

Annual Town Meeting
May 2023
Article 11

Transportation Infrastructure Fund

Under Chapter 187 of the Acts of 2016 certain transportation network companies (Uber/Lyft) must submit to the Transportation Network Company Division of the Department of Public Utilities the number of rides from a previous calendar year that originated in Saugus and an assessment fee of \$.20/ride.

Each year one half of the amount credited to the Fund is distributed by the Department of Public Utilities proportionately to cities and towns in the Commonwealth based on the number of rides that originated in that city or town.

These funds are considered receipts reserved for appropriation and therefore require the appropriation by the legislative body of the Town. These funds are earmarked to address the impact of transportation network services on municipal roads, bridges, or other transportation infrastructure.

This appropriation of \$18,468.00 is requested at this time as we are required to expend the funds or return them back to the State. The Town is required to report to the DPU each December as to the use of the funds.



Local Finance Opinion

LFO-2022-3
September 2022

TOPIC: Transportation Network Company Per-ride Assessment Distribution

ISSUE: Municipal finance and accounting treatment of money received from the Commonwealth Transportation Infrastructure Fund

This LFO addresses questions relating to the municipal finance and accounting treatment of moneys distributed to a city, town or district from the Commonwealth Transportation Infrastructure Fund.

1. What is the Commonwealth Transportation Infrastructure Fund?

Under [Chapter 187 of the Acts of 2016](#), as amended by [Chapter 176 of the Acts of 2022](#), certain transportation network companies must submit to the Transportation Network Company Division (TNC Division) of the Department of Public Utilities (DPU) the number of rides from the previous calendar year that originated within each city or town and a per-ride assessment of \$0.20. The assessment is credited to the Commonwealth Transportation Infrastructure Fund (Fund). [St. 2016, c. 187, § 8\(a\)](#). Each year, one half of the amount credited to the Fund will be distributed by the DPU proportionately to each city and town based on the number of rides that originated in that city or town. [St. 2022, c. 176, § 27](#).

2. What is the general rule related to the receipt of money by a city, town or district officer or department?

All money received or collected from any source by a city, town or district belongs to its general fund and can only be spent after appropriation unless a general or special law provides an exception, *i.e.*, expressly restricts use for a particular purpose or allows expenditure by a department or officer without appropriation. [G.L. c. 44, § 53](#).

3. Is there an exception to the general rule for money received from the Commonwealth Transportation Infrastructure Fund?

Yes. Money distributed to cities and towns from the Fund is special revenue earmarked for use by cities and towns “to address the impact of transportation network services on municipal roads, bridges and other transportation infrastructure or any other public purpose substantially related to the operation of transportation network services in the city or town including, but not limited to, the complete streets program established in section 1 of chapter 90I of the General Laws and other programs that support alternative modes of transportation.” [St. 2022, c. 176, § 27](#).

However, the Act does not authorize any particular department or officer to spend the distributed money without “specific” or “further” appropriation for any of those statutory purposes. See, e.g., [G.L. c. 40, § 3](#) (municipal and school rental revenues); [G.L. c. 44, § 53A](#) (money gifts and grants); [G.L. c. 44, § 53E½](#) (departmental fees and charges); and [G.L. c. 71, § 47](#) (school activity fees and charges). Therefore, the general rule requiring an appropriation to spend the money still applies. The accounting officer must establish a receipts reserved for appropriation account for this distribution and credit the money received to that account. To use the money for any allowable purpose, the legislative body must appropriate from available funds in the account.

However, starting with distributions received on or about June of 2023, if the amount of the distribution to a city or town is \$25,000 or less, the chief executive officer as defined in section 7 of chapter 4 of the General Laws may expend the funds for the statutory purposes without further appropriation. [St. 2022, c. 176, § 27](#).

4. Are there any reporting requirements?

Yes. For fiscal year 2023, each city or town receiving a distribution from the Fund must submit a report to the TNC Division not later than December 31, 2022 that details the allowable transportation-related projects conducted, including amounts used or planned to be used for those projects.

Per [St. 2022, c. 176, § 27](#), starting fiscal year 2024, in each year where a city or town receives a distribution of more than \$25,000, the city or town must submit a report to the TNC Division not later than December 31 that details the allowable transportation-related projects conducted, including amounts used or planned to be used for those projects. Additionally, each city or town that has received a cumulative total distribution from the Fund of more than \$25,000 since its last report to the TNC Division must submit a report to the TNC Division not later than December 31 of that year that details the allowable transportation-related projects conducted, including amounts used or planned to be used for those projects. Lastly, each city or town which has a cumulative total distribution from the Fund of \$25,000 or less in the five years since their last report to the TNC Division must submit a report to the TNC Division not later than December 31 of that year that details the allowable transportation-related projects conducted, including amounts used or planned to be used for those projects. The TNC Division is required to compile the reports and post the projects and amounts of money used on its website. Additionally, please note that the TNC Division will withhold future disbursements until the reporting requirements are satisfied.

Kenneth M. Woodland

Kenneth M. Woodland, Chief
Bureau of Municipal Finance Law