

Senior Deputy
Commissioner
of Local Services
Sean R. Cronin



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A Message from the Lieutenant Governor

When our Administration took office in January of this year, we sought to immediately acknowledge the critical role our cities and towns play in the lives of Massachusetts' residents not just through our words, but through our actions. Just a few days after our inauguration, Governor Baker and I addressed the Massachusetts Municipal Association's Annual Meeting and Trade Show and discussed how our experience in local government would shape our policies and views for how the Commonwealth of Massachusetts can serve its residents.

At that time, we released \$100 million in new Chapter 90 funding for local roads and bridges and held harmless local aid accounts despite a \$765 million budget gap in FY15. Announcing our [first executive order](#), we elevated the role of the Senior Deputy Commissioner of the Division of Local Services (DLS) and welcomed Sean Cronin to the administration to assist us in identifying ways Local Services can serve localities. As part of these efforts, we pledged increased communication between state and municipal government through the establishment of the Community Compact Cabinet, something you will be hearing more about in this space in the coming weeks and months.

Who would have guessed that Mother Nature would then intervene with an unprecedented weather event, blanketing our state with an historic amount of snow and grinding our roads and rails to a halt? In my recent travels across the state, I've seen firsthand the effects of the storms and what our municipalities and residents have had to do to return our state to normalcy. I applaud and am amazed by their efforts. We are also grateful for the support and assistance we received from our out-of-state partners who jumped at the opportunity to provide assistance in addressing the many public safety and operational obstacles presented to us by these storms.

While our main focus has been on removing what at times seems to be an inexhaustible supply of snow, we must also acknowledge that there will be financial repercussions that will linger long after the season has changed. To that end, our administration has filed a supplemental budget allowing communities to take steps to address snow and ice deficits over a two year period.

The Governor and I have been working closely with MEMA in an effort to maximize FEMA reimbursement for both the state and our municipalities. We will continue to work with our legislative delegation at the federal level to secure this funding. At the local level, DLS is prepared to allow communities to account for FEMA reimbursement when calculating the year-end snow deficit.

Now, we have shaped [our first budget](#) with the understanding that local aid provides the fiscal lifeblood that allows our communities to operate the services and maintain the infrastructure necessary to perform their proper functions. We backed up our words with the dollars you need to provide essential services to the residents of our Commonwealth, increasing Unrestricted General Government Aid by \$34 million and Chapter 70 funding by \$105 million.

In the coming years I look forward to working closely with you, our colleagues in municipal government, so that we can together identify areas of improvement and address potential challenges as they arise. The lines of communication are open and we are listening.

Karyn Polito
Lieutenant Governor

Our Vision for DLS

My name is Sean Cronin and I am deeply honored to join the Department of Revenue as the Senior Deputy Commissioner for the Division of Local Services (DLS). I want to thank the Baker-Polito administration for giving me the opportunity to serve in this role. From my 17 years of experience in municipal government, most recently as Deputy Town Administrator in Brookline, I have become very familiar with and appreciative of the services DLS provides. Now, I look forward to leading the Division and working with the administration to empower and partner with all cities and towns.

Working with Governor Baker, Lieutenant Governor Polito and Secretary Lepore, our vision is to build on past successes at DLS and further utilize our expertise to help strengthen municipalities. We plan on identifying and promoting best practices and incentivizing the adoption of financial policies that guide long-term, financial planning and the development of capital improvement plans. We see DLS as a proactive and cooperative partner with cities and towns, one that will work collaboratively to address the issues municipalities face on a daily basis.

I am very excited about working with the Lieutenant Governor on the Community Compact Cabinet (CCC), which was established by the Governor's first executive order. The CCC will help create the standards and incentives both state and local government need in order to become more responsive and accountable. We will engage with municipalities to develop a menu of best practices, drive innovation and explore cross-jurisdictional collaboration. At the same time, we will continue to seek input from local leaders on how state government can eliminate unfunded mandates and unnecessary regulations that negatively impact our cities and towns.

The CCC will ensure interagency and intersecretariat cooperation. Areas such as procurement will be better leveraged and information technology will be championed as the vehicle that drives municipal innovation, making the critical services local governments deliver more cost-effective and efficient, all for the betterment of local government and taxpayers. By working with various agencies and departments, both inside and outside the Executive Office for Administration and Finance (ANF), there will be a more coordinated effort that ensures local issues are heard, understood and, when appropriate, advocated for within the administration. To assist with these efforts, Pam Kocher will be transitioning from ANF to the Division of Local Services. Pam will work with me on statewide policy initiatives and special projects and I know her professional acumen and years of experience related to municipal government will be valuable resources to all of us.

