

**MUNICIPAL FINANCE GENERAL LAW REFERENCE SHEET**

KEY WORDS	SUMMARY	G.L. REFERENCE
<b>Receipts and Appropriations / Quantum of Vote</b>	Unless otherwise provided by law, all monies received by a Town must be placed in the general fund and may be appropriated by Town Meeting for a specific use.	c.44, §53
	Free cash is not available for appropriation until the amount has been certified by the Department of Revenue.	c.59, §21D
	Town Meeting may transfer monies appropriated for a specific use to another use.	c.44, §33B
	An appropriation of money to purchase land regardless of the funding source requires a two-thirds vote, unless the money is appropriated to acquire conservation land pursuant to G.L. 40, §8C, or Community Preservation Funds are utilized pursuant to G.L. 44B, in which cases a simple majority vote is sufficient.	c.40, §14
	Town Meeting may appropriate money into and from the stabilization fund for any purpose by a two-thirds vote. Funds in stabilization may be earmarked for a particular purpose.	c.40, §5B
	Town Meeting may appropriate money to pay bills of a prior fiscal year by a four-fifths vote at an Annual Town Meeting and a nine-tenths vote at a Special Town Meeting.	c.44, §64
<b>Liability in excess of appropriation</b>	A Town may not incur a liability in excess of appropriation, except for major disasters as approved by the Board of Selectmen and the Department of Revenue.	c.44, §31
<b>Borrowing</b>	Borrowing under any general law or special act requires a two-thirds vote of Town Meeting unless the applicable statute provides otherwise.	c.44, §2
	A Town may borrow for certain purposes within the debt limit.	c.44, §7
	A Town may borrow for certain purposes outside of the debt limit.	c.44, §8
	A Town may do temporary borrowing without a Town Meeting vote in anticipation of revenue, or in anticipation of grants.	c.44, §4 c.44, §6A
<b>Gifts and Grants</b>	Gifts and grants may be expended with the approval of the Board of Selectmen without further appropriation of Town Meeting.	c.44, §53A
<b>Operating Budget</b>	The operating budget must be approved by Town Meeting by June 30 <sup>th</sup> , notwithstanding a contrary charter provision. The budget need not be a balanced budget until the Town submits to the Department of Revenue its recap sheet for certification of the Town's tax rate.	c.39, §9
<b>School Budget</b>	Town Meeting may only vote the bottom line budget for the School Department.	c.71, §34
<b>Enterprise Funds</b>	Town Meeting may establish enterprise funds for certain public utilities.	c.44, §53F½
<b>Revolving Funds</b>	Town Meeting may authorize revolving funds for certain services.	c.44, §53E½

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# KOPELMAN AND PAIGE, P.C.

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<b>Off-set Receipts Accounts</b>	Town Meeting may establish off-set receipt accounts.	c.44, §53E
<b>Reserve Fund</b>	Town Meeting may establish a reserve fund for use by the Finance Committee to provide for extraordinary and unforeseen expenditures.	c.40, §6
<b>Taxation</b>	The amount to be raised by taxation is determined by the Assessors after taking into account local receipts, state aid, and amounts to be transferred from previous appropriations.	c.59, §23
	A Town cannot issue tax bills until the tax rate has been certified by the Department of Revenue.	c.59, §23
<b>Payment of Judgments</b>	Amounts required to pay final judgments rendered prior to the fixing of the tax rate are added to the tax levy without further appropriation by Town Meeting.	c. 59, 23
	Authority to pay a final judgment after the tax rate is set requires Department of Revenue approval if the judgment exceeds \$10,000.	c.44, §31
<b>Proposition 2 1/2</b>	A Town may not appropriate from the tax levy funds in excess of the levy limit established by Proposition 2 ½ which is 2 ½ percent of the full and fair cash valuation of all real estate and personal property in the Town.	c.59, §21C(b)
	A Town may not assess an amount in taxes which is greater than 102 ½ percent of the previous year's levy limit.	c.59, §21C(f)
	Taxes on new growth permanently increase the levy limit.	c.59, 21C(f)
<b>Override</b>	A Town may override the 2 ½ levy increase by a specific amount voted at a regular or special election. The override amount becomes a permanent increase in the Town's levy limit.	c.59, §21C(g)
	Appropriations from the tax levy for operating expenses may be made contingent on a Proposition 2½ general override vote.	c.59, §21C(m)
<b>Debt Exclusion</b>	Appropriations by borrowing may be made contingent on a Proposition 2½ debt exclusion vote.	c.59, §21C(m)
	A Town may temporarily exclude from the levy limit the amounts to pay the principal and interest on a borrowing by approving a debt exclusion question at a regular or special election.	c.59, §21C(k)
<b>Capital Outlay Exclusion</b>	A Town may exclude from the levy limit, in one year, the amount raised for a capital expenditure by a capital outlay question at a regular or special election.	c.59, §21C(i½)

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