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CITY & TOWN

Mitchell Adams, Commissioner
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Electric and Telecommunications Appraisal Course

written by Marilyn H. Browne

Massachusetts communities with electric generating facilities will, in most instances, be using new approaches to valuation of generating plants for fiscal year 1999. Chapter 164 of the Acts of 1997 restructures electric utilities in the Commonwealth and alters the way in which these facilities will be valued. The old "net book" valuation methodology, supplied to assessors in the former regulated utility environment, is no longer an option for valuing generation plants. The new statute, effective November 1997, requires full and fair cash valuation of power plants or a binding tax or payment-in-lieu-of-tax (PILOT) agreement that approximates full and fair cash value. Therefore, regardless of which option the community choses, in a relatively short period of time assessors must be prepared to use a different methodology to value these complex entities.

The Division of Local Services (DLS), mindful of the abrupt change in the valuation methodology to be used, is taking an active role in assisting local assessors. On April 7, 1998, DLS issued a request for responses (RFR 98 223) for the development of an *Appraisal Training Course: Electric Deregulation and Telecommunications.* The RFR requests the development of a five-day course in two modules. Module I focuses on electric generation, transmission and distribution. This first section includes valuation methods for public, private, and municipal generating facilities using various fuel sources, excluding nuclear facilities. However, it will cover valuation methods which will apply to telecommunications property as well as electric generating plants.

Module I covers not only local real and personal property valuation but also binding tax and PILOT agreements. Because agreements must be based upon full and fair cash value, assessors must first know how to value the plants in order to assist local officials in negotiating fair agreements for their communities.

DLS is taking an active role in assisting local assessors.

Module II focuses on the rapidly changing telecommunication industry and includes traditional telephone utilities, cellular and other wireless providers, cable television, communication towers, Internet service providers and communication satellites. DLS hopes that many of the questions of local assessors, such as how to value the increasing number of communications towers, will be answered.

Module I will be a prerequisite for the second module since it covers broad valuation methodology. Module II will be offered separately at a later date. Assessors attending both modules should have previously attended a course on the income approach to value. These prerequisites will eliminate the need to repeat certain valuation basics and instructors can spend more time on these new appraisal issues facing assessors.

Initially, this course is likely to be more important to communities with electric generating plants. Such plants often have high assessed values placing them among the top taxpayers in communities, which makes defensible values especially necessary. Time is short and assessors must have plant values ready in advance of the October 1 or December 31 deadlines for semiannual tax billing or quarterly tax billing purposes, respectively.

Module I will be offered from 8:30 a.m. to 5:00 p.m. at the Inn at Northampton, Northampton, on June 16 through June 19 and again at the Endicott Estate in Dedham on June 23 through June 26. Attendance is limited. Assessors in communities with existing and potential electric generating plants will be given preference. For information please call Barbara LaVertue at (617) 626-2340. ■

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LEGAL

in Our Opinion

Q: *A community which has a utility generating facility discovers that the plant has devalued as a result of the Electric Generation Restructuring Act (Chapter 164 of the Acts of 1997.) Is there any way to recapture the lost revenue for fiscal year 1998?*

A: Yes, the community may be entitled to transition payments from the utility company in FY1998. The Act provides for such transition payments in order to insulate other taxpayers from the shift in the tax burden which would otherwise occur. Without such payments, reductions in the tax base due to the devaluation of the generating facility from its FY1997 assessed value would have to be made up by increasing the burden on the remaining taxpayers.

The transition payments can be required by means of a revised assessment. Such revised assessments must be made on the owner by June 20 or 90 days after the mailing of the tax bills, whichever is later.

Q: *A taxpayer placed his home in trust and named his two children as trustees. The taxpayer continued to reside there and paid all local taxes. If otherwise eligible, would the taxpayer qualify for a personal exemption?*

A: No. In a similar situation, the Supreme Judicial Court ruled that the applicant lacked sufficient ownership interest to receive the exemption. See *Kirby v. Board of Assessors of Medford*, 350 Mass. 386 (1966). The taxpayer owned a house in Medford which he placed in trust under a recorded, revocable, amendable declaration of trust. He named a family friend as trustee. Under the terms of the trust, the trustee could lease or sell the property and any proceeds were to be given to the taxpayer. The trust was to continue until the taxpayer's death at which time the assets were to be distributed in accordance with the terms of his will. When the Board of Assessors denied the taxpayer an elderly exemption under M.G.L. Ch.59 Sec.5 Cl.41, he appealed. The Supreme Judicial Court ultimately had to decide whether the taxpayer's ownership interest under the trust satisfied the ownership requirement of the exemption statute.

The Court ruled that the property was properly assessed to the trustee who had legal title. By the recorded deed, the taxpayer had conveyed legal title to the trustee, subject to the terms of the declaration of trust. The taxpayer's lawyer argued that his client's power to amend or revoke the trust at any time gave him essentially outright ownership of the property. The Court held that the taxpayer, by placing his property in trust, *voluntarily* chose to separate legal title and beneficial ownership. Furthermore, under the principle of strict construction of exemption statutes, the Court held that in order to satisfy the ownership requirement, an applicant for exemption must hold both legal title and a sufficient beneficial interest.

