

**Municipal Alert**  
**January 2017**

**A Call to Action: The Municipal Modernization Act**

The Municipal Modernization Act (“Act”) created a number of changes to various municipal laws – including finance, procurement, retirement, and public safety laws. However, the Act requires local action before certain provisions can take effect:

- Rentals/Leases (M.G.L. c. 40, § 3):
  - Monies received from the rental or lease of a public building or property, or space in a public building or property (except if under the control of the school committee), can be placed in a separate account in the municipal treasury.
  - If a municipality accepts a new provision in M.G.L. c. 40, § 3, the balance of the separate account can be used for the upkeep and maintenance of any facility under the control of the municipal board, committee or department head in control of the building or property. Absent acceptance of this provision, the separate account is paid into the general fund at the end of the fiscal year.
  
- Stabilization Funds (M.G.L. c. 40, § 5B):
  - A municipality can accept a new paragraph in the stabilization fund statute to dedicate, without further application, all, or at least 25%, of a specific fee, charge or certain other receipts to a stabilization fund established pursuant to M.G.L. c. 40, § 5B. The vote to dedicate, or terminate a dedication vote, requires a 2/3 vote of the legislative body.
  
- Workforce Housing Special Tax Assessment Plan (M.G.L. c. 40, § 60B):
  - A city or town, acting through its town meeting, town council, or city council (with mayor approval as may be required) can adopt and implement a workforce housing special tax assessment plan, for purposes of advancing and aiding the increased development of middle income housing.
  
- Payment of Bills, Drafts, Orders and Payrolls (M.G.L. c. 41, §§ 52 and 56):
  - These provisions allow individual members to be designated to approve bills or payrolls (for boards of selectmen) or bills, drafts, orders and payrolls (for other boards, committees, and heads of departments with

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multiple members), provided that, a record of the action is made available at the first meeting after the action taken.

- Special Injury Leave Indemnity Fund (M.G.L. c. 41, § 111F):
  - Cities, towns and districts can accept a new paragraph to create a special injury leave indemnity fund, and appropriate monies to the fund, to pay injury leave compensation or medical bills incurred under M.G.L. c. 41, §§ 100 and 111F for injured firefighters and police officers. Insurance proceeds and restitution monies can be deposited into the fund. Monies in the fund can be spent with the approval of the chief executive officer, without an appropriation vote.
  
- Lease Purchase Financing Agreements (M.G.L. c. 44, § 21C):
  - A city, town or district, acting by a 2/3 vote of the legislative body, if recommended by the chief executive officer, can authorize any department of the city, town or district to execute a lease purchase financing agreement to obtain equipment or improve a capital asset.
  
- Revolving Funds (M.G.L. c. 44, § 53E½):
  - The revolving fund statute has been rewritten – in order to continue to use a revolving fund, municipalities must first have a by-law or ordinance, which contains minimum information required under the statute. On an annual basis, prior to July 1, the municipality must vote on the limit for expenditures from the revolving fund, although this limit can be increased during the fiscal year either by approval of the city council and mayor or the board of selectmen and finance committee.
  
- Consultant Fees (M.G.L. c. 44, § 53G):
  - A municipal permit or license granting officer or board can adopt rules to require the payment of outside consultant fees – in doing so, the officer or board exercises authority conferred by a statute, ordinance or by-law.
  
- Performance of Obligations (M.G.L. c. 44, § 53G1/2):
  - A special account can be used to hold performance security (*e.g.*, cash, bonds, negotiable securities, sureties or other financial guarantees) required



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as a condition to a license, permit, approval, or other approval or authorization, which is to be held pursuant to a by-law, ordinance, rule, regulation or contract.

- Speed Limits (M.G.L. c. 90, §§ 17C and 18B):
  - If municipalities accept the statutes, speed limits can be established by a city council, board of selectmen, park commissioners, traffic commission, or traffic director – 25mph in the case of roads in “thickly settled” or business districts (Section 17C), or 20mph in the case of safety zones on, at or near any way that is not a state highway (or on a state highway with Department of Transportation approval) (Section 18B).

*For a discussion of these and other legal issues, please visit our website at [www.mhtl.com](http://www.mhtl.com)  
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*This Client Alert was prepared by Attorney Brandon H. Moss. If you have any questions about these issues, please contact Attorney Moss or the attorney responsible for your account, or call (617) 479-5000. The firm has a broad municipal law practice, serving as town counsel/city solicitor, special counsel, and labor counsel to municipal entities.*

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