



## AGENDA

Monday, May 5, 2025 - 6:30 PM

Finance Committee Meeting  
Agawam Senior Center  
954 Main Street  
Agawam, MA 01001

Minutes dated December 16, 2024

**TR-2025-33** - A Resolution accepting a grant (**\$4,554.33**) from the Massachusetts Executive Office of Public Safety and Security and the Department of Fire Services to the Town of Agawam pursuant to Massachusetts General Laws Chapter 44, Section 53A (Sponsored by Mayor Johnson)

**TR-2025-35** - A Resolution accepting a donation in the amount of Two Thousand Five Hundred Dollars (**\$2,500.00**) from Agawam Rotary Club, Inc. to the Town of Agawam pursuant to Massachusetts General Laws Chapter 44, Section 53A (Sponsored by Mayor Johnson)

**TR-2025-36** - A Resolution establishing the following Special Purpose Stabilization Funds: Water Department Stabilization Fund, Wastewater Stabilization Fund, and Municipal Golf Stabilization Fund pursuant to Massachusetts General Laws Chapter 40, Section 5B (Sponsored by Mayor Johnson)

# FINANCE SUB-COMMITTEE MINUTES

September 4, 2024

**Present:** Anthony Suffriti – Chair  
Dino Mercadante – Vice Chair  
Robert Rossi  
Peter Smus  
Edward Borgatti

**Also Present:** Councilors Bitzas, Hendrickson, Russo, Sandlin, Smith and Valego, Mayor Johnson, and Auditor St. John

**Called to Order:** Meeting was called to order at 6:15pm by Chair Suffriti in the Agawam Senior Center

## AGENDA

### **1. Approval of minutes dated October 21, 2024**

Motion to approve was made by Councilor Mercadante and seconded by Councilor Rossi.

The vote was 5 Yes, 0 No approving the minutes.

### **2. TR-2024-65 - A Resolution accepting a Chapter 268 of the Acts of 2022 Economic Development Bill Earmark from the Department of Conservation & Recreation to the City of Agawam pursuant to Massachusetts General Laws Chapter 44, Section 53A (Sponsored by Mayor Johnson)**

There was a brief discussion on this item.

Motion to send a positive recommendation to the Full Council made by Councilor Mercadante and seconded by Councilor Borgatti. The vote was 5 Yes, 0 No

### **3. TR-2024-66 - A Resolution accepting a Chapter 102 of the Acts of 2021 Earmark from the Department of Environmental Protection to the City of Agawam pursuant to Massachusetts General Laws Chapter 44, Section 53A (Sponsored by Mayor Johnson)**

There was a brief discussion on this item.

Motion to send a positive recommendation to the Full Council made by Councilor Smus and seconded by Councilor Mercadante. The vote was 5 Yes, 0 No

### **4. TR-2024-68 - A Resolution to accept Massachusetts General Laws Chapter 64G, Section 3A to impose a Local Option Room Occupancy Excise in the City of Agawam (Sponsored by Councilor Mercadante)**

### **5. TR-2024-69 - A Resolution accepting an Earmark from the Executive Office of Economic Development to the City of Agawam pursuant to Massachusetts General Laws Chapter 44, Section 53A (Sponsored by Mayor Johnson)**

### **6. TR-2024-70 - A Resolution accepting an Earmark from the Executive Office of Elder Affairs to the City of Agawam pursuant to Massachusetts General Laws Chapter 44, Section 53A (Sponsored by Mayor Johnson)**

### **7. Any other business that may legally come before the Committee.**

None.

### **8. Adjournment.**

Motion to adjourn made by Councilor Borgatti and seconded by Councilor Rossi. The meeting was adjourned at 6:38pm.

