

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

REPORT



The General Court
Special Commission on Municipal Relief

May 2009



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*If we are together nothing is impossible.
If we are divided all will fail.*

-Winston Churchill



Introduction

Today, we, as a Commonwealth and a nation, face the most perilous economic times since the Great Depression. Jobs are disappearing, businesses are struggling, and the financial savings of families across the state have been dramatically reduced. Both state and local government have implemented drastic spending cuts and layoffs. Essential services- schools, public safety, human services- are in jeopardy. Now, more than ever, we are called to provide the tools for sustainability of core programs on which so many depend.

Created by the Massachusetts Legislature in July 2008, the Special Commission on Municipal Relief is a joint bipartisan effort of both the Massachusetts Senate and House of Representatives, designed to help promote fiscal stability to the Commonwealth's 351 cities and towns. Through the collaborative efforts of lawmakers, business leaders, educators, labor leaders, and municipal officials, the Commission seeks to provide statutory relief to local communities and equip them with the tools to continue to provide core services in the 21st Century.

Soon after the Commission convened its members for the first time, a hearing was held on December 3, 2008, to gather public testimony. While considering hundreds of proposals submitted to the Special Commission on Municipal Relief, members were guided by one overriding goal: ensure reform measures are adopted before asking taxpayers for additional revenue. The Commission considered regulatory relief, administrative creativity, and additional revenue in the drafting of its recommendations. In some cases, the Commission recommends to establish a more specialized commission to study additional proposals. In other instances, the Commission chose to provide recommendations only in this report instead of proposing legislation. Some proposals were found to be outside the Commission's purview and others were discovered to have been already addressed either in statute or by agency regulations. Testimony to the Commission included some of the same proposals which Governor Patrick chose to include in the Municipal Partnership Act he filed in January 2009. Where appropriate, those proposals are also included here.

It is the hope of this Commission that the recommendations listed in this report be adopted by the Massachusetts Legislature in short order. Swift action will help bring immediate relief to many cities and towns facing unprecedented fiscal challenges in the current economic environment.

Local Revenue

Proposition 2 ½

In Massachusetts, towns and cities rely heavily on their ability to collect property taxes to fund local services such as police, fire, water, education and more. Through 1981, the property tax rate was unrestricted and municipalities relied on it for 59.1% of their revenue source.¹ However, as a response to swelling property taxes, Massachusetts voters enacted a property tax cap which

¹ "Local Communities At Risk," Municipal Finance Task Force, Metropolitan Area Planning Council, Boston, MA, September 2005.



was implemented in 1982. This property tax cap, known as Proposition 2 ½, limits the rate by which a municipality may increase the property tax levy from year to year. Initially, it was successful in reducing municipal reliance on property taxes. But ultimately it resulted in substantial municipal layoffs.

While Proposition 2 ½ was meant to slow the growth of property taxes, the cost to run a city or town increases yearly with inflation, health insurance and employee pension responsibilities. When costs increase yearly and revenue does not, the disparity may be met with overrides or major cuts in services including education and public safety. As a result, communities may ask voters to approve an override of Proposition 2 ½ for a certain amount. This practice leads to inequities across the state since smaller communities, wealthier communities, and those with many school-aged children are more likely to attempt overrides and are more successful in passing them.²

With a decreased capacity to raise revenues through property taxes, communities may look elsewhere to raise funds. Non-property tax revenues include local option taxes on meals, or lodging, fees for licenses, permits, or fines, and fees for services such as water and trash collection. However, as a percentage of residents' income, these property tax alternatives disproportionately affect low-income residents.

Increased Reliance on Property Taxes

Local aid funding has steadily increased since the mid-1980's. In fact, the "additional assistance" category of aid was created specifically to address the service delivery problems that occurred in the wake of Proposition 2 ½. Lottery revenue has also provided historic revenue growth. Yet, both forms of local aid are unreliable because of their susceptibility to economic conditions. In fact, the recent financial crisis has reduced lottery receipts and caused funding cuts in local aid. Formula-driven local aid distributions are not substantive enough to fund municipal service delivery. As such, despite the passage of Proposition 2 ½, cities and towns have become increasingly reliant on property tax increases. Between 2000 and 2007 many towns levied substantial property tax increases. For example:

- Lowell increased 43%
- Quincy increased 58.4%
- Fall River increased 52.6%
- Erving increased 267.9%

Such increases put a serious strain on residents, particularly those on fixed incomes. As the population of Massachusetts ages, property wealth becomes an unreliable measure of a citizen's ability to pay.