In the case at hand as in *Kirby*, the applicant did not hold the record legal interest since it had been vested in the trustees who were the children. No exemption, therefore, could be granted.

Q: *A taxpayer filed for a real estate tax abatement which the assessors granted. The board of assessors later realized that the condition of the property may have warranted a greater abatement. Does the board have jurisdiction to grant an additional abatement?*

A: No. Once the assessors act on an application by approving an abatement or denying it outright, the assessors have no further jurisdiction unless the applicant appeals to the Appellate Tax Board or county commissioners within three months of the assessors' action.[1] At any time while the matter on appeal is still pending, the assessors can compromise and settle the dispute by granting an abatement as provided in M.G.L. Ch.58A Sec.7.

In a situation where the assessors take no action on an application for abatement within three months from the date of filing, the application is denied by operation of law. During the next three months, the applicant can appeal this deemed denial. However, the assessors can settle the matter during this period even if no appeal has actually been filed.[2] State statute does give greater leeway to assessors to grant an abatement where an application has been deemed denied. ■

Compiled by James Crowley

1. M.G.L. Ch.59 Secs.64 & 65.
2. M.G.L. Ch.58A Sec.6 & M.G.L. Ch.59 Sec.64.

Reminder to City and Town Clerks — Submit New Assessors List

Immediately after your annual elections, please submit a certified list with the name(s) of any new assessor(s) with the name of the person he/she replaced. If the new assessors have already completed DOR Course 101 and/or the Classification Workshop, please include this information. Reporting this information on an annual basis is required by law.

Contact Barbara LaVertue for assistance at (617) 626-2340.

FOCUS on Municipal Finance

A 15-Year Perspective on Proposition 2½ Overrides

Fifteen years of override experience provides us with an excellent vantage point to examine the impact of overrides on municipal levy limits. An override permanently increases the local levy limit to cover spending purposes that are considered ongoing expenses. The override ballot question specifies the dollar amount and spending purpose of the vote and requires a majority vote of the electorate for approval. Once approved, an override increases the levy limit and, in subsequent years, is included in the levy limit base which is increased annually by 2.5 percent.

In the article that follows, we review statewide override trends and analyze the impact of all overrides voted from FY1983 through FY1997 as a percentage of each community's FY1997 levy limit. Using this historical perspective, we will look at various community characteristics to see if there are any interesting relationships between these characteristics and overrides applied to the levy limit. For example, is it true that small towns are more willing to pass overrides than larger communities? Does a community's property wealth affect the amount of additional taxes residents are willing to pay? Does a high percentage of children attending public schools as a percent of total population affect the likelihood of a community approving an override vote?

Findings

As shown in *Figure 1*, both the dollar amount added to the levy limit and the number of communities approving overrides have declined in each year since FY1991. FY1991 was by far the most active override year with 100 communities approving overrides that increased FY1991 levy limits by $58.5 million. By FY1997, only 17 communities approved overrides that totaled $5.4 million. In the three-year period from FY1990 through FY1992, with local aid decreasing and a weak New England economy, overrides totaling $114.6 million were applied to levy limits statewide. This accounts for 58.5 percent of the total $195.9 million in overrides applied in the 15 years from FY1983 through FY1997.

Next, we analyze the impact of overrides on each municipality's FY1997 levy limit (see *Table 1*). To do this, overrides were compounded by 2.5 percent for every year that their initial year of application preceded FY1997. The compounded impact of FY1983–FY1997 overrides statewide totaled $226.1 million or 3.7 percent of the statewide FY1997 levy limit.

In a few cases, overrides contribute more than half of the FY1997 levy limit. For example, in West Tisbury the impact of overrides as a percent of the FY1997 limit is 58.7 percent, the highest in the state. Springfield had the largest dollar amount added to the limit at $12.5 million or 13.2 percent of the FY1997 limit. The city that has increased its levy most significantly through overrides, however, is Holyoke with the impact of overrides totaling 20.6 percent of the FY1997 limit.

To determine if there is a relationship between population and the approval of overrides, we ranked municipalities by population (1996 Census Bureau estimates) and divided them into four equal population groups. The results (see *Table 2*) show that the state's smallest communities (less than 3,370 in population) have approved overrides that, on average, contributed 19.2 percent to their levy limits. In contrast, overrides in the state's largest communities (more than 19,601 in population) account for an average of only 1.9 percent of the FY1997 levy limit. The strong inverse relationship between population and overrides holds through all population groups. For example, when moving from the smallest to the largest population groups, the impact of overrides as a percentage of the levy limit declines by about half for each successive population group.