Respectfully submitted,

Councilor Anthony Suffriti, Chair Finance Committee

**A RESOLUTION ACCEPTING A GRANT FROM THE  
MASSACHUSETTS EXECUTIVE OFFICE OF PUBLIC SAFETY AND  
SECURITY AND THE DEPARTMENT OF FIRE SERVICES TO THE  
TOWN OF AGAWAM PURSUANT TO MASSACHUSETTS  
GENERAL LAWS CHAPTER 44, SECTION 53A**

(Sponsored by Christopher C. Johnson, Mayor)

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**WHEREAS**, the Massachusetts Executive Office of Public Safety and Security and the Department of Fire Services has awarded the Town of Agawam Fire Department a grant in the amount of Four Thousand Five Hundred Fifty Four and 33/100 (\$4,554.33) Dollars; and

**WHEREAS**, this grant program is offered to provide reimbursement to fire departments for the purchase of essential firefighter turnout gear, hoses, nozzles, communications equipment, hand tools and more; and

**WHEREAS**, this grant program is focused on those items that help fire departments meet current National Fire Protection Association (NFPA) and Occupational Safety and Health Administration (OSHA) standards; and

**WHEREAS**, the Agawam Fire Department intends to utilize the grant funds for the purchase of a handheld thermal imager; and

**WHEREAS**, it is in the best interests of the Town of Agawam to accept said grant from the Massachusetts Executive Office of Public Safety and Security and the Department of Fire Services; and

**NOW THEREFORE**, the Agawam City Council hereby resolves pursuant to Massachusetts General Laws Chapter 44, Section 53A to accept a grant from the Massachusetts Executive Office of Public Safety and Security and the Department of Fire Services in the amount of Four Thousand Five Hundred Fifty Four and 33/100 (\$4,554.33) Dollars for the purchase of essential firefighter equipment including a handheld thermal imager.

DATED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2025.

**PER ORDER OF THE AGAWAM CITY COUNCIL**

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Rosemary Sandlin, President

**APPROVED AS TO FORM AND LEGALITY**

  
\_\_\_\_\_  
Christopher S. Cappucci, Solicitor



OFFICE OF THE GOVERNOR  
**COMMONWEALTH OF MASSACHUSETTS**  
STATE HOUSE BOSTON, MA 02133  
(617) 725-4000

**MAURA T. HEALEY**  
GOVERNOR

**KIMBERLEY DRISCOLL**  
LIEUTENANT GOVERNOR

April 7, 2025

Chief Alan Sirois  
Town of Agawam  
800 Main St  
Agawam, MA 01001

Dear Chief Sirois,

Congratulations! I am pleased to inform you that the Executive Office of Public Safety and Security and the Department of Fire Services (DFS) has awarded the Town of Agawam Fire Department \$4,554.33 of funding for the second round of the Firefighter Safety Equipment Grant Program in State Fiscal Year 2025.

With each new challenge, the fire service in Massachusetts demonstrates its ability to adapt, overcome, and continue providing the excellent level of services that the citizens of the Commonwealth have come to expect. Please know how thankful I am for this, and how grateful I am to be able to provide your department with this important equipment.

The contract, terms and conditions, and other documents for this program will be provided to you by DFS. Please contact Tim Moore at DFS with any questions about this award at 978-567-3721 or [Timothy.Moore@mass.gov](mailto:Timothy.Moore@mass.gov) for contract terms, conditions, and other award documents.  
Sincerely,

A handwritten signature in blue ink that reads "M. T. Healey".

GOVERNOR MAURA T. HEALEY

A handwritten signature in blue ink that reads "Kim Driscoll".

LT. GOVERNOR KIMBERLEY DRISCOLL

CC: Dep. Chief Frank Matuszczak

TR-2025-35

**A RESOLUTION ACCEPTING A DONATION IN THE AMOUNT OF TWO THOUSAND FIVE HUNDRED (\$2,500.00) DOLLARS FROM AGAWAM ROTARY CLUB, INC. TO THE TOWN OF AGAWAM PURSUANT TO MASSACHUSETTS GENERAL LAWS CHAPTER 44, SECTION 53A**

(Sponsored by Christopher C. Johnson, Mayor)

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**WHEREAS**, the Town of Agawam received a donation in the amount of Two Thousand Five Hundred (\$2,500.00) Dollars from the Agawam Rotary Club, Inc.; and

**WHEREAS**, the Town of Agawam wants to earmark the donation to purchase signage and benches at Still Brook Park in the Feeding Hills Section of Agawam; and

**WHEREAS**, it is in the best interests of the Town of Agawam to accept said donation from the Agawam Rotary Club, Inc.; and

**NOW THEREFORE**, the Agawam City Council resolves, pursuant to Massachusetts General Laws Chapter 44, Section 53A, to accept the donation from Agawam Rotary Club, Inc. in the amount of Two Thousand Five Hundred (\$2,500.00) Dollars to the Town of Agawam to purchase signage and benches at Still Brook Park in the Feeding Hills Section of Agawam.

**DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2025.**

**PER ORDER OF THE AGAWAM CITY COUNCIL**

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Rosemary Sandlin, President

**APPROVED AS TO FORM AND LEGALITY**



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Christopher S. Cappucci, Solicitor

AGAWAM ROTARY CLUB INC  
P O BOX 587  
AGAWAM, MA 01001

1207

53-7160/2118

DATE 4/10/2025

PAY TO THE ORDER OF Town of Agawam

500.00 \$ 500.00

five hundred and 00/100

DOLLARS



Westfield Bank  
Westfield, MA 01086

*Marybeth*

FOR Still Brook Park Sign

AGAWAM ROTARY CLUB INC  
P O BOX 587  
AGAWAM, MA 01001

1206

53-7160/2118

DATE 4/10/2025

PAY TO THE ORDER OF Town of Agawam

2000 \$ 2,000

two thousand and 00/100

DOLLARS



Westfield Bank  
Westfield, MA 01086

*Marybeth*

FOR Benches at Still Brook Park

**TR-2025-36**

**A RESOLUTION ESTABLISHING THE FOLLOWING  
SPECIAL PURPOSE STABILIZATION FUNDS:**

**WATER DEPARTMENT STABILIZATION FUND**

**WASTEWATER STABILIZATION FUND AND**

**MUNICIPAL GOLF STABILIZATION FUND**

**PURSUANT TO MASSACHUSETTS GENERAL LAWS  
CHAPTER 40, SECTION 5B**

**(Sponsored by Christopher C. Johnson, Mayor)**

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**WHEREAS**, as a result of recent changes to Massachusetts General Laws Chapter 40, §5B, municipalities may create special purpose stabilization funds; and

**WHEREAS**, the City of Agawam has three self-sustaining or enterprise funds which are the Water Department, the Wastewater Department and the Municipal Golf Course; and

**WHEREAS**, after the conclusion of each fiscal year, the Commonwealth calculates and certifies the retained earnings for each of the city's self-sustaining or enterprise funds; and

**WHEREAS**, the certified retained earnings are only available for appropriation by the city from the time of certification until the end of the fiscal year in which they are certified; and

**WHEREAS**, the creation of a special purpose stabilization fund for each of the three self-sustaining or enterprise funds would allow the city to have access to those funds at any time to support the operation and capital needs of each operation; and

**WHEREAS**, it is in the best interests of the City of Agawam to establish a special purpose stabilization fund for each of the three self-sustaining or enterprise funds; and

**NOW THEREFORE**, the Agawam City Council hereby resolves, pursuant to Massachusetts General Laws Chapter 40, Section 5B, to establish the following special purpose stabilization funds:

1. **Water Stabilization Fund**: The purpose of this special purpose stabilization fund shall be to fund operations and capital projects for the Water Department.

2. Wastewater Stabilization Fund: The purpose of this special purpose stabilization fund shall be to fund operations and capital projects for the Wastewater Department.
3. Municipal Golf Stabilization Fund: The purpose of this special purpose stabilization fund shall be to fund operations and capital projects for the Municipal Golf Course.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2025.

**PER ORDER OF THE AGAWAM CITY COUNCIL**

\_\_\_\_\_  
Rosemary Sandlin, President

**APPROVED AS TO FORM AND LEGALITY**

  
\_\_\_\_\_  
Christopher S. Cappucci, Solicitor



# Town of Agawam

Christopher C. Johnson, Mayor  
36 Main Street  
Agawam, MA 01001  
Telephone: 413-786-0400 | 413-786-4520

## Memorandum

To: Agawam City Council  
From: Christopher C. Johnson, Mayor  
Re: TR-2025-36 - Stabilization Funds  
Date: April 17, 2025

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Attached please find TR-2025-36 which is a resolution to establish special purpose stabilization funds for the three self-sustaining or enterprise funds which are the Water Department, the Wastewater Department and the Municipal Golf Course.