Increasingly, city and town officials are turning to Proposition 2 ½ overrides to maintain current service levels. Since 1983 there have been 4,452 total votes in municipalities across the Commonwealth. Between FY2000 and the time this report was authored, there had been 1,186

² The Problems with Property Tax Revenue Caps, Karen Lyons and Iris J. Law, Center on Budget and Policy Priorities, Washington, DC, June 21, 2007.



separate ballot questions asking voters for an override. Approximately 50% of these initiatives fail.

Reliance on the property tax, as well as the need to call for overrides, is exacerbated in difficult economic times when state aid is volatile. Coincidentally, these are also the times in which property wealth least reflects the ability to pay taxes.

Local Autonomy

Further compounding this fiscal quagmire is the lack of autonomy possessed by municipalities to levy taxes beyond those on property. As political subdivisions of the Commonwealth, the 351 cities and towns in Massachusetts possess only those powers granted to them by the state. To date, the only state-wide local option tax available to communities is the hotel/motel tax. This excise tax allows cities and towns to levy a tax of up to 4% on the taxable rent of hotels, motels, lodging houses and certain bed and breakfast establishments. The local option tax is added to the 5.7% room occupancy tax collected by the state. Currently, 168 towns have enacted the hotel/motel local option tax.

In terms of national comparison, tax levy autonomy of municipal governments varies widely from state to state. Each state differs on the types and levels of taxes that can be imposed at the local level. Nationally, Massachusetts is among the states with fewer local option taxes. This is a New England regional trend and not one confined to the Commonwealth. Municipalities in Massachusetts, Maine, New Hampshire, Rhode Island, and Connecticut have access only to property tax. Vermonters have the ability to tax property and limited sales.

A recent study by the National League of Cities found that Massachusetts had the second-highest amount of state local aid as a percent of local revenue in the nation. Although this finding may appear positive, it illustrates an over-reliance on state funding in the delivery of local services.

State Funding

The Commission examined a number of proposals to amend how local aid is delivered. Though many of these proposals were outside the scope of this Commission, there were two changes that were highlighted for support.

Local Aid Stabilization Fund

Due to the current recession, the state had to make the difficult decision to cut funds for local aid in the FY 2009 and budget. In order to promote additional stability in economic downturns, the Commission recommends that a separate Local Aid Stabilization Fund be established by the Commonwealth. The annual amount deposited in this fund shall equal the percentage of local aid as a portion of state spending, applied to the Commonwealth's year-end operating surplus. The fund would exist to minimize the need for local aid cuts in economic downturns. In order for a community to benefit from this fund, they must first use funds from their local stabilization fund at a rate consistent with the Commonwealth's draw from its rainy day fund. In addition, communities would be required to develop management improvement plans that would be filed



with the Division of Local Services to ensure efficient use of funding. As part of these plans, municipalities would identify areas in which inter-municipal cooperation and consolidation would be possible for additional savings.

House & Senate Local Aid Resolution

In fiscal year 2008 and fiscal year 2009 the House and Senate have preceded budget negotiations with an early accord on local aid levels for the next fiscal year. This is beneficial for communities since they draft their annual budget and hold town meetings in the early spring while the Legislature is still debating the state's budget. The Commission recommends that the House and Senate continue annually to reach a timely agreement on levels of local aid, including Chapter 70 funds and lottery aid, which will help communities plan their budgets more efficiently.

New Municipal Revenue

Due to growth in operating costs and scope of services at the municipal level, the Commission acknowledges the need for new streams of local revenue. Reliance solely on property taxes and state aid puts municipal services in a precarious position. In times of economic downturn, state aid can be an unreliable source of revenue. Municipalities are severely limited in their ability to raise property taxes commensurate with operating costs. Moreover, reliance on the regressive property tax places an undue burden on the elderly and those on fixed incomes. As such, the Commission has outlined a number of areas of responsible revenue growth for the Commonwealth's municipalities.