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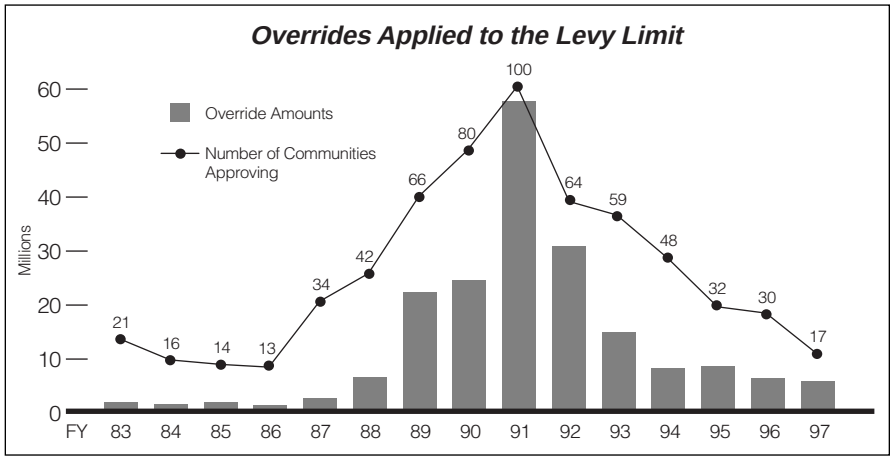
Figure 1