Under the existing system, after the conclusion of each fiscal year, the Commonwealth calculates and certifies the retained earnings for each self-sustaining or enterprise fund. The certified retained earnings are available to be appropriated from the date of certification through the end of the fiscal year in which they are certified. Once the new fiscal year begins, the retained earnings are no longer available for appropriation and the town must wait for the new certification to utilize the retained earnings.

By creating a special purpose stabilization fund for each of the self-sustaining or enterprise funds and annually appropriating certified retained earnings into the stabilization funds, the town would have access to appropriate for the entire year. In addition, the stabilization funds would earn interest which would be credited for the benefit of each self-sustaining or enterprise fund. It bears note that investment options for stabilization funds are broader than for traditional municipal funds.

In summary, I believe the creation of the special purpose stabilization funds for the Water, Wastewater and Golf departments will provide the town with greater flexibility in meeting each department's operational and capital improvement needs. I have attached a copy of the Division of Local Services Informational Guideline Release regarding Stabilization Funds for your information.

Please do not hesitate to contact me with any questions.

Very truly yours,

Christopher C. Johnson  
Mayor



# Informational Guideline Release

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Bureau of Municipal Finance Law  
Informational Guideline Release (IGR) No. 24-12  
March 2024

**Supersedes IGR 17-20 and Inconsistent Prior Written Statements**

## **STABILIZATION FUNDS**

**(G.L. c. 40, § 5B and G.L. c. 59, § 21C(g))**

This Informational Guideline Release (IGR) informs local officials about changes made by § 8 of chapter 77 of the Acts of 2023 that distinguished general purpose stabilization funds and special purpose stabilization funds and amended the vote quantum requirement for appropriations from special purpose stabilization funds to a simple majority.

**Supersedes IGR 17-20 and Inconsistent Prior Written Statements**

**STABILIZATION FUNDS**  
**(G.L. c. 40, § 5B and G.L. c. 59, § 21C(g))**

**SUMMARY:**

These guidelines inform local officials about G.L. c. 40, § 5B, which establishes city, town and district stabilization funds.

Under G.L. c. 40, § 5B, municipalities and districts may create one or more stabilization funds, which are special reserves into which monies may be appropriated and reserved for later appropriation for any lawful municipal purpose. G.L. c. 40, § 5B now distinguishes between a general purpose stabilization fund, which is created for the later appropriation of any lawful purpose, and a special purpose stabilization fund, created for the later appropriation of a more specific purpose or purposes. Voters may also approve a Proposition 2½ override in order to fund appropriations for a particular stabilization fund. Monies accumulated in a stabilization fund carry over from one fiscal year to another, and interest remains with that fund.

As a result of § 8 of chapter 77 of the Acts of 2023 and Municipal Modernization Act, St. 2016, chapter 218, § 22, there have been significant changes to G.L. c. 40, § 5B in recent years. First, the caps on the amount that could be appropriated into the fund in any year and the aggregate balances of all stabilization funds were eliminated by the Municipal Modernization Act. Previously, municipalities and districts could not appropriate into a stabilization fund in any year an amount exceeding 10 percent of the prior year's tax levy, or a larger amount, without the approval of the Director of Accounts, and the total reserved in all funds could not exceed 10 percent of the equalized valuation of the municipality or district.

Second, as a result of the Municipal Modernization Act, appropriations made into either the general or special purpose stabilization fund are approved by a majority vote, instead of a two-thirds vote. Appropriations from a general purpose stabilization fund must be approved by a two-thirds vote, but per § 8 of chapter 77 of the Acts of 2023, appropriations from a special purpose stabilization fund must only be approved by a majority vote. A two-thirds vote is needed to create either stabilization fund or to change their purpose.