Expanded Rooms Tax

In 1985, the Legislature passed a local option tax allowing municipalities to collect up to 4% in additional room occupancy tax on top of the state rooms tax of 5.7%. This applied to accommodations including hotels, motels, lodging houses, and certain bed and breakfast establishments. The rooms tax is collected by the municipality and remitted to the Massachusetts Department of Revenue. The department then credits the municipality the full amount of local option tax collected. In 1997, legislation was passed to allow certain cities with convention centers to impose an additional 2.75% occupancy tax. These cities include Boston, Cambridge, Springfield, and Worcester.

As of 1988, the room occupancy tax was expanded to include bed and breakfast establishments with four or more rooms where breakfast was included in the rent. Currently, properties such as rental vacation homes, corporate executive temporary apartments, time shares, and rented vacation condominiums are not subject to the state or local occupancy excise tax. Although families may purchase a vacation property or second home for their own personal use, some purchase vacation properties to rent as a source of income. Some hotel/motel establishments converted their accommodations into condominium or timeshare rentals causing towns to lose that occupancy excise revenue.



Today, 168 municipalities impose the local excise tax on room occupancy. Many of these towns have voted repeatedly to adopt increases incrementally over time to reach the maximum of 4%. The Commission recommends an increase of the local option excise by 4% to a maximum of 8%. Communities currently allowed to impose excises above 4%, including the city of Boston, would be entitled to increase their current rates by an additional 4% as well. It is also recommended that the state and local room occupancy tax be expanded to include vacation and leisure accommodations rented for less than 90 consecutive days. The definition of ‘other transient accommodations’ would encompass rented vacation homes, cottages, condos, and timeshares. The owners of such accommodations would be required to comply with existing regulations to collect and report state and local room occupancy taxes to the commissioner of revenue. The commissioner is charged with generating rules, regulations, and forms to implement this expansion within one year of passage. Approximately \$80 million in new, statewide revenue for municipalities could be recognized through the adoption of the local option increase.

Telecommunications Assessments

In the early 1900’s, telegraph and telephone companies were provided property tax exemptions to promote expansion of the relatively new industry in the Commonwealth. These tax exemptions included personal property taxes on poles, wires, and equipment located on public property or public rights-of-way. Although telephone companies were considered to be utilities, they were not taxable as other utilities such as electric companies. In those instances where electric and telephone companies jointly owned and operated poles, the tax for those poles would be assessed at 50%. The taxation of poles and wires was further complicated by stipulations that when located on private property the poles and wires were taxable. All underground wires are taxable. There are also differences based on corporate structure and industry classification. Over time, the lines have blended with the development of technology including wireless telephone service, cable television, internet, and satellite television. For instance, the Town of Newton filed a Supreme Court case arguing that RCN is a company which primarily provides cable and internet service and therefore should not classify itself as a telephone company for tax purposes. The ruling found in favor of RCN arguing that companies providing bundled services including telephone service could claim the exemption even if only one telephone call were carried on those wires per year. This case and several others reaffirmed the tax exemption for these companies.

However, in March 2008 an Appellate Tax Board (ATB) ruling on a case against Verizon New England, Inc. found that Verizon is indeed responsible for the personal property taxes of poles, wires, underground wires, and pipes found on public ways as found in Chapter 59 of the Massachusetts General Laws. This effectively reversed previous court decisions. The Department of Revenue, which is responsible for the valuation of these properties, began to implement the ruling for fiscal year 2009. Verizon has filed an appeal challenging the ATB ruling. Therefore the Commissioner of DOR is requiring, as part of its rate setting duties, that cities and towns place funds collected on poles and wires in their overlay accounts as a protection against a possible overturned decision that would result in refunds for taxpayers.



It is the recommendation of the Commission that the finding of the Appellate Tax Board be codified, thus eliminating confusion surrounding taxation of such assets and allowing municipalities to collect and also expend these funds. The adoption of this measure would generate approximately \$52 million for cities and towns.