Impact of Overrides on FY1997 Levy Limit

Municipality	1996 Population	96 EQV per Capita	Pupils as % of Population	Compounded Impact of Overrides Since FY83	FY97 Levy Limit	Overrides As % of FY97 L.L.
Abington	14,683	48,930	16.2%	1,248,469	11,833,600	10.6%
Acton	18,851	88,401	19.0%	3,323,660	29,463,107	11.3%
Alford	413	211,863	12.6%	132,138	604,716	21.9%
Amherst	35,468	29,509	8.7%	1,252,408	18,357,819	6.8%
Arlington	43,656	68,703	9.4%	2,922,427	45,271,632	6.5%
Ashburnham	5,471	46,581	21.6%	490,726	4,009,735	12.2%
Ashby	2,934	44,234	20.6%	213,641	2,091,099	10.2%
Ashfield	1,744	66,496	17.6%	329,657	1,559,549	21.1%
Ayer	7,378	74,603	13.1%	22,413	7,654,141	0.3%
Barnstable	43,699	110,423	16.1%	1,971,479	51,517,322	3.8%
Becket	1,511	137,272	17.9%	190,931	1,971,706	9.7%
Belchertown	11,756	49,599	19.4%	1,114,980	8,992,008	12.4%
Belmont	24,044	98,843	13.6%	2,429,495	33,368,917	7.3%
Berlin	2,332	80,602	14.1%	465,421	3,111,900	15.0%
Bernardston	2,091	49,898	19.4%	242,388	1,699,775	14.3%
Blandford	1,137	73,536	27.7%	41,420	880,453	4.7%
Bolton	3,279	114,894	22.0%	1,510,202	5,823,395	25.9%
Bourne	17,529	82,020	14.2%	2,716,147	17,086,750	15.9%
Boxborough	3,979	101,212	12.4%	207,915	6,328,517	3.3%
Boxford	8,550	88,598	17.4%	927,812	9,331,819	9.9%
Boylston	3,791	69,926	14.9%	377,699	3,851,863	9.8%
Brewster	9,261	121,969	16.4%	656,964	11,897,229	5.5%
Brimfield	3,093	56,578	21.3%	293,442	2,617,992	11.2%
Brookline	54,137	93,254	10.5%	3,109,850	83,387,171	3.7%
Buckland	1,943	53,737	18.1%	135,865	1,552,234	8.8%
Carlisle	4,599	125,020	14.1%	989,260	7,998,187	12.4%
Carver	11,289	43,430	19.6%	2,046,798	9,518,680	21.5%
Charlemont	1,256	48,879	19.0%	131,296	1,190,917	11.0%
Charlton	10,073	52,787	22.1%	232,693	5,633,402	4.1%
Chatham	6,930	234,943	8.9%	2,750,190	11,726,968	23.5%
Chelmsford	33,484	63,601	16.5%	2,901,648	36,821,098	7.9%
Cheshire	3,445	43,391	17.6%	326,889	1,548,668	21.1%
Chester	1,252	51,735	22.6%	161,722	973,082	16.6%
Chesterfield	1,121	55,352	17.4%	160,216	1,122,996	14.3%
Chilmark	764	1,086,468	16.1%	1,206,394	2,328,382	51.8%
Clarksburg	1,683	35,097	17.8%	117,173	863,097	13.6%
Cohasset	7,070	121,164	17.4%	2,011,772	12,295,010	16.4%
Colrain	1,841	51,069	19.9%	104,372	1,352,610	7.7%
Conway	1,644	69,970	20.7%	356,937	1,868,163	19.1%
Cummington	793	76,842	18.0%	28,702	766,536	3.7%
Dedham	23,741	70,927	12.4%	2,257,578	29,643,790	7.6%
Deerfield	4,969	68,646	14.9%	617,578	4,159,427	14.8%
Dennis	14,423	147,833	13.1%	2,289,544	15,205,240	15.1%
Douglas	6,145	53,413	19.7%	215,864	4,465,344	4.8%
Dover	5,383	173,470	16.2%	1,874,348	10,549,004	17.8%
Dunstable	2,585	75,698	19.0%	355,169	2,507,715	14.2%
Duxbury	15,007	93,838	18.6%	1,188,686	23,214,556	5.1%
East Longmeadow	13,890	69,245	18.6%	961,548	16,264,371	5.9%
Eastham	4,855	177,689	15.0%	1,847,105	7,832,227	23.6%
Easthampton	15,744	41,571	13.4%	259,911	8,761,692	3.0%
Easton	20,970	58,610	16.6%	2,469,721	19,336,603	12.8%
Edgartown	3,526	347,965	15.9%	1,978,404	7,828,369	25.3%
Egremont	1,234	148,112	11.9%	346,763	1,779,963	19.5%