Third, the local treasurer has a broader range of investment options consistent with the 2014 amendments to municipal and district trust fund investments under G.L. c. 44, § 54 and banking laws governing the Commissioner of Bank's authority to establish a list of sound investments for banking institutions. St. 2014, c. 343. Finally, a local acceptance provision was added as part of the Municipal Modernization Act as the fourth paragraph of G.L. c. 40, § 5B. If accepted, the local legislative body, by a two-thirds vote, may dedicate to a stabilization fund certain revenue streams, including revenue from fees and charges, except revenues already reserved by law for particular purposes and locally assessed taxes and excises.

These guidelines are in effect and supersede Informational Guideline Release No. 17-20 and any inconsistent prior written statements or documents.

**GUIDELINES:**

**I. MULTIPLE STABILIZATION FUNDS**

**A. Creation of Funds**

Stabilization funds may be created for one or more different purposes. G.L. c. 40, § 5B. A fund may be created, broadly, for any lawful purpose. This type of stabilization fund is commonly known as a general purpose stabilization fund. Stabilization funds may also be created for a more specific category of spending purposes, like a capital budget purpose, purpose for which the community may borrow money or a specific purpose or project, for example, to acquire a new fire truck or undertake a particular school construction project. This type of stabilization fund is commonly known as a special purpose stabilization fund.

Creation of either type of stabilization fund requires a two-thirds vote of the legislative body of the city, town or district. The vote must clearly define the purpose(s) of the fund.

**B. Changing Fund Purpose**

The purpose of either a general purpose stabilization fund or a special purpose stabilization fund may be changed at any later time by a two-thirds vote of the legislative body. For example, if a community had established a fund in order to reserve monies to acquire a new fire truck and a balance remains after the purchase, the legislative body could vote to change the purpose to meet some new savings objective.

If the legislative body votes to change the purpose of a stabilization fund for which revenue has been dedicated, the vote should also state whether the dedication continues after the purpose changes. See Section II-C-1 below regarding the minimum period a dedication is effective.

If a Proposition 2½ levy limit override was approved for the purpose of funding the particular stabilization fund, however, the city or town must also follow the election procedure explained in Section III-C below to be able to change the fund purpose and then continue using the additional levy capacity resulting from that override in future years.

**C. Appropriations into and from Stabilization Funds**

**1. General Purpose Stabilization Funds**

Appropriations **into** a general purpose stabilization fund require a majority vote of the legislative body. Appropriations **from** a general purpose stabilization fund require a two-thirds vote of the legislative body.

2. Special Purpose Stabilization Funds

Appropriations **into** a special purpose stabilization fund require a majority vote of the legislative body. Appropriations **from** a special purpose stabilization fund require a majority vote of the legislative body.

**D. Transfers**

For both general purpose stabilization funds and special purpose stabilization funds, monies may also be transferred from one stabilization fund to another by two-thirds vote. When monies in the fund from which the transfer is made cannot be appropriated directly for the purpose of the fund receiving the transfer, for example, a transfer of \$50,000 from a fund for a particular school construction project to a fund to construct a new senior center, the vote also serves as a change in purpose to the extent of the amount appropriated.

**E. Investment and Interest**

The treasurer may deposit stabilization funds in (1) a trust company, co-operative bank, or savings bank, if the trust company or bank is organized or exists under either the laws of the Commonwealth of Massachusetts, or of any other state, or may transact business in the Commonwealth, and has its main office or a branch office in the Commonwealth; and (2) a national bank, federal savings bank or federal savings and loan association, if the bank or association may transact business and has its main office or a branch office in the Commonwealth. Any state-chartered or federally-chartered bank used to deposit stabilization funds must be insured by the Federal Deposit Insurance Corporation (or its successor).

The treasurer may also invest stabilization funds in (1) participation units under G.L. c. 29, § 38A (Massachusetts Municipal Depository Trust established by the State Treasurer); or (2) securities that are legal investments for savings banks under Massachusetts law. Savings banks may legally invest in securities included in the annual legal list of investments established by the Commissioner of Banks under G.L. c. 167, §§ 15A-15K, and permitted by G.L. c. 167F, § 3. All investments in securities that are legal investments for savings banks must still meet the investment standard in G.L. c. 44, § 55B governing a treasurer's investment of public funds generally, which means those investments must be prudent.