Our collective goal is to work with communities to identify and remove the barriers that hinder your ability to do your jobs in an efficient manner. I know firsthand of existing laws and regulations that are burdensome, costly and antiquated. We must have a frank and honest discussion with our partners in municipal government so that we can update, streamline and modernize them.

I welcome a conversation on any matter that impacts municipalities and look forward to working with all of the local officials across the Commonwealth. Please do not hesitate to call me at (617) 626-2381 or email me at croninse@dor.state.ma.us. Together, I know we have the opportunity and ability to make local government even better.

Sean R. Cronin
Senior Deputy Commissioner of Local Services

Addressing Snow and Ice Deficits

Division of Local Services

As municipalities have faced what has been an unprecedented amount of snow, the Division of Local Services stands as a resource to assist you in addressing the many financial impacts of these weather events.

The supplemental budget referenced above includes language stating that, if a city or town's local appropriating authority as defined in [Section 21c of Chapter 59](#) of the General Laws approves, a "city or town may amortize over the 2 fiscal years, 2016 and 2017, in equal installments or more rapidly, the amount of its fiscal year 2015 snow and ice removal deficit." The full language in Section 15 of the supplemental budget can be viewed by clicking [here](#).

Additionally, we anticipate FEMA reimbursement and subsequently plan to allow communities to establish a special revenue fund should this reimbursement not be received by June 30th, 2015. A forthcoming DLS bulletin is in development for release next week and will be based upon [previous bulletins](#) related to similar events.

In the interim, communities with questions on issues under existing guidelines and statutes should contact their BOA field representatives directly.

FY2016 Local Aid Proposals

Division of Local Services

Governor Baker released his FY2016 budget proposal (House 1) yesterday and we have posted local aid estimates based on his proposal to the DLS website [here](#).

House 1 recommends funding FY2016 Chapter 70 at \$4.5 billion or \$105.3 million higher than the FY2015 level, increasing Unrestricted General Government aid by \$34 million to \$979.8 million, and level funding most other cherry sheet accounts at the FY2015 amounts.

Local aid estimates for charter school tuition and charter school tuition reimbursements are based on estimated tuition rates and projected enrollments under charters previously issued by the Board of Elementary and Secondary Education. Please be advised that charter school assessments and reimbursements will change as updated tuition rates become available. Estimates for the School Choice assessments may also change significantly when updated to reflect final tuition rates.

It is important for local officials to remember that the local aid estimates are preliminary and are subject to change as the legislative process unfolds.

The Department of Elementary and Secondary Education (ESE) has published the Chapter 70 aid calculations, minimum contributions and net school spending requirements on the Office of School Finance website by click [here](#).

If you have questions about these estimates, please call Lisa Krzywicki at (617) 626-2386.

Ask DLS

This month's *Ask DLS* features frequently asked questions about the eligibility of some types of properties for the property tax exemption for charitable organizations. Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. We would like to hear from you.

What is required for a charitable organization to occupy real

property for property tax exemption purposes?

As a general rule, real property owned by, or held in trust for, a charitable organization must also be occupied by the charitable organization or its officers in furtherance of its charitable purposes to qualify for exemption. [MGL c. 59, sec. 5, Clause 3.](#)

Occupancy "means something more than that which results from simple ownership and possession. It signifies an active appropriation to the immediate uses of the charitable cause for which the owner was organized. The extent of the use, although entitled to consideration, is not decisive. But the nature of the occupation must be such as to contribute immediately to the promotion of the charity and physically to participate in the forwarding of its beneficent objects." [Board of Assessors of Boston v. The Vincent Club](#), 351 Mass. 10, 14 (1966).

Assessors must determine how the property is actually used by the charity. Charitable use must be the principal use of the property. The occasional and incidental use of the property by a non-charitable organization does not impact the exemption.

The use does not have to be intensive and the officers generally have broad latitude to determine the amount of real estate needed to carry out the organization's mission. [New England Forestry Foundation, Inc. v. Board of Assessors of Hawley](#), 468 Mass. 138 (2014); [Assessors of Dover v. Dominican Fathers Province of St. Joseph](#), 334 Mass. 530 (1956). However, the use must be substantial enough for the property to be considered dedicated to the charitable purposes of the organization.

Officers are not necessarily limited to persons holding corporate offices, but can include employees of the organization. [Trustees of Thayer Academy v. Board of Assessors of Braintree](#), 232 Mass. 402 (1919).

