



Emergency Expenditures and Borrowing - COVID-19

At this difficult time, as your community is responding to the outbreak of the 2019 novel Coronavirus or "COVID-19" and the declaration of a state of emergency issued by the Governor on March 10, 2020, the Division of Local Services (DLS) would like to remind cities, towns and special purpose districts of the provisions of the general laws that permit deficit spending during declared emergencies. (For more detailed information, see [Bulletin 2020-1](#).)

In General - Under Massachusetts General Laws (MGL), no department financed by municipal revenue, or in whole or in part by taxation, of any city, town or special purpose district, except Boston, may incur liabilities in excess of appropriation. There are specific exceptions to this rule. One of those is in the case of major disaster, including, but not limited to, flood, drought, fire, hurricane, earthquake, storm or other catastrophe, whether natural or otherwise, which poses an immediate threat to the health or safety of persons or property. This provision ([MGL c. 44, § 31](#), Emergency Expenditures) apply to cities, towns and special purpose districts as defined under [MGL c. 44, § 1](#). This emergency exception applies to emergency expenditures incurred after the Governor's Declaration of Emergency regarding COVID-19 as approved by the DLS Director of Accounts.

Procedure - Emergency liabilities in excess of appropriation may be incurred by the city, town or special purpose district upon approval of the Director of Accounts (Director) to pay the liabilities it incurs for the emergency purposes without appropriation. The selectboard, prudential committee or mayor should notify the Director in writing that the city/town/district seeks authority to deficit spend in relation to the emergency and include an estimate of emergency expenditures needed. The estimate may be increased upon approval by the Director, if needed. Approval provides immediate spending authority until other financing sources, such as emergency borrowing or appropriations from available funds, can be put in place to cover the spending.

Allowable Expenditures - Allowable liabilities in excess of appropriation include personnel costs, overtime and other costs associated with the emergency, including but not limited to, costs related to extraordinary cleaning of public buildings, maintaining the health and safety of employees or the public, including the purchase of personal protective supplies and equipment, and costs to implement remote participation of local boards or committees in meetings under the Open Meeting Law as described in the Governor's Order dated March 12, 2020 – Order Suspending Certain Provisions of the Open Meeting Law, [G.L. c. 30A, § 20](#).

These expenditures must be reported to the assessors for inclusion in the next subsequent annual tax rate unless otherwise provided for by appropriation or transfer, or by borrowing under [MGL c. 44 § 8\(9\)](#) and/or [MGL c. 44 § 8\(9A\)](#).

If there are further concerns not covered by this guidance, local officials should contact their Bureau of Accounts field representative. Note that legislation is pending that may affect the guidance in this notice. If approved, further guidance will be issued.