All interest earned on the deposit and investment of stabilization funds belongs to the funds. The treasurer may pool monies from all stabilization funds for investment purposes, but the accounting officer must account for them separately in the general ledger and allocate interest earned on the pooled monies proportionately to each stabilization fund.

**II. DEDICATION OF REVENUES TO STABILIZATION FUND**

**A. Purpose**

Cities, towns and districts that accept the fourth paragraph of G.L. c. 40, § 5B may dedicate, without further appropriation, all, or a percentage of not less than 25 percent, of

a particular fee, charge or other receipt to any stabilization fund established under G.L. c. 40, § 5B.

**B. Acceptance Procedure**

Acceptance of the fourth paragraph of G.L. c. 40, § 5B is by majority vote of the legislative body of the city, town or district, subject to charter. G.L. c. 4, § 4. (See attached sample acceptance vote.)

**C. Dedication of Revenue Stream to a Stabilization Fund**

1. Dedication Vote

After a city, town or district has accepted the fourth paragraph of G.L. c. 40, § 5B, its legislative body may vote to dedicate a revenue source to a stabilization fund by a two-thirds vote. The vote must include the (1) specific revenue source being dedicated; (2) the percentage of that revenue source being dedicated, which must be at least 25 percent of the source; and (3) the fund into which the revenue source is being dedicated. A separate vote should be taken for each dedication. (See attached sample dedication vote.)

The vote must take place before July 1 of the fiscal year in which the dedication is to begin. A dedication may be terminated in the same manner, i.e., by a two-thirds vote of the legislative body, but cannot terminate unless it has been in effect for at least three fiscal years.

2. Dedicated Revenue Streams

Any fee, charge or other receipt may be dedicated to a stabilization fund, except:

a. Locally Assessed Taxes, Excises and Property Tax Surcharges

Real and personal property taxes, motor vehicle excises, boat excises, farm animal and machinery excises, classified forest, farm and recreational land and penalty taxes, community preservation surcharges and municipal water infrastructure surcharges cannot be dedicated to a stabilization fund.

b. Revenues Reserved by Law for Particular Purposes

Fees, charges or other receipts already reserved by law for expenditure for a particular purpose cannot be dedicated to a stabilization fund. This includes revenues dedicated by general laws or special acts and revenues dedicated because the city, town or district accepted a statute or otherwise acted under a statute to dedicate them.

For example, the legislative body could not dedicate those betterments and special assessment revenues reserved for debt service under G.L. c. 44, § 53J, parking meter receipts reserved for certain parking related purposes if the city or town had accepted G.L. c. 40, § 22A or ambulance receipts if

the city or town was reserving them for appropriation under G.L. c. 40, § 5F.

This exception means that the fees, charges or other receipts that may be dedicated are revenues that would belong to the general fund. G.L. c. 44, § 53.

3. Dedicated Revenue Accounting

Upon receipt of dedicated revenue, the accounting officer must credit the voted percentage to the designated stabilization fund and the remaining percentage, if any, to the general fund. No appropriation or other action is required.

4. Balance Available for Appropriation

The stabilization fund balance available for appropriation includes only the amount of the dedicated revenue actually received and credited to the fund.

**D. Revocation of Acceptance**

Acceptance may be revoked, but the city, town or district must wait until at least three years after acceptance. G.L. c. 4, § 4B. Revocation is also by vote of the legislative body of the city, town or district, subject to charter.

Revocation terminates all dedications at the end of the fiscal year in which the revocation takes effect. See II-E below.

**E. Effective Date of Acceptance or Revocation**

Acceptance or revocation of the fourth paragraph of G.L. c. 40, § 5B is effective for the fiscal year that begins the next July 1, unless a later fiscal year is designated in the acceptance or revocation vote.