In addition, the Commission proposes to equalize the taxation of cable and satellite television services. Currently, satellite television providers do not pay 5% sales tax on the services they provide to Massachusetts residents. Funds from this source will be deposited into the state's General Fund, and will be used for state-run municipal support programs.

Vehicle Inspection Fees

The motor vehicle inspection fee has remained unchanged at \$29 for many years. The majority of this fee is retained by the station which conducts the inspection. Under 2008 regulation changes, the inspection station will receive a greater share of the fee, up two dollars from \$20.50 to \$22.50. This was calculated based on the station per-test savings from less expensive equipment leases, which occurred over time through technological improvements. The Commission proposes a \$6 increase in the annual motor vehicle inspection fee, establishing the automobile fee at \$35 and the motorcycle fee at \$21. This new revenue would be appropriated for municipal police training, state police training, and community policing needs and would be deposited into a newly created fund for this purpose. It is estimated that this fee increase would generate approximately \$27 million per year.

Sending a recruit to a police academy is an investment for a city or town since tuition, as the main direct expenditure, is not the only cost a department incurs. The Commission proposes to cut down on the instances of recruits obtaining training in their sponsoring district and then transferring soon thereafter for a more lucrative position in a neighboring city or town. In order to promote more uniform municipal police training costs for municipalities, the Commission recommends establishing a 50/50 state funding match program for municipal police training. The Commission directs the Secretary of Public Safety to develop regulations requiring partial repayment of tuition costs by a police officer should they choose to leave the employment of the sponsor community within a certain number of years.

Funding for municipal police training should be used prudently and effectively. Therefore the Commission is proposing that certain reforms be made at the Municipal Police training Committee (MPTC). This includes restructuring the MPTC into the Municipal Police Training Agency and requiring increased accountability to the Executive Office of Public Safety. In addition, we propose clarifications regarding the eligibility of police officers for the University of Massachusetts to participate in municipal police training programs.

Commercial Property Tax Penalty Fee

Assessors for cities and towns rely on the information provided them by commercial property owners to determine the actual fair cash value of property. An assessor may request that further information be submitted by the taxpayer in order to more accurately assess property values and often those requests go unanswered. Without this information, it is extremely difficult to



accurately determine taxable value. These requests are disregarded because there is only a modest penalty fee of \$50 assessed. Filing extension requests granted by the ATB allow property owners to submit information after the deadline treasurers are required submit their assessments. When so many dutiful property owners submit information as requested, it is inequitable for some to be evading the system. The Commission recommends that extensions be granted only within the assessment deadline and the penalty fee be increased to \$500 for commercial and industrial properties and extension requests shall not be. This change does not impact residential homeowners. The proposed statute will not change the current requirement that the city or town notify the property owner of the delinquency and impending penalty.

Local Meals Tax

The Commission recommends allowing municipalities the option to adopt a local meals tax of 2%. In those communities that adopt this 2% option on top of the state 5% meals tax, the community will receive half of the local option revenue originated in the community. The remainder, minus 7.5% which will fund a Regionalization Incentives Fund (discussed below), will be distributed via formula to those communities who adopt the local option. The incentives and grants available through the Regionalization Incentives Fund will be available only to those communities which adopt the 2% local excise. Even communities that do not have restaurant establishments within their borders may adopt this local tax in order to benefit from the aid distribution and regionalization incentives. Communities that do not participate will not benefit from any additional revenue or services. A cap on the amount of revenue a community may receive under the distribution will prevent a community from receiving a total more than the full 2% it collects in a given year.

If the 2% local meals excise were to be adopted by all 351 municipalities in the Commonwealth, the total estimated revenue for communities is \$230 million.

Regionalization & Shared Services

In addition to increased revenue, regionalization and inter-municipal collaboration hold substantial promise for the future of municipal services. By jointly purchasing and providing services, as well as merging administrative functions, municipalities can obtain substantial cost savings. Many other states have already implemented programs to make local service delivery more efficient.

