



Office of
Representative Hannah E. Kane
Commonwealth of Massachusetts

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CONTACT: Kerry Shea, 617-722-2810

Representative Kane supports bill to leverage federal infrastructure dollars for Massachusetts

BOSTON – State Representative Hannah Kane (R-Shrewsbury) recently voted to support legislation that would utilize the interest generated by the state’s Rainy Day Fund to help leverage federal funding for infrastructure projects in Massachusetts over the next two years.

House Bill 4446, *An Act to provide for competitiveness and infrastructure investment in Massachusetts*, was engrossed by the House of Representatives on a vote of 154-0 on February 28. The House bill is an amended version of similar legislation that was previously engrossed by the Senate on January 11 as Senate Bill 2554.

Representative Kane said the bill passed by the House will provide matching funds for critical state and local infrastructure projects to help improve the Commonwealth’s chances of securing additional aid through a variety of federal grant programs, including the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the CHIPS and Science Act (CHIPS).

According to Representative Kane, the House bill would establish a new Federal Matching and Debt Reduction Fund, which will be funded on a quarterly basis with the interest generated by the Commonwealth’s Stabilization Fund, also known as the Rainy Day Fund. Under the House proposal, the State Comptroller will transfer the interest into the new Fund only if the balance of the Stabilization Fund has not decreased in the previous year and only if the Stabilization Fund balance exceeds 10% of all budgeted revenues for all budgeted funds from the preceding fiscal year.

The Legislature established the Stabilization Fund in 1987 to build up reserves that can be tapped during economic downturns to mitigate the impact of state budget cuts and protect essential state programs and services. Representative Kane noted that the Stabilization Fund currently has a balance of \$8.27 billion, which is equal to approximately 14.2% of the Fiscal Year 2024 state budget.

The House bill authorizes the Secretary for Administration and Finance (A&F) to expend up to \$750 million annually from the Federal Matching and Debt Reduction Fund to help leverage federal grant opportunities. It would allow up to \$50 million to be used as matching funds for local and regional government-led projects seeking federal funding assistance and up to \$12 million for technical assistance to support municipalities applying for federal assistance. The bill also includes a sunset date of December 1, 2026 for A&F to obligate these funds, and requires the Secretary of A&F to issue a final report on matching fund expenditures by December 31, 2026.

According to Representative Kane, the House bill also authorizes A&F to utilize expenditures from the Federal Matching and Debt Reduction Fund to repay, prepay, retire and reduce the principal or interest of the Commonwealth’s indebtedness; to reduce, repay or retire portions of the Commonwealth’s long-term liabilities; and to transfer any amounts back to the Stabilization Fund. A&F must also provide 30 days’ notice before expending any funds from the new Fund.

Representative Kane noted the state Comptroller will be required to provide annual reports to A&F and the Legislature detailing the balance of the Stabilization Fund for the previous fiscal year and any interest earned in the previous fiscal year. A&F will also be required to provide an annual report by December 31 on the activities of the Federal Matching and Debt Reduction Fund in the preceding fiscal year.

The House and Senate will now work to reconcile the differences between the two bills and produce a final version that will be sent to Governor Maura Healey for her review and signature.

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