**III. STABILIZATION FUND OVERRIDES**

**A. Presentation and Approval of Override Ballot Question**

Cities and towns may ask voters to approve a Proposition 2½ levy limit override ballot question for the purpose of funding any of the stabilization funds it establishes.

If approved, the additional levy capacity is earmarked for the same stabilization fund in the fiscal year the override is effective and subsequent years. G.L. c. 59, § 21C(g).

Therefore, the amount of any override for a stabilization fund must be clearly identified, preferably by presenting a separate override question for each stabilization fund being funded. For example:

Shall the city/town of \_\_\_\_\_ be allowed to assess an additional \$100,000 in real estate and personal property taxes for the purposes of funding the municipal capital stabilization fund for the fiscal year beginning July 1, \_\_\_\_?

Shall the city/town of \_\_\_\_\_ be allowed to assess an additional \$100,000 in real estate and personal property taxes for the purposes of funding the school capital stabilization fund for the fiscal year beginning July 1, \_\_\_\_?

If the amount is included in an override for multiple purposes, however, the exact amount allocated to the particular stabilization fund must be stated. For example:

Shall the city/town of \_\_\_\_\_ be allowed to assess an additional \$1,000,000 in real estate and personal property taxes for the purposes of funding the town and school operating budgets, the municipal capital stabilization fund (\$100,000) and the school capital stabilization fund (\$100,000) for the fiscal year beginning July 1, \_\_\_\_?

**B. Appropriation of Override in Future Years**

1. Annual Appropriation Procedure

In the fiscal year the override is effective, the appropriation of the funds generated by the override into the particular stabilization fund is made by the usual appropriation procedure for stabilization funds under G.L. c. 40, § 5B, i.e., a majority vote of the legislative body.

Each year thereafter, however, the selectboard, town council or city council, with the mayor's approval if required by law, must decide whether to "appropriate" any of the additional capacity resulting from the override for the same stabilization fund purpose. A two-thirds vote is required to make any subsequent fiscal year "appropriation" into a stabilization fund. G.L. c. 59, § 21C(g).

2. Appropriation Amount

All or some of the additional levy capacity may be "appropriated." In the first year after the override is effective, the additional levy capacity that may be appropriated is 102.5 percent of the override amount. In subsequent years, it is 102.5 percent of the amount of additional levy capacity appropriated in the last year it was appropriated.

### **Example**

A \$100,000 override is approved for a school capital project stabilization fund for fiscal year 2023 and the legislative body appropriates the same amount from that year's tax levy for that purpose.

In FY2024, \$102,500 is available for "appropriation" by the selectmen, town council or city council, with the mayor's approval if required by law. That entire amount is "appropriated."

In FY2025, \$105,062 (1.025 x FY2024 appropriation of \$102,500) is available, but only \$80,000 is "appropriated."

The amount available in FY2026 now becomes \$82,000 (1.025 x FY2025 appropriation of \$80,000). However, no appropriation is made in FY2026.

The amount available in FY2027 is \$82,000 (1.025 x last appropriation made, i.e., FY2025 appropriation of \$80,000).

#### **3. Tax Rate**

The assessors must raise the amount "appropriated" in the tax rate. This "appropriation" is reported on page two of the tax rate recapitulation under "Other Amounts to Be Raised" and documented by a certified copy of the "appropriation" vote, as explained in the annual tax rate recapitulation instructions issued by the Bureau of Accounts.

#### **4. Levy Limit Calculation**

The municipality's levy limit for any year is increased by the amount of additional levy capacity that is appropriated for the stabilization fund purpose. The new limit must still be within overall levy ceiling of 2½ percent of the full and fair cash value of taxable property.

### **C. Change in Override Purpose**

#### **1. Presenting Ballot Question**

The selectboard, town council or city council, with the mayor's approval if required by law, may ask the voters to approve a change in the purpose of the override. This change can result in the additional levy capacity being allocated to another stabilization fund or to any other municipal purpose. A two-thirds vote is required to place the ballot question before the voters.

