



TO: Boards of Assessors  
FROM: Joanne Graziano, Chief, Bureau of Local Assessment  
DATE: May 15, 2014  
TOPIC: CERTIFIED TELEPHONE & TELEGRAPH VALUATIONS  
FISCAL YEAR 2015

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The Commissioner of Revenue has determined and hereby certifies the full and fair cash valuation of taxable telephone and telegraph machinery, poles, wires and underground conduits, wires and pipes of the centrally valued telephone and telegraph companies, as of January 1, 2014. These valuations are certified for fiscal year 2015 under Massachusetts General Laws Chapter 59, Section 39. The property owner or the board of assessors desiring to do so must appeal the valuations to the Appellate Tax Board (ATB) on or before June 15, 2014.

#### *Centrally Valued Property*

The Commissioner values only those designated telephone and telegraph assets that are taxable under the General Laws. With respect to machinery, telephone and telegraph companies doing business as corporations are subject to central valuation for only electric generating machinery under M.G.L. c. 59, § 18, Second and M.G.L. c. 59, § 5, cl. 16(1) (machinery used in manufacture); Assessors of Springfield v. Commissioner of Corporation and Taxation, 321 Mass. 186 (1947). Telephone and telegraph companies doing business as partnerships, trusts or limited liability companies (LLCs) are subject to central valuation on all machinery used to provide telephone service, including switching and routing machinery. M.G.L. c. 59, § 39; M.G.L. c. 59 § 18, First and Sixth; RCN-BecoCom, LLC v. Commissioner of Revenue, 443 Mass. 198 (2005).

All telephone and telegraph companies, whether doing business as corporations, partnerships, trusts or LLCs, are subject to central valuation for poles, wires, underground conduits, wires and pipes over public and private property. M.G.L. c. 59, § 39; M.G.L. c. 59, § 5, cl. 16(1); M.G.L. c. 59, § 18, First, Fifth and Sixth. They are also subject to central valuation for taxable telephone personal property that is construction work in progress (CWIP) or owned but not necessarily in service. Verizon New England, Inc. v. City of Boston, 81 Mass. App. Ct. 444 (2012).

In addition, partnerships, trusts and LLCs are subject to local valuation on all other non-telephone personal property. Therefore, those companies must file a Form of List with the assessors in all communities where such other personal property is located. (See the posted list of FY2015 Centrally Valued Telephone Company Addresses to identify these companies.)

#### *FY2015 Company Reporting and Valuation Issues*

In February of this year, AUS Consultants issued their Telephone Plant Index which is utilized in the Commissioner's valuation methodology for the Central Valuation of Telephone and Telegraph. This index lists five new subcategories of **FTTP** (*fiber-to-the-premises*) and on February 28, 2014, we issued a revised Form 5941 and required telephone companies to report the new subcategories of FTTP for FY2015. The FY2015 valuations reflect these new subcategories. Due to the capture of these subcategories of assets, however, many communities will see valuation decreases. Previously, these assets had been valued under the fiber subcategories, which hold their value substantially better than FTTP.

### *Overlay Account Provisions*

Assessors must ensure that the FY2015 overlay is sufficient to cover any company appeals of the Commissioner's valuations.

We understand that most communities have now paid FY2009 abatement refunds to Verizon New England as a result of the 2012 Appeals Court decision on the taxable status of poles and wires over public ways before FY2010 and construction work in progress (CWIP). Verizon New England, Inc. v. City of Boston, 81 Mass. App. Ct. 444 (2012). Only those communities still contesting some aspect of the case need to continue to reserve overlay for that year.

### *CWIP and New Growth*

The Bureau values taxable CWIP. However, to avoid double counting last year's CWIP as new growth in the current year and to be as accurate as possible given the companies' reporting limitations, we subtract the prior year's CWIP number from the total new growth identified by companies for each community in the current year. In the event that a company reports a larger amount of CWIP in the prior year than new growth in the current year, we net the community's new growth only to zero, never a negative number. In the majority of instances we believe that growth from items placed in service is higher than the prior year's CWIP due to the addition of indirect costs.

New growth will remain a completely separate calculation so as not to affect the DOR's mass appraisal valuation model.

### *Company Local Filing Requirements*

With respect to **local filing requirements**, telephone and telegraph companies organized as partnerships, trusts, LLCs or other unincorporated legal entities are not entitled to any corporate property tax exemptions. M.G.L. c. 59, § 5, cl. 16; M.G.L. c. 63, §§ 30(1), 30(2), 39, 52A and 68C. Except for the centrally valued telephone and telegraph property, they are subject to local valuation and assessment on all other personal property situated in the community. This may include dedicated cable TV and Internet access machinery of bundled carriers, but all property used for both telephone service and cable TV or Internet access should have been reported centrally and valued as part of this certification.

### *DOR Categorical Listing of Data by Federal Communications Commission Codes (FCC)*

On May 15, 2014, the Department posted to our [website](#) the *Additional Landline Telephone and Telegraph Personality by FCC Code* by community for each of the centrally valued telephone and telegraph companies by any applicable (FCC) categories we use, plus categories for CWIP and spares by community. The additional data is available on our website in a second pivot table. That table is for informational purposes only and the numbers are not rounded. Only the data provided on the *FY2015 Centrally Valued Telephone and Telegraph Company Values*, also issued on May 15, 2014, should be used for billing purposes and for completing the FY2015 LA4 (Assessment Classification Report) for tax rate setting purposes.

### *Company Lists and Addresses*

Centrally valued telephone and telegraph company billing names and addresses as reported by the companies are posted on our [website](#) for your convenience. Also, we have provided a list of companies that filed state returns but were not centrally valued. Those companies and all others that did not file central returns should be valued locally.

Questions regarding valuations may be directed to John Gillet at 617-626-3605.