Is real property owned by, or held in trust for, a charitable organization but not occupied and used by that organization eligible for exemption?

The following real property owned by, or held in trust for, a charitable organization and not currently occupied by the organization to further its charitable purposes is also eligible for exemption:

1. Real property leased to or occupied by another charitable organization or its officers in furtherance of that organization's charitable purposes.

2. Real property acquired by a charitable organization with the intention of future relocation and charitable use may qualify for up to two years from acquisition. The organization has that time to construct a facility, or renovate the property, and occupy it. If the property is not occupied for charitable use within that period, the property is taxable until it is occupied.

The organization must intend to relocate from its current facility to a new one located at the site. If acquisition is for expansion purposes, actual occupancy is required. *Wheaton College v. Norton*, 232 Mass. 141, 147 (1919); 7 Op. A.G. 1925, p. 572 ("removal" means "change in the situs" of the organization to another parcel). But see [*Mount Auburn Hospital v. Board of Assessors of Watertown*](#), 55 Mass. App. Ct. 611 (2002) (Purchase of property by a hospital to alleviate space constraints at its existing facility and relocate outpatient services to about 50 percent of the new site, which was a substantial portion of its operations, was sufficient to establish acquisition for the purpose of removal).

The grace period is not automatic. There must be a present intent to relocate at the time of the acquisition. This may have to be established by reference to all of the surrounding facts and circumstances. In addition, there must be a continuing intent to relocate as of the qualification date for the second fiscal year of the grace period.

3. In a city or town that accepts a provision of [MGL c. 59, sec. 5, Clause 3](#), real property acquired by a charitable organization for the purpose of creating community housing, as defined in [MGL c. 44B, sec. 2](#), may qualify for exemption if it was purchased from an entity that acquired it by a mortgage foreclosure sale. The exemption applies until the property is rented or sold, but for not more than seven years after the purchase.
4. Real property occupied by a governmental entity with congruent purposes qualifies for exemption, i.e., the property is occupied by the governmental agency in furtherance of the charity's charitable purposes. In that case, the governmental occupancy is tantamount to occupancy by the charity. See [*Bridgewater State University Foundation v. Board of Assessors of Bridgewater*](#), 463 Mass. 154 (2012) and [*CIL Realty of Massachusetts, Inc. v. Board of Assessors of the Town of East Longmeadow*](#), ATB Docket No. F314815 (July 2013). Also see [*Group Homes, Occupancy and the Charitable Exemption*](#), City &

Town, March 6, 2014.

Is residential property owned by a charity and occupied by an officer or employee exempt?

A residence may be exempt if the occupancy by the organization's officer or employee is consistent with the charitable purposes of the organization. To qualify, the organization must establish that (1) the housing is provided as a means of adjusting the employee's compensation so that any rent paid is nominal and not intended to produce income for the organization, (2) the residency is a condition of employment, and (3) the residency is essential to the success and efficiency of the institution. See [Board of Assessors of New Braintree v. Pioneer Valley Academy, Inc.](#), 355 Mass. 610 (1969) (Rent free living quarters at secondary school where faculty members were required to live were tax exempt because residency was essential to the education of the students); *South Lancaster Academy v. Inhabitants of the Town of Lancaster*, 242 Mass. 553 (1922) (Student residential cottage also occupied by principal as a condition of employment who paid nominal amount for heating and lighting was tax exempt because residency was essential to education of the students); *Wheaton College v. Norton*, 232 Mass. 141 (1919) (Houses supplied rent free to chief engineer and building superintendent who were required to live there were tax exempt because use was consistent with educational purpose of school). Compare *President and Trustee of Williams College v. Assessors of Williamstown*, 167 Mass. 505 (1897) (House owned and leased by college to professor was not occupied for college purposes but solely for private purposes and was not tax exempt).

Can We Offer You Some Free Advice?

Zack Blake - Technical Assistance Director

The Division of Local Services' Technical Assistance Section is a longtime partner to cities and towns seeking guidance on municipal operations, government structure and financial management. The goal of our free service is to provide proactive, constructive recommendations designed to drive innovation and foster best practices.

Our team draws on their personal experience working with communities throughout the Commonwealth as well as the expertise of employees in other DLS bureaus. By working regularly with municipal governments,

our team is able to identify common and emerging issues impacting communities. Our advisors can then advocate for practical solutions for local officials to implement.