#### **2. Question Form**

The following question form should be used to ask voters to change the override purpose:

Shall the city/town of \_\_\_\_\_ be allowed to change the purpose of a Proposition 2½ override question approved at an election held on \_\_\_\_\_, \_\_\_\_\_ for the (capital stabilization fund) to the following new purpose(s): \_\_\_\_\_ for the fiscal year beginning July 1, \_\_\_\_\_?

3. Question Approval

The question is approved if a majority of those voting on the question vote “yes.”

4. Appropriation in Future Years

If the purpose of the override is changed to another stabilization fund, or other purpose, the additional levy capacity would have to be “appropriated” to the new purpose each year or the levy limit would not be increased. See Section III-B above.

**SAMPLES**

**(Samples should not be used without the advice of municipal or district counsel.)**

**DEDICATION OF REVENUES TO A STABILIZATION FUND**

**ACCEPTANCE**

**Legislative Body Vote**

**ARTICLE/ORDER.** To see if the city/town/district will vote to accept the fourth paragraph of Massachusetts General Laws Chapter 40, Section 5B, which allows the dedication, without further appropriation, of all, or a percentage not less than 25 percent, of particular fees, charges or receipts to a stabilization fund established under Massachusetts General Laws Chapter 40, Section 5B, to be effective for the fiscal year beginning on July 1, \_\_\_\_\_, or take any other action relative thereto.

**MOTION.** Moved/ordered that the city/town/district accept the fourth paragraph of Massachusetts General Laws Chapter 40, Section 5B, which provides for the dedication, without further appropriation, of all, or a percentage not less than 25 percent, of particular fees, charges or receipts to a stabilization fund established under Massachusetts General Laws Chapter 40, Section 5B, to be effective for the fiscal year beginning on July 1, \_\_\_\_\_.

**REVOCATION**

**Legislative Body Vote**

**ARTICLE/ORDER:** To see if the city/town/district will vote to revoke its acceptance of the fourth paragraph of Massachusetts General Laws Chapter 40, Section 5B, which allows the dedication, without further appropriation, of all, or a percentage not less than 25 percent, of particular fees, charges or receipts to a stabilization fund established under Massachusetts General Laws Chapter 40, Section 5B, to be effective for the fiscal year beginning on July 1, \_\_\_\_\_, or take any other action relative thereto.

**MOTION:** Moved/ordered that the city/town/district revoke its acceptance of the fourth paragraph of Massachusetts General Laws Chapter 40, Section 5B, which provides for the dedication, without further appropriation, of all, or a percentage not less than 25 percent, of particular fees, charges or receipts to a stabilization fund established under Massachusetts General Laws Chapter 40, Section 5B, to be effective for the fiscal year beginning on July 1, \_\_\_\_\_.

## REVENUE DEDICATION

### Legislative Body Vote

**ARTICLE/ORDER:** To see if the city/town/district will dedicate all or a percentage, which may not be less than 25 percent, of the \_\_\_\_\_ to the \_\_\_\_\_ Stabilization Fund established under Massachusetts General Laws Chapter 40, Section 5B, effective for fiscal year \_\_\_\_\_ beginning on July 1, \_\_\_\_\_ or take any other action relative thereto.

**MOTION:** Moved/ordered that the city/town/district dedicate \_\_\_\_% of the \_\_\_\_\_ to the \_\_\_\_\_ Stabilization Fund established under Massachusetts General Laws Chapter 40, Section 5B, effective for the fiscal year \_\_\_\_\_ beginning on July 1, \_\_\_\_\_.

### Example

**ARTICLE/ORDER:** To see if the city/town will dedicate all or a percentage, which may not be less than 25 percent, of the meals excise revenues collected under Massachusetts General Laws Chapter 64L to the Capital Purposes Stabilization Fund established under Massachusetts General Laws Chapter 40, Section 5B, effective for fiscal year 2025 beginning on July 1, 2024, or take any other action relative thereto.

**MOTION:** Moved/ordered that the city/town dedicate 50% of the meals excise revenues collected under Massachusetts General Laws Chapter 64L to the Capital Purposes Stabilization Fund established under Massachusetts General Laws Chapter 40, Section 5B, effective for fiscal year 2025 beginning on July 1, 2024.