



Informational Guideline Release

Property Tax Bureau
Informational Guideline Release (IGR) No. 03-210
August 2003

(Supersedes IGR 90-219 in part and IGRs 86-219 and 91-210 in full)

COLLECTION COSTS AND PROCEDURES

Chapter 46 §§55-70 of the Acts of 2003
(Adding G.L. Ch. 60 §3E, Amending G.L. Ch. 60 §§15 and 65)

This Informational Guideline Release (IGR) informs local officials about new fees and increases in existing fees for activities related to the collection of delinquent taxes and charges. It also explains changes in the law regarding the collector's power to waive interest and collection fees and the application of partial payments.

Topical Index Key:

Collection Procedures
Fees and Charges

Distribution:

Collectors
Treasurers
Accountants/ Auditors
Mayors/Selectmen
City Solicitors/Town Counsels

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**Chapter 46 §§55-70 of the Acts of 2003
(Adding G.L. Ch. 60 §3E, Amending G.L. Ch. 60 §§15 and 65)**

SUMMARY:

These guidelines explain new legislation that (1) increases existing fees, and adds new fees, for collection activities related to delinquent municipal taxes and charges, (2) increases the limit on the amount of interest and fees that can accrue for the collector to waive them and (3) establishes a new procedure for applying partial payments received by collectors, treasurers and other municipal officers for delinquent taxes and charges.

These changes became effective July 31, 2003. They apply to collection activities and payments made after that date.

The fees set forth in Section I of these guidelines supersede those found in Section II of Property Tax Bureau Informational Guideline Release No. 90-219, *Collection Agencies, Collector's Fees and Deputy Tax Collector Procedures* (July 1990). All other provisions of IGR 91-102 remain in effect. These guidelines also supersede Property Tax Bureau Informational Guideline Release No. 86-219, *Waiver of Interest and Fees of \$5.00 or Less by Tax Collectors* (October 1986) and No. 91-210, *Taxpayers' Option to Pay Tax Before Paying Interest and Charges* (August 1991).

GUIDELINES:

I. COLLECTION COSTS

A. Collector's Fees

The schedule of fees charged by collectors and added to delinquent taxes under G.L. Ch. 60 §15 has been updated to add two fees and increase most others. The new schedule is:

1. Issue demand \$5 (no change)
2. Prepare newspaper advertisement for taking or sale \$10 per parcel

3. Search title in preparation for taking or sale	Actual legal fees (new)
4. Post notice of taking or sale	\$5 per parcel
5. Prepare collector's affidavit of proceedings	\$10 per parcel
6. Record collector's affidavit of proceedings	Actual cost per parcel
7. Prepare deed or instrument of taking	\$10
8. Issue and deliver warrant to deputy collector	\$10
9. Notice of warrant issued to deputy collector	\$12
10. Service of warrant by deputy collector	\$17
11. Distrain of goods	\$10 and costs
12. Custody of distrained goods	Actual cost
13. Arrest of taxpayer	Actual cost, plus travel rate of 30 cents per mile
14. Custody of arrested taxpayer	\$10, plus travel rate of 30 cents per mile
15. Serve demand by subpoena	Actual cost up to \$40
16. Record instrument of taking	Actual cost (new)

B. Foreclosure Legal Costs

Land Court may allow a city or town foreclosing on a tax title to receive its actual legal fees. G.L. Ch. 60 §65. The amount that may be ordered is no longer capped at \$500.

II. WAIVER OF INTEREST AND COSTS

The collector may waive interest and collection costs that have accrued on a delinquent tax when the total amount of accrued interest and costs on a particular obligation is \$15 or less.

The collector has no power to waive once the total amount of accrued interest and costs exceeds \$15. Previously, the power to waive ceased when that amount exceeded \$5.

III. APPLICATION OF PARTIAL PAYMENTS

The application of partial payments is now governed by statute. G.L. Ch. 60 §3E. Taxpayers or ratepayers may no longer require that their payments be applied to the tax or charge first, or be applied in any other particular manner.

A. Application Procedure

Collectors, treasurers and municipal officials must apply partial payments received for delinquent local taxes and charges in the following order:

1. Accrued interest
2. Collection costs
3. Tax or charge.

The payment is applied to the tax and charge first only in cases where the officer receiving the payment (1) has the power to waive the total accrued interest and collection costs and (2) does waive the full amount.

B. Covered Payments

The procedure applies to partial payments for:

1. Real and personal property taxes, betterments, special assessments, excises and other local taxes committed to the collector.
2. Redemption of tax titles.
3. Municipal charges and fees, such as water, sewer, trash or others, whether billed and collected by the collector or another municipal officer.