builds on the important work of the Joint Committees on Municipalities and Regional Government and on Revenue, which considered the proposal last session, as well as additional feedback from stakeholders since its original filing – resulting in a strengthened proposal that is more critical than ever as our municipalities grapple with increasingly tight budgets.

Bill Highlights

Reflecting the input of those who do the work in our cities and towns, the Municipal Empowerment Act refile 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 by:
    - **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 up to 5 percent local option Motor Vehicle Excise surcharge** that can be dedicated to local stabilization funds – 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.
- **Address 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 for 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 temporary 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 for 3 years – 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 flexibilities**: Local governments were allowed to permit hybrid public meetings during the pandemic – a flexibility that proved popular with residents and beneficial for civic engagement and participation. The Municipal Empowerment Act will make this Covid-era flexibility permanent. In tandem, the administration will make new capital resources available to municipalities to help build the infrastructure needed to enable increased access to hybrid public meetings across the state.
- **Address double poles**: The bill extends the statutory prohibition against double poles from 90 days to 180 days while allowing municipalities to enforce penalties for failure to comply. Currently, there are no enforcement mechanisms for these violations, leaving many communities with aesthetic and public safety issues. The bill also confirms the ability of the Department of Public Utilities and Department of Telecommunications and Cable to promulgate regulations establishing a process ensuring that double poles are removed at the same time the pole is installed, and ensures that labor unions are included in the development of these regulation. This provision would go into effect 1 year after the passage of the bill. This proposal was updated from last session to reflect input from stakeholders

about the need for additional time to prepare for, and act on, these new enforcement mechanisms.

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 Chapter 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 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;
    - Exempting snow hauling from Chapter 30B to be consistent with the treatment of snow removal.
- **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 will result in a more efficient and cost-effective process for both municipalities and industry.
- **Increase municipalities' toolbox for reducing school bus service costs**: The Municipal Empowerment Act would repeal a law that limits the ability of municipalities to start in-house school bus services when private transportation companies are available.
- **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.
- **Help prevent overdoses by declassifying fentanyl test strips as drug paraphernalia:** Building on progress in the recently passed Substance Abuse Disorder bill, this legislation would ensure that anyone who administers fentanyl strips, including local public safety officials, will not be subject to criminal or civil liability,

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. The administration's FY26 budget proposal funds the following programs benefitting the Commonwealth's 351 cities and towns, including:

- **Growing Unrestricted Government Aid (UGGA) at 2.2 percent,** which is consistent with consensus revenue growth
- **Fully funds the 5th year of the Student Opportunity Act**
- **Maintains $15.8 million** for **rural school aid**
- **$2 million** 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

For more information see the **FY26 Local Aid brief**.

Additional Reforms and Innovations

Outside of the Municipal Empowerment Act, the Administration is pursuing, or has taken, other actions to make it easier for local leaders to learn about and access critical resources:

- **Increased funding and formula changes for Chapter 90**: Side-by-side with Municipal Empowerment Act the Administration has filed a $1.5 billion five-year Chapter 90 bond, which would increase annual Chapter 90 funding by 50 percent, to $300 million a year, for the next five years. This long-term funding increase will give cities and towns sufficient time to put funds to work given the planning and coordination required to complete infrastructure projects. The increase will also allow for updating of the funding distribution formula, ensuring all cities and towns see a significant increase while recognizing that construction inflation in recent years has particularly eroded the buying power of smaller and rural communities that need extra support to complete road projects. These changes are the direct result of the Chapter 90 Advisory Group established last year. For more information see the **Chapter 90 Funding and Reform brief.**
- **Sustaining the doubling of the Municipal Fiber Grant Program** – maintaining **$10 million** to match the anticipated high-demand for this impactful, popular program.

- **Advisory Group on reducing costly school bus services**: The cost of school bus contracts is creating increasing pressures on local budgets. Lt. Governor Driscoll has asked the Executive Office for Administration and Finance to assemble an advisory group of state and local officials to review current school bus contracting rules and practices and advise on best practices and potential actions to increase competition and reduce costs.
- **Federal matching funds and technical assistance**: Last session, the Governor signed into law An Act to Provide for Competitiveness and Infrastructure in Massachusetts to create a Capital Investment and Debt Reduction Fund, which makes $750 million in additional state funding available over the next three years to pursue federal grants. The bill dedicates $50 million of this new funding pool to ensuring the competitiveness of local and regional partners through municipal matching grants and financial assistance. To request these funds, please go here. The Fund also includes $12 million for local government technical assistance to help municipalities successfully apply for federal funding opportunities and implement successful awards. Over the coming months, the administration will be conducting a local road show to increase awareness about these funds and to continue refining its approach to technical assistance to best meet local needs.
- **Identifying ways to improve administration of the boat excise tax:** The boat excise is an existing local revenue generator to support municipal waterways improvements and maintenance. The assessment process for this excise is cumbersome, creating headaches for local officials and causing some municipalities to forgo collection of this revenue source. The Executive Office for Administration and Finance will be convening an advisory group of local officials to develop recommendations on how to streamline this assessment process to make it easier for municipalities to take advantage of this existing revenue source.
- **Other victories from last session:** Several other muni-focused proposals from last session have already become law, including:
    - Streamlining procurement for electric school buses and charging infrastructure by allowing single procurements for both under Chapter 30B;
    - Making permanent COVID-era flexibilities related to outdoor dining and takeaway liquor sales.
    - Passage of the most sweeping civil service system reforms in 50 years, which will enable local police and fire departments more options for recruiting key personnel.