



TOWN OF BOXFORD
Office of the Town Administrator
7A Spofford Road
Boxford, MA 01921

DATE: April 4, 2023
TO: Finance Committee
FROM: Brendan Sweeney, Assistant Town Administrator
RE: **Statewide Opioid Settlement Funding**

As some of you may be aware, last year a settlement was reached in the national opioid litigation involving the big three distributors and Johnson & Johnson. This settlement resulted in creation of a national fund of approximately \$26 billion, of which Massachusetts received approximately \$500 million to address costs incurred in addressing the opioid crisis. Pursuant to an allocation agreement reached with the Attorney General, Massachusetts municipalities will receive a total of 40% of the Commonwealth's settlement proceeds. Municipalities are restricted in how they can utilize this funding; further details regarding these restrictions can be found on pages 2 – 6 of the [state subdivision agreement](#).

As part of this settlement, Boxford will receive \$191,820 through a series of payments between 2022 – 2038. To date, the Town has received \$40,340.

Additionally, the Attorney General's office has reached a set of statewide settlements with Walmart, Teva, Allergan, CVS, and Walgreens. **If the Town chooses to sign on to these settlements**, a matter that the Select Board will consider at their meeting on April 10th, **Boxford will be eligible for an additional \$153,680.**

Per the state subdivision agreement, municipalities that receive greater than \$35,000 are required to submit reports detailing annual spending activity. As currently constructed, the Town has no way to track how the funding received from these various settlements is spent aside from informally tracking expenses; the funding itself currently belongs to the general fund and is slated to revert to free cash, if it is not appropriated for a specific purpose this fiscal year.¹

¹ M.G.L. c. 44 s. 53

The Town does have the ability to create a special purpose stabilization fund,² which in this instance, would allow for the funding received by the Town from the various opioid settlements to be deposited into a separate fund. Revenues in this fund would carry from one fiscal year to another, until appropriated by a vote of Town Meeting. **The current threshold for appropriation from a special purpose stabilization is a two-thirds Town Meeting vote,** though the Healey administration recently filed legislation that would lower this to a simple majority vote. Creation of a special purpose stabilization fund requires a two-thirds Town meeting vote. If the Town opts to pursue this option, a Town Meeting vote must be taken to transfer the \$40,340 received by the Town from the opioid settlements to date from the general fund to the newly created special purpose stabilization fund.

In that same legislation, the Healey administration included a provision that would alter the section of state law referenced on the previous page of this memo (M.G.L. c. 44 s. 53B) that states that all money received or collected from any source by a municipality belongs to its general fund and can only be spent after appropriation, unless a general or special law provides an exception. This provision would allow municipalities to reserve revenue received from the various opioid settlements in a special revenue fund, which would allow Boxford to separately account for these payments and spend them in accordance with the state subdivision agreement without Town Meeting appropriation, only the approval of the Select Board would be required. Additionally, if the Legislature approved the relevant bill filed by the Healey administration, municipalities would have the ability to revoke previously established special purpose stabilization funds for opioid settlement funding and instead transfer said funds to the special revenue funds allowable by the provision of the legislation outlined at the beginning of this paragraph. At this point in time, the legislation has been referred to the House Committee on Ways and Means, but no action has yet to be taken by the Legislature.

² M.G.L c. 40 s. 5B