

## 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(b)
	An appropriation of money to purchase land regardless of the funding source requires a 2/3 vote, unless the money is appropriated to acquire conservation land pursuant to G.L. 40, §8C, or available monies in the Community Preservation Fund 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 a stabilization fund for any purpose by a 2/3 vote. Special purpose stabilization funds may also be created by a 2/3 vote.	c.40, §5B
	Town Meeting may appropriate money to pay bills of a prior fiscal year by a 1/2 vote at an Annual Town Meeting and a 1/10 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 2/3 vote of Town Meeting unless an applicable statute or special act 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, without a Town Meeting vote, do temporary borrowing in anticipation of revenue or in anticipation of grants.	c.44, §4 c.44, §6A
<b>Gifts and Grants</b>	Generally, 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>	A Town's operating budget must be approved by Town Meeting by June 30 <sup>th</sup> , notwithstanding any contrary charter provision. The budget need not be a balanced budget until the Town submits its recap sheet to the Department of Revenue for certification of the Town's tax rate.	c.39, §9

Note: This reference sheet is intended as a general guide only and reflects the General Laws in effect at the time of printing. Please refer to the G.L. noted for details.

(Over)

<b>Key Words</b>	<b>Summary</b>	<b>G.L. Reference</b>
<b>School Budget</b>	Town Meeting may only vote the bottom line budget for a school department or school district.	c.71, §34
<b>Enterprise Funds</b>	Town Meeting may establish enterprise funds for a utility, health care, recreational, or transportation facility.	c.44, §53F½
<b>Revolving Funds</b>	Town Meeting may authorize revolving funds for certain programs.	c.44, §53E½
<b>Off-set Receipts Accounts</b>	Town Meeting may establish offset 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 Board of Assessors after taking into account outstanding legal obligations 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 may be 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 taxation in excess of the levy ceiling established by Proposition 2½, which is 2½ 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 greater than 102½ percent of the previous year's levy limit.	c.59, §21C(f)
	Taxes assessed on "new growth" permanently increase the levy limit.	c.59, 21C(f)
<b>Override</b>	A Town may override the Proposition 2½ levy limit at a regular or special election. The specific amount of the override 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 passage of a Proposition 2½ override ballot question.	c.59, §21C(m)
<b>Debt Exclusion</b>	A Town may temporarily exclude from the levy limit the amounts regional to pay principal and interest on a borrowing by approving a debt exclusion question at a regular or special election.	c.59, §21C(m)
	Appropriations by borrowing may be made contingent on passage of a Proposition 2½ debt exclusion ballot question.	c.59, §21C(k)