Erving	1,376	104,492	18.2%	208,020	2,538,217	8.2%
Essex	3,368	94,890	15.3%	679,734	3,795,358	17.9%
Falmouth	30,451	118,819	16.2%	982,337	37,026,594	2.7%
Florida	733	76,204	20.6%	65,917	1,109,218	5.9%
Framingham	64,536	61,285	12.3%	5,069,783	79,596,944	6.4%
Gay Head	234	846,859	15.8%	525,822	1,132,981	46.4%
Georgetown	7,054	66,586	17.4%	268,373	5,966,529	4.5%
Goshen	851	74,169	15.9%	178,164	942,073	18.9%
Gosnold	97	963,660	6.2%	85,937	265,378	32.4%
Granby	5,850	49,993	16.6%	119,428	3,909,128	3.1%
Great Barrington	7,656	70,252	14.9%	860,359	8,499,344	10.1%
Greenfield	18,580	40,930	14.0%	1,575,208	14,074,546	11.2%
Groton	8,789	68,899	18.7%	866,116	8,767,952	9.9%
Groveland	5,610	56,807	20.1%	309,504	4,269,238	7.2%
Hadley	4,367	83,792	13.8%	122,076	3,750,462	3.3%
Halifax	6,844	48,695	17.9%	387,371	5,135,166	7.5%
Hamilton	7,487	82,944	17.3%	1,956,507	9,193,583	21.3%
Hampden	4,742	59,844	18.9%	448,083	4,342,655	10.3%
Hancock	589	151,585	16.1%	20,208	662,157	3.1%
Hanover	12,891	78,631	18.5%	2,000,046	15,573,785	12.8%
Hanson	9,512	51,554	19.5%	744,394	7,285,814	10.2%
Harvard	11,590	45,233	8.3%	677,714	6,474,617	10.5%
Harwich	11,328	143,555	13.4%	1,063,320	15,981,018	6.7%
Hatfield	3,243	81,691	14.3%	29,294	2,968,423	1.0%
Hawley	327	68,559	18.0%	142,196	363,619	39.1%
Heath	741	62,562	21.7%	367,770	993,205	37.0%
Hingham	20,265	99,765	16.4%	1,537,571	29,389,952	5.2%
Hinsdale	1,884	59,587	18.5%	318,016	1,698,707	18.7%
Holbrook	11,092	45,987	13.4%	406,797	9,423,529	4.3%
Holden	14,960	56,834	17.8%	680,625	12,965,420	5.2%
Holland	2,105	70,242	21.3%	807,322	2,509,419	32.2%
Holliston	13,381	69,159	20.5%	1,180,946	15,128,509	7.8%
Holyoke	41,461	27,061	19.6%	5,774,708	28,102,156	20.5%
Hopedale	5,621	48,592	18.7%	432,198	5,856,439	7.4%
Hopkinton	10,805	95,922	19.8%	710,714	14,807,625	4.8%
Hubbardston	3,373	53,353	21.0%	46,299	2,146,817	2.2%
Hudson	17,695	55,567	15.4%	772,320	19,184,902	4.0%
Huntington	2,126	45,039	21.3%	124,001	1,508,661	8.2%
Ipswich	12,352	80,293	14.4%	1,048,533	13,345,689	7.9%
Lakeville	8,596	70,382	18.0%	893,031	7,122,938	12.5%
Lancaster	6,542	48,694	14.1%	95,829	4,327,649	2.2%
Lee	5,743	67,457	13.0%	228,683	5,668,047	4.0%
Leicester	10,327	38,344	17.9%	712,591	5,710,882	12.5%
Leverett	1,835	62,350	18.3%	446,327	1,962,874	22.7%
Lexington	29,484	125,125	16.9%	5,810,910	53,569,140	10.8%
Leyden	708	54,516	24.6%	118,371	744,715	15.9%
Lincoln	7,899	105,963	7.8%	2,557,741	10,263,773	24.9%
Littleton	7,695	81,714	15.9%	419,048	10,075,944	4.2%
Longmeadow	14,864	80,221	18.6%	3,156,035	21,257,569	14.8%
Lunenburg	9,285	53,495	17.5%	1,128,569	8,898,373	12.7%
Lynnfield	11,232	97,161	15.8%	1,025,643	14,422,020	7.1%
Manchester	5,357	159,478	13.7%	398,890	8,785,254	4.5%
Mansfield	18,806	73,966	19.3%	1,122,017	20,579,770	5.5%
Marion	4,953	121,607	15.7%	1,727,590	6,860,685	25.2%
Marshfield	22,911	72,104	18.5%	2,137,865	24,179,623	8.8%
Mashpee	8,935	145,357	20.5%	1,849,840	16,676,639	11.1%
Mattapoisett	6,190	100,281	15.3%	1,600,577	7,563,663	21.2%

