DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

Bulletin

BUL-2024-1

G.L. c. 44, § 53 Clause 4: Inflation Reduction Act Monetized Credits for Local Governments for Certain Clean Energy Projects and Proceeds Received Pursuant to the Altria Settlement Regarding JUUL Products

TO: Local Officials
FROM: Deborah A. Wagner, Director of Accounts
DATE: February 2024

On December 4, 2023, Governor Healey signed Chapter 77 of the Acts of 2023, Section 9 of which provides, in part, for the following exception to the general rule that all receipts are to be recorded as general fund revenue per G.L. c. 44, § 53:

> *"(4) non-recurring, unanticipated sums received by multiple cities, towns or districts and not otherwise provided for by general or special law, may, upon the approval of the director of accounts, be expended at the direction of the chief executive officer without further appropriation only for the singular purpose for which the monies were received" (emphasis added)*

Inflation Reduction Act Monetized Credits for Local Governments for Certain Clean Energy Projects

The Director of Accounts has determined that cities and towns that receive monetized credits under the federal Inflation Reduction Act (IRA) for certain green energy projects may treat these receipts as follows:

1. The monetized credits may be used, without further appropriation, to pay down a bond anticipation note (BAN) issued in anticipation of receipt of these funds.
2. The same may be used as a capital project funding source to cover a deficit related to the project for which the credits were received.
3. The monetized credits may be placed in a special revenue fund and used to pay debt service on the project for which the credits were received, in the event the project was permanently financed prior to their receipt. Otherwise, the monetized credits must be used to reimburse a municipality for appropriations made locally in anticipation of these funds in the following ways:
    a. The credits are to be recorded as general fund revenue of a city or town, where an appropriation from free cash or line item appropriation was made for such project,
    b. However, the credits must close to stabilization if stabilization funds were used in anticipation of receipt of the monetized credit, or
    c. The credits must reimburse the community preservation or enterprise fund if appropriations were made from those funds in anticipation of the monetized credits.

Altria Settlement Regarding JUUL Products

The Director of Accounts has determined that cities and towns that receive proceeds as a result of the Altria settlement regarding JUUL products may place these proceeds in a special revenue fund and expend the proceeds without further appropriation at the direction of the chief executive officer, for the purpose outlined in the settlement agreement. It is noted that these proceeds are divided into municipal and school allocations. Therefore, two separate accounts for these amounts may exist. The chief executive for the school allocation will be the school committee.

If you have any further questions, please contact your BOA field representative.