



# ***Municipal Empowerment Act***

## ***Local Flexibility & Operational Efficiency***

***Healey-Driscoll Administration***

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### **Introduction**

The Municipal Empowerment Act is designed to arm local governments with greater freedoms and flexibilities to serve Massachusetts residents – including provisions specifically designed to give localities greater control over local decision-making, such as **making permanent COVID-era public meeting, dining and liquor purchase flexibilities**; providing relief from numerous administrative burdens, including **reforms to procurement rules** that raise thresholds for competitive bids and remove onerous publishing requirements; and improving the efficiency of local operations by, for example, **updating borrowing rules for school projects** and **establishing enforcement mechanisms for double pole prohibitions**.

### **Bill Highlights**

#### *Municipal Flexibility*

Cities and towns have a close nexus to the residents they serve, positioning local leaders with rich on-the-ground understanding of what programs and policies best reflect the unique needs and preferences of their residents. Throughout the Fall listening sessions, local leaders raised numerous opportunities for the state to better empower cities and towns to build communities in which people want to live, work, play, and stay. As a result, the Municipal Empowerment Act contains numerous provisions designed to provide greater flexibility for local decision-making, including:

- **Making permanent COVID-era public meeting, dining & liquor purchase flexibilities:** Local governments were allowed to permit hybrid 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.
- **Addressing 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.
- **Enabling one-time override for non-capital expenses:** The bill will provide an option for municipalities to adopt a one-year override for non-capital expenditures. This would be similar to a capital outlay exclusion (one-year only increase in the amount to be raised by taxation to pay for a capital item for which a municipality could borrow), except it would be for operating expenses.

### *Operational Efficiency and Modernization*

Cities and towns are on the frontlines of providing services that impact residents' lives every day, but to deliver those services successfully, local leaders often need to navigate complex state-level rules, funding opportunities, and regulations. From relief from certain administrative burdens to new tools to make local management more efficient and effective, local leaders offered numerous suggestions during the Fall listening sessions on how to update state laws and processes that impede effective local government and service delivery.

Based on this feedback, the Municipal Empowerment Act includes numerous provisions designed to make local operations more efficient and modern, including:

- **Establishing 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.
- **Equalizing property tax appeals:** The bill will require all property taxpayers to pay in full to appeal. Currently, personal property taxpayers, such as utilities, need only pay half of the tax bills to preserve their right to appeal while residents and commercial taxpayers are required to pay in full.
- **Enabling easier spending of PEG Access Funds:** The bill provides an option for simplifying the process for spending PEG Access revenues by removing the need for appropriation.
- **Permitting more efficient setting of revolving fund spending caps:** Proposed changes would allow municipalities to maintain a previously approved spending cap for each departmental revolving fund until another vote, as opposed to the current inefficient system that requires a new vote each year even if the cap has not changed.
- **Closing unemployment insurance loopholes:** The bill will also clarify state law to treat employees who provide services to or on behalf of schools, such as bus drivers and crossing guards, the same as teachers and other full-time staff for unemployment purposes.
- **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.
- **Simplifying election cost reimbursements from the state:** The bill will allow state funds for Early Voting and Extended Polling Hours to be treated the same way at the local level to simplify the budgeting process for elections (currently, the former treated as General Fund revenue and the latter accounted for in a special revenue fund).
- **Making it easier to accept and expend gifts and grants:** The legislation will also clarify the law so it is clear that these funding sources can be spent after having them accepted by the select board (town) or council (city).
- **Modernizing annual town report printing requirements:** To help save money and reduce waste, the bill will eliminate the requirement that a town print or maintain physical copies of annual town report. Instead, copies will only be required to be maintained in electronic form.
- **Updating 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.
- **Improving notification and response of cybersecurity incidents:** Additionally, the bill will require municipalities to report cybersecurity incidents to EOTSS to unlock prompt resources, guidance and assistance from subject-matter experts across several state agencies, including law enforcement.

### **Additional Reforms and Innovations**

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

- **Transportation Grant Application Assistance:** This spring, MassDOT will be implement 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 Municipal Empowerment Act the Administration is also filing a \$400 M 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.
- **Opioid Settlement Funds Usage:** A change included in the FY2023 final supplemental budget allows municipalities, with authorization from the Division of Local Services' director of accounts, to reserve one-time revenues in a special fund, thus keeping it out of the general fund. If the receipt is for one specific purpose, such as opioid settlement funds, a municipal executive can spend the funds without further appropriation; otherwise, qualifying revenue reserved in a special fund would be subject to appropriation. In both cases, the exception applies only to one-time, unanticipated receipts that are received by multiple communities.
- **Support of local competition for federal funds:** The Administration also recently filed An Act to Provide for Competitiveness and Infrastructure in Massachusetts to create a Capital Investment and Debt Reduction Fund that will make \$800 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 a local infrastructure bank. The Fund also includes \$12 million for local government technical assistance to help municipalities successfully apply for federal funding opportunities. For more detail see the **Maximizing Federal Funding Opportunities brief**.