Municipality	1996 Population	96 EQV per Capita	Pupils as % of Population	Compounded Impact of Overrides Since FY83	FY97 Levy Limit	Overrides As % of FY97 L.L.
Maynard	10,412	57,055	14.0%	693,286	11,753,751	5.9%
Medfield	11,467	90,623	20.3%	1,030,212	14,196,626	7.3%
Melrose	27,426	57,636	12.7%	3,311,439	26,703,304	12.4%
Merrimac	5,670	48,006	18.4%	54,995	3,890,697	1.4%
Middlefield	448	69,350	23.0%	199,996	569,662	35.1%
Millis	7,965	59,629	15.1%	175,275	7,072,774	2.5%
Millville	2,432	46,538	22.0%	243,681	1,867,761	13.0%
Milton	25,794	70,215	14.5%	4,427,603	30,182,415	14.7%
Monroe	113	156,528	19.5%	14,444	389,148	3.7%
Monson	7,949	47,362	18.9%	523,022	5,308,723	9.9%
Montague	8,383	47,137	15.5%	82,048	6,515,304	1.3%
Monterey	801	205,637	13.7%	222,590	1,238,829	18.0%
Montgomery	785	62,126	15.8%	43,351	728,763	5.9%
Mount Washington	132	253,358	9.1%	57,398	200,663	28.6%
Nantucket	7,267	483,577	14.9%	4,118,502	19,882,526	20.7%
Needham	27,828	112,540	14.6%	2,748,485	41,492,045	6.6%
New Ashford	181	103,800	16.0%	99,792	182,894	54.6%
New Braintree	935	49,049	20.6%	1,865	669,138	0.3%
New Marlborough	1,262	157,552	15.5%	308,680	1,590,448	19.4%
New Salem	825	62,005	17.8%	139,582	625,888	22.3%
Newbury	5,985	83,792	17.3%	895,599	5,901,972	15.2%
Norfolk	10,389	59,760	15.8%	853,849	9,044,393	9.4%
North Andover	24,283	78,713	15.9%	1,426,423	25,317,758	5.6%
Northampton	28,838	50,989	11.1%	791,962	20,645,667	3.8%
Northbridge	13,693	39,338	16.1%	24,200	7,382,056	0.3%
Northfield	2,913	56,317	16.5%	93,312	2,427,506	3.8%
Norwell	9,652	98,074	18.0%	1,060,872	14,871,159	7.1%
Oak Bluffs	3,128	224,456	16.9%	1,528,161	7,391,246	20.7%
Oakham	1,642	54,076	23.3%	27,477	1,047,672	2.6%
Orange	7,523	31,799	19.8%	655,062	4,257,425	15.4%
Orleans	6,185	191,898	11.9%	1,811,670	9,909,500	18.3%
Otis	1,071	256,082	20.1%	912,924	2,155,715	42.3%
Paxton	4,121	57,917	16.1%	489,804	3,789,538	12.9%
Pelham	1,428	57,075	16.2%	323,418	1,495,212	21.6%
Peru	753	49,243	21.8%	124,585	778,110	16.0%
Phillipston	1,613	46,922	21.0%	262,568	879,299	29.9%
Plainfield	609	75,722	16.4%	101,134	708,441	14.3%
Plymouth	48,329	68,059	18.2%	3,228,007	65,864,050	4.9%
Plympton	2,614	61,593	19.8%	109,587	2,739,521	4.0%
Princeton	3,331	70,408	18.9%	711,618	3,791,513	18.8%
Reading	22,956	72,996	16.9%	2,595,858	26,631,798	9.7%
Richmond	1,631	105,952	17.4%	468,936	2,250,464	20.8%
Rochester	4,393	65,911	19.7%	74,270	3,648,314	2.0%
Rockport	7,580	101,914	14.4%	1,354,626	8,809,910	15.4%
Rowe	377	397,124	11.1%	211,946	1,907,452	11.1%
Rowley	5,196	64,477	17.6%	328,734	4,393,726	7.5%
Rutland	5,186	47,951	20.4%	484,837	3,786,425	12.8%
Salisbury	7,093	74,137	17.2%	1,291,837	6,737,614	19.2%
Sandisfield	661	187,999	14.8%	166,913	1,257,022	13.3%
Sandwich	17,916	82,966	20.5%	4,095,824	22,298,395	18.4%
Savoy	687	49,073	17.0%	47,035	451,736	10.4%
Scituate	17,242	86,888	16.1%	1,547,286	21,511,625	7.2%
Sharon	16,684	76,775	18.1%	3,734,242	22,457,165	16.6%
Sheffield	2,967	97,007	18.5%	907,220	3,858,072	23.5%
Shelburne	2,027	56,299	17.2%	151,326	1,535,410	9.9%
Sherborn	4,107	148,003	20.2%	1,066,597	8,292,785	12.9%
Shirley	7,463	33,312	11.8%	72,365	3,191,712	2.3%
Shutesbury	1,712	63,931	22.5%	512,770	2,002,289	25.6%
Southampton	4,853	58,561	18.5%	198,896	3,596,683	5.5%
Southborough	7,388	113,283	17.3%	316,940	11,010,138	2.9%
Southbridge	17,447	30,054	16.7%	405,305	8,639,926	4.7%
Springfield	149,948	27,328	15.6%	12,538,763	95,165,798	13.2%
Sterling	6,858	62,712	17.9%	430,485	6,564,708	6.6%
Stockbridge	2,339	159,836	11.3%	472,684	3,771,724	12.5%
Stow	5,731	82,085	17.7%	1,880,910	8,002,919	23.5%
Sturbridge	7,911	60,505	18.6%	793,077	8,022,674	9.9%
Sudbury	15,130	123,363	21.7%	1,005,822	26,524,037	3.8%
Sunderland	3,519	45,681	11.0%	752,687	2,198,426	34.2%
Sutton	7,340	64,399	19.4%	731,022	5,913,057	12.4%
Swampscott	13,676	82,031	14.9%	2,130,357	19,041,852	11.2%
Templeton	6,991	36,924	16.4%	21,714	2,137,938	1.0%
Tisbury	3,341	192,193	16.9%	3,041,980	8,811,360	34.5%
Tolland	297	305,498	20.2%	90,165	407,776	22.1%
Topsfield	6,098	89,207	16.8%	936,282	7,593,188	12.3%
Townsend	8,997	45,755	22.9%	250,792	6,145,963	4.1%
Truro	1,729	347,023	14.8%	991,630	3,612,028	27.5%
Tyngsborough	9,800	53,475	17.9%	1,391,238	9,490,614	14.7%
Tyringham	368	209,500	12.2%	184,895	666,949	27.7%
Wakefield	24,756	69,175	13.9%	581,006	28,266,028	2.1%
Wales	1,566	49,048	21.2%	22,764	1,327,728	1.7%
Ware	9,817	39,538	15.6%	92,775	5,711,749	1.6%
Warwick	766	51,098	17.8%	138,804	704,402	19.7%
Washington	625	62,771	19.8%	76,626	482,196	15.9%
Wayland	12,041	120,438	19.0%	3,065,873	22,874,815	13.4%
Wellesley	26,809	146,001	12.5%	1,084,282	39,726,159	2.7%
Wellfleet	2,713	259,442	15.3%	1,596,873	5,516,033	28.9%
Wendell	956	45,451	18.9%	197,348	814,743	24.2%
Wenham	4,423	82,188	11.8%	741,765	4,889,087	15.2%
West Boylston	6,625	61,217	16.2%	226,282	6,427,989	3.5%
West Bridgewater	6,647	74,194	15.9%	67,306	7,571,801	0.9%
West Newbury	3,871	86,326	20.3%	300,992	4,655,735	6.5%
West Stockbridge	1,464	101,837	15.4%	786,530	2,255,596	34.9%
West Tisbury	2,169	251,569	24.4%	2,780,593	4,740,472	58.7%
Westford	18,642	81,600	19.5%	997,902	21,651,253	4.6%
Westhampton	1,448	63,907	19.4%	194,804	1,322,351	14.7%
Westminster	6,562	59,585	19.9%	337,906	4,921,068	6.9%
Weston	10,448	191,562	15.6%	4,365,357	23,934,420	18.2%
Westport	13,993	83,537	13.5%	169,676	10,424,671	1.6%
Westwood	12,935	118,018	16.0%	574,423	24,035,923	2.4%
Whately	1,451	76,740	15.4%	182,910	1,574,717	11.6%
Wilbraham	12,425	68,911	19.0%	1,106,956	13,395,833	8.3%
Williamsburg	2,593	55,021	14.5%	294,988	2,038,268	14.5%
Winchendon	8,931	36,014	21.5%	75,645	4,557,806	1.7%
Windsor	767	78,324	19.7%	273,128	712,984	38.3%
Worcester	166,350	32,519	14.1%	5,185,244	122,255,885	4.2%
Worthington	1,210	66,048	21.7%	375,400	1,084,266	34.6%
Wrentham	10,049	65,466	17.5%	789,751	10,058,140	7.9%
Yarmouth	22,335	96,793	12.3%	2,223,345	23,877,645	9.3%
Subtotal — communities with overrides				**226,053,115**	**2,390,784,480**	**9.5%**
State totals				**226,053,115**	**6,142,871,224**	**3.7%**

