

GOVERNOR PATRICK SIGNS KEY PARTS OF MUNICIPAL PARTNERSHIP ACT INTO LAW

Administration's Plan to Relieve Property Tax Moves Forward

BOSTON-Wednesday, July 25, 2007- Joined by legislative leaders and local officials, Governor Deval Patrick today signed into law two key pieces of his proposed Municipal Partnership Act that will provide communities with the tools to help relieve the pressure on property taxes by allowing them to join the state health insurance plan and by merging underperforming local pension funds with the state's high-performing system.

"We need to relieve the pressure to raise local property taxes. The Municipal Partnership Act gives cities and towns more options to save money and increase revenue, and I am proud to sign key parts into law today," said Governor Deval Patrick. "By permitting municipalities to join cheaper state-run systems, we foster just the kind of engaged partnership we need between state and local government to move Massachusetts forward."

"Cities and towns have been grappling with budgetary challenges that affect their ability to stabilize their property tax rates and provide essential services" said Lieutenant Governor Tim Murray. "This new law will empower our municipalities and continue to build a long-lasting partnership between them and the state."

"I am happy to see the Governor sign this bill," Senate President Therese Murray said. "It's an important day for Massachusetts. This new law gives municipalities options they never had before and improves their access to affordable, quality health care. It's a valuable tool that helps cities and towns control their health care costs and free up valuable resources to address other needs such as education and public safety. This is a great benefit for the citizens of the Commonwealth."

"These two new laws give cities and towns the tools to save millions of dollars each year - money they can use to cut property taxes or invest in local priorities," said House Speaker Salvatore F. DiMasi.

"These bold reforms, combined with significant local aid and Lottery fund increases, show the Legislature's continued commitment to putting cities and towns first and I hope they are quickly embraced by communities across the Commonwealth."

Group Insurance Commission

Part of the new law will help municipalities lower skyrocketing health care costs by giving them the option to join the state's Group Insurance Commission (GIC). Increasingly high health insurance costs have forced cities and towns to cut municipal services and increase property taxes. A recent Massachusetts Taxpayers Foundation report found the growth rate for health insurance costs in municipalities is nearly double the rate of increase for health coverage of state government employees over the same time period.

Regional councils, regional planning districts, non-unionized educational collaboratives and Commonwealth charter schools will also be allowed to participate in the GIC.

The measure calls for the appointment of four additional members to the Commission to reflect a broader constituency, including a representative of management and of labor. Another two municipal members will be appointed after 45,000 municipal subscribers are added to the GIC. The bill also includes a \$1 million appropriation to cover additional GIC costs.

Pension Reform

The new law both identifies and requires the state's lowest-performing pension systems to invest with the state Pension Reserve Investment Trust (PRIT). The criteria are based on the funding level and the average rate of return, as compared to PRIT, over the last 10 years.

The Patrick Administration supports keeping local pension decisions with local pension boards, and the new legislation does not change that authority. Pension boards have been able to invest with PRIT since 1985, allowing them to diversify their assets for maximum possible return and increase local revenue.

"This landmark legislation will bring significant financial relief from the fiscal spiral facing so many of our cities and towns" said Representative Rachel Kaprielian, D-Watertown. "Massachusetts is giving new meaning to the words state/local partnership and helping stem the exorbitant cost of providing health insurance for municipal workers."

With this legislation we have achieved our goal to provide local communities tools to control their health care costs and improve their financial situations," said Sen. Richard T. Moore, D-Uxbridge. "The coalition of legislative leaders, municipal officials, public employee union representatives and retiree representatives deserve the gratitude of every municipality for the funds that will be saved in the long term, and the respect of all residents for their work in providing affordable and quality health insurance for thousands of local employees."

"Under these laws, communities will continue to provide high-quality health insurance and a secure retirement, without relying on exorbitant property tax increases. They are truly examples of how we can make government work better for our taxpayers, our communities, and our retirees and public employees," stated Sen. Benjamin B. Downing, D-Pittsfield, chairman of the Joint Committee on Public Service.

"These two bills represent a major step forward and hold out the promise of even greater returns in the years ahead. It's particularly satisfying that many constituencies and many people of divergent interests were able to come together around these important goals," said Representative Jay Kaufman, D-Lexington, chairman of the Joint Committee on Public Service.