The types of services our team can offer your community include:

- Review financial operations
- Assess financial conditions and fiscal health
- Analyze government structure
- Prepare costing studies or determine indirect costs
- Evaluate information technology
- Explore feasibility of regionalization or consolidation
- Examine specific or emerging problems

If your community would like assistance with a specific issue or a general assessment of financial operations, we are available to discuss your needs. For information on requesting our services, please click [here](#).

Quotes from recent recipients of Technical Assistance Services:

"In fall of 2014, we received help from DLS' technical assistance services which provided us with a budget review report that was instrumental in generating support for necessary changes in our financial practices. Because we were able to cite back to DLS' recommendations, we were able to expedite changing our budget process, pass a free cash policy to create reserve funds, and establish a financial management team."

Heather Budrewicz
Southampton Town Administrator

"We asked DLS' Technical Assistance Services to conduct a review of our Treasurer/Collector's office and financial operations. The review process was professional, unbiased, and comprehensive. They provided a report with clear recommendations that has been a great help in setting priorities. I think every community should avail themselves of this service; it's worth tens of thousands of dollars but provided to local communities at no cost."

Rene Wood
Sheffield Board of Selectmen

"In July of 2013, the Town of Milton requested a financial management review by the Division of Local Services/Technical Assistance Section. This review resulted in a comprehensive list of recommended

improvements in the areas of government structure, budgeting and financial planning and policies and procedures related to everyday practices. The Town is in the process of utilizing this report as a roadmap to strengthen and improve the Town's operations and procedures. This report has been an extremely useful tool which was provided at no cost to the Town."

Amy Dexter
Milton Town Accountant

TAP into DLS

Bob Bliss - DLS Regional Manager and Director of Strategic Planning

Enlistment of cities and towns in the Taxpayer Assistance Program (TAP), which is designed to assist communities in setting their property tax rates in November rather than in December, will close on March 31st.

If your community wants to learn more about how DLS can assist your city or town in achieving an earlier setting of the property tax rate through TAP, please contact DLS Regional Manager and Director of Strategic Planning Bob Bliss at blissr@dor.state.ma.us or at (508) 792-7300 ext. 22312.

For additional information on the TAP program and its effective implementation, please see the [February 5th edition of City & Town](#).

Reminder: Two Certification Preparation Workshops Remaining

Bureau of Local Assessment

The Bureau of Local Assessment is in the process of conducting four Certification Preparation Workshops for assessors whose communities are scheduled for triennial certification of all real and personal property valuations for FY2016. The final two workshops will be held at the following locations:

Springfield

Tuesday, March 10th
 10am to Noon
 DOR/CSE 1 Federal St., Bldg. 103-2, Conference Rooms 1 and 2

Sandwich

Thursday, March 12th
 10am to Noon
 Oakcrest Cove, 34 Quaker Meeting House Road

Registration is required. To register, please email your name, community, email address and phone number to John Gillet at bladata@dor.state.ma.us.

The Massachusetts Association of Assessing Officers (MAAO) will grant two (2) continuing education credits to assessors attending the Certification Preparation Workshops.

March Municipal Calendar

<p>March 1</p>	<p>DOR/MDM-TAB</p>	<p>Notification of Cherry Sheet Estimates for the Following Year (pending action taken by the Legislature)</p> <p>The Cherry Sheet is an estimate of: 1) Receipts: local reimbursement and assistance programs as authorized by law and appropriated by the General Court; and 2) Assessments: state and county assessments and charges to local governments. All amounts listed on the Cherry Sheet are estimates. Actual receipts and charges are determined based on detailed formulas or guidelines for each program. Cherry Sheets are posted on the DLS website and updated at each juncture of the state budget process.</p>
<p>March 1</p>	<p>Personal Property Owner</p>	<p>Submit Form of List</p>

		This is a listing of all personal property filed by the owner with the Assessors each year for the purpose of determining taxes in the next fiscal year. The return is due on or before March 1, but the deadline may be extended by the Assessors to a date no later than the date abatement applications are due.
March 1	Charitable Organization	<p>Submit 3ABC Forms</p> <p>This is a return of property held for charitable purposes filed by a charitable organization with the Assessors each year in order to be eligible for exemption from taxation for the next fiscal year. The return is due on or before March 1, but the deadline may be extended by the Assessors to a date no later than the date abatement applications are due.</p>
March 1	DOR/BLA	<p>Filing Deadline for Telecommunications Forms of List</p>
Final Day of Each Month	State Treasurer	<p>Notification of monthly local aid distribution.</p> <p>Click www.mass.gov/treasury/cash-management to view distribution breakdown.</p>
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