Notes: Pupil data from the Department of Education's January 1, 1996 Public School Attending Children.
Approved underrides have been netted against overrides .
Overrides applied to the levy limit may be slightly less than amount approved when the corresponding appropriation is less.

Table 1

Proposition 2½ Overrides
➡ *continued from page three*

Table 2

Overrides by Population Group

Population Groups	# in Sample	Total Impact of Overrides	Total FY97 Levy Limit	Overrides as Percent of Levy Limit	# of Comm. with Overrides	% of Comm. with Overrides
3,370 and under	88	30,335,379	157,952,020	19.2%	79	89.8%
3,371–9,300	88	53,552,993	559,083,316	9.6%	68	77.3%
9,301–19,600	88	61,394,548	1,209,515,417	5.1%	45	51.1%
19,601 and over	87	80,770,196	4,216,320,471	1.9%	26	29.9%

Table 3

Overrides by EQV Per Capita

EQV per capita	# in Sample	Total Impact of Overrides	Total FY97 Levy Limit	Overrides as Percent of Levy Limit	# of Comm. with Overrides	% of Comm. with Overrides
49,100 and under	88	38,268,440	1,386,663,481	2.8%	39	44.3%
49,101–64,400	88	31,257,552	1,858,033,898	1.7%	50	56.8%
64,401–83,800	88	61,343,438	1,478,122,097	4.2%	57	64.8%
83,801 and above	87	95,183,686	1,420,051,748	6.7%	72	82.8%

Table 4

Overrides by Pupils Attending Public Schools

Sch. attending children as % of pop.	# in Sample	Total Impact of Overrides	Total FY97 Levy Limit	Overrides as Percent of Levy Limit	# of Comm. with Overrides	% of Comm. with Overrides
14.47% and below	88	59,861,733	2,977,035,543	2.0%	47	53.4%
14.48%–16.42%	88	58,465,166	1,489,939,414	3.9%	48	54.5%
16.43%–18.62%	88	57,798,941	1,095,860,809	5.3%	55	62.5%
18.63% and above	87	49,927,275	580,035,458	8.6%	68	78.2%

A significant number of communities within each population group passed overrides during this 15-year period. Of the state's 88 smallest communities, 79 or 89.8 percent increased their levy limit through an override. The state's largest communities were less likely to approve an override with only 29.9 percent approving at least one override.

We also looked at the relationship between property wealth per capita and overrides. To measure property wealth, we used the 1996 equalized valuations (EQV) divided by the 1996 populations. Using EQV per capita, we classified communities into four equal groups. The results (see *Table 3*) show a moderate relationship between property wealth and overrides applied to the levy limit. For the two lowest EQV per capita groups, overrides accounted for 2.1 percent of the limit while in the two highest EQV groups the impact was 5.4 percent. The percentage of communities approving overrides increases as EQV increases, demonstrating a relatively strong relationship. Of the 88 communities with the lowest EQVs, 39 or 44.3 percent have passed at least one override, while 72 communities or 82.8 percent of those in the highest EQV group have passed an override.

Finally, we looked at the commonly held notion that communities with a high percentage of school children are more likely to pass overrides. Since school costs represent such a significant portion of local spending, they are often the driving force behind overrides. During the peak override years of FY1990 through FY1992, more than $89 million dollars or 78 percent of the $114.6 million approved statewide were either specifically for education or "general operating" expenses. Since school spending constitutes roughly half of the average municipal budget, general operating overrides not earmarked for a specific services are likely to have provided significant benefit to school departments.

To analyze how school population affects overrides, we ranked the communities based on 1996 public school attending children as a percent of total 1996 population (see *Table 4*). As expected, we found that the impact of overrides was a more significant portion of the levy limit in those communities with a high percentage of public school children. For those communities with lowest percentage of pupils, overrides accounted for only 2 percent of the FY1997 levy limit, while the impact of overrides totaled 8.6 percent of the levies of those communities with the highest percentage of pupils. The percentage of communities approving at least one override ranged from 53.4 percent for the lowest percentage of pupils to 78.2 percent for those with the greatest percentage of pupils.

It is clear from the data presented in this article that the impact of overrides since the inception of Proposition 2½ has been significant. A total of 218 or 62.1 percent of all communities have passed at least one override. When the 133 communities that have never passed an override are excluded, overrides contributed, on average, 9.5 percent to the FY1997 levy limit. ■

written by Frederick Kingsley
data by Debbie DePerri

DLS UPDATE

New Officials Finance Forum

The Division of Local Services is presenting a seminar for recently elected or appointed local finance officials on June 5, 1998. Selectmen, mayors, city/town council members, accountants, auditors, assessors, treasurers, collectors, clerks, finance committee members, finance directors and city/town managers are invited to attend. The seminar will give new officials a broad overview and basic understanding of municipal government and the roles of other local officials. New officials will gain a basic understanding of several concepts including Proposition 2½, budgeting, setting the tax rate, reserve and debt policies, and free cash. The structure of the seminar is intended to encourage team management within municipal government. After a presentation by a member of the DLS senior staff, participants will have the opportunity to work with other local officials and staff to calculate a levy limit and to complete a tax recapitulation sheet. Staff will be available to demonstrate utilizing the Internet as a source of information and data from state agencies.

Participants will return to their communities with knowledge and understanding which should help them to be effective and efficient members of their local financial management team. They will also know whom to contact at DLS for technical assistance if needed. Attendees will receive written materials which will be an excellent resource. DLS will award certificates to those who complete the seminar.

The seminar will be held at the Ramada Inn in Auburn on Friday, June 5, 1998 from 8:45 a.m. to 3:00 p.m. Preregistration is mandatory. The cost of the seminar is $21 (registration fee $10.00 and $11 for an optional lunch). For information contact Barbara LaVertue, coordinator of training, at (617) 626-2340. ■

FY1999 Levies & Electric Restructuring

The Division of Local Services has just distributed the FY1999 levy limit worksheets to all communities. Accompanying the levy information is the new *Electric Generating Plant Assessment* reporting form. This form must be completed and returned by the assessors of any community hosting an electric generating plant that has devalued as a result of the Electric Industry Restructuring Act,[1] or if the community has a binding agreement with an electric generating plant. Cities and towns with plants that devalued from their FY1997 assessed values are eligible for tax base relief through transition payments. These payments are meant to offset reductions in property taxes. Alternatively, "host" communities may enter into binding tax or payment-in-lieu-of-tax agreements. In either case, payments must be translated into a valuation amount and that value must be included in the appropriate property class in calculating the levy limit.

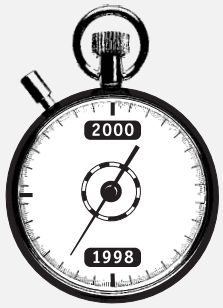
To use either transition or agreed-upon amounts in the FY1999 levy limit, the Bureau of Local Assessment (BLA) requires assessors *in affected cities and towns only* to submit the form and copies of any agreements, formal or informal, or copies of special acts of the legislature by *June 1, 1998*. For each facility in its jurisdiction, the municipality must complete a separate form, clearly identifying the plant by name, address and owner. The form also requests the total assessed value of the real estate for FY1996, FY1997 and FY1998; and the reported net book value and the total assessed value of the personal property for the same time period. For each of these prior years, the assessors are asked to include, if possible, the portion of the total value related to the generating plant and to the equipment used in transmission and in distribution. All reports and documentation should be sent to Andre Pomerantzeff who is available at (617) 626-2402 if you have any questions. ■

1. Chapter 164 of the Acts of 1997.

New E-mail Address

Please note that the Division of Local Services (DLS) has a new e-mail address. Please send electronic correspondence to jchessey@compuserve.com. ■

Countdown to Y2K



Municipal Fiscal Calendar

June 1
Clerk: *Certification of Appropriations*
This is done after town meeting so the Accountant may set up accounts for each department in the municipality.

Assessors: *Determine Valuation of Other Municipal or District Land*
In certain communities where land is owned by another community or district, the value of the land is determined by the Assessors in the year following a revaluation year, for in-lieu-of-tax payments.

DOR/BLA: *Mail Proposed EQVs (even numbered years only)*

June 10
DOR/BLA: *Public Hearing on Proposed EQVs (even numbered years only)*

June 15
DOR: *Commissioner Determines and Certifies Pipeline Valuations*

Assessors: *Deadline for Appealing Commissioner's Telephone & Telegraph Valuations*

Assessors: *Make Preliminary Quarterly Tax Commitment*
The preliminary tax commitment must be based on the prior year's net tax on the property and may not exceed, with limited exceptions, 50% of that amount. This should be done early enough for the preliminary quarterly bills to be mailed by July 1.

June 20
Assessors: *Final Date to Make Omitted or Revised Assessments*
As required by M.G.L. Ch. 59, Sections 75 and 76, if a property is inadvertently excluded or mistakenly under-assessed on the warrant for property taxes, it is the Assessors' role to correct the mistake and assess the property correctly. Such an assessment may not be made later than June 20 of the taxable year or 90 days after the date the tax bills are mailed, whichever is later.

June 30
State Treasurer: *Notification of Quarterly Local Aid Payments Before June 30*

Assessors: *Overlay Surplus Closes to Surplus Revenue*
Each year, any balance in the overlay reserve accounts in excess of the remaining amount of the warrant to be collected or abated in that year, is certified by the Assessors. The transfer from overlay reserves to the overlay surplus is done on the Assessors' initiative or within 10 days of a written request by the chief executive officer. Once in overlay surplus, these funds may be appropriated for any lawful purpose. Any balance in the overlay surplus at the end of the fiscal year shall be closed to surplus revenue and, eventually, free cash.

Assessors: *Physical Inventory of all Parcels for Communities that Accepted M.G.L. Ch. 59, Sec. 2A(a)*

Assessors: *Submit Annual Report of Omitted or Revised Assessments*

Data Bank Highlight

Communities "At A Glance"

The "At a Glance" report is designed to provide an overall picture of a particular community. General information includes: form of government, school structure, population, unemployment rate, per capita income, equalized valuation per capita and other demographic information. Tax information includes: tax rate, tax levy, assessed value for each property type, and levy capacity. Financial information includes: revenue sources, including state aid, and expenditures for the most recent fiscal year. ■

To obtain Municipal Data Bank information contact: Stan Nyberg, Dora Brown or Debbie DePerri at (617) 626-2300 for printed reports and data files; Burt Lewis at (617) 626-2358 for the On-Line Access System; or use the World Wide Web address below.

City & Town

City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS World Wide Web site at **http://www.state.ma.us/dls** or by writing to PO Box 9655, Boston, MA 02114-9655.

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