New Jersey designed a program to encourage shared local services. The Sharing Available Resources Efficiently (SHARE) program encourages local cooperation with grant money for municipal program, planning and development, and research. The Regional Efficiency Development Initiative (REDI) program provides grant money for feasibility study and initial implementation of shared service programs. With the combined resources of these programs, municipalities are both encouraged to share services and given assistance with making these models a reality. As an added bonus, New Jersey offers property tax credits to residents living in communities that adopt new measures through these programs.



In 2005, New York created the Shared Municipal Services Incentive Grant Program. That program provides technical assistance and grant money to two or more units of local government that work to consolidate services. Moreover, New York created a revenue enhancement program entitled the Aid and Incentives for Municipalities (AIM) program. Through this program consolidated municipalities receive the combined aid each would receive separately, as well as a twenty five percent increase in the combined aid amount.

The capacity to implement such regionalization incentive programs currently exists in Massachusetts. The Commonwealth's regional planning agencies play a strong role in planning and implementing short and long range improvements for a variety of functions. Councils of Government in Franklin and Hampshire counties have proven effective in delivering services to a large geographic area. In some cases, regionalized services already exist. Berkshire County currently operates a regional 911 call system and other communities have begun to examine this option. Through collaborative purchasing of trash removal services, Quincy, Weymouth, and Braintree have saved hundreds of thousands of dollars.

The Commission has sought to identify a number of methods through which to encourage regionalization.

Inter-Municipal Agreements

As a method to encourage regionalization and reduce duplication of governmental services, the Commission recommends that the Commonwealth encourage the utilization of inter-municipal agreements. Chapter 188 of the Acts of 2008, An Act Regulating Inter-Municipal Agreements, substantially eased the ability of municipalities to purchase services jointly. Collaborative purchasing efforts between municipalities have tremendous potential as a cost saving mechanism, and- because they are locally controlled- can offer fiscal relief to our smallest towns and largest cities. In addition, the statute provides broad discretion to the types of services that municipalities chose to fund under this option.

There are three forms of inter-municipal agreements into which cities and towns may opt to enter. These include:

- **Formal contacts** under which municipalities join into a written agreement to provide or purchase services from one another at a determined cost.
- **Service exchange agreements** through which municipalities offer to provide services to each other without payment.
- **Joint service agreements** in which municipalities partner to purchase services collectively.

Assistance to begin such ventures is available through the District Local Technical Assistance program and the Division of Local Services. The Commission recommends adopting the Governor's amendment in the Municipal Partnership Act 2009 which would clarify how intermunicipal agreements shall be established. In addition, the Commission recommends the adoption of several of the Governor's regionalization related proposals from the 2009 Municipal Partnership Act, including sections allowing municipalities to participate in statewide mutual aid agreements and allowing municipalities to share assessing department resources and staff.



Regionalization Incentives

As detailed earlier in this report, a portion of funds raised by increasing the meals tax will be deposited in the Regionalization Incentive Fund. If funds are unavailable from this source, the Commission urges the adoption of dedicated funding via another revenue stream recommended in this report. Disbursements from this fund are designed to assist municipalities in their efforts to collaborate, consolidate, and regionalize through the provision of funds to support feasibility studies, planning, and transitional aid. The intent of this new legislation is to provide assistance from the initial concept through full implementation. Managed by the Secretary of Administration and Finance, these funds would be available for an array of local services, including but not limited to, education, administration, information technology, and public safety. Modeled after plans in both New Jersey and New York, this program holds the potential to drastically increase efficiencies in local service delivery.

Regional Public Works

Throughout its work, the Commission has received requests from municipal officials seeking to regionalize assets used in public works departments. These included, but were not limited to, the following: creation of regional fuel depots, shared state-intermunicipal road equipment, and the creation of administrative DPW districts. In its research on regionalization, the Commission was not able to identify a model through which these proposals could be implemented; however, these proposals do deserve further consideration. As such, it is the Commission's request that the Massachusetts Highway Department, in collaboration with the Secretary of Administration and Finance, conduct further research into the feasibility of these proposals.

Healthcare

The rising cost of healthcare is the greatest financial challenge facing municipalities. Over the past 10 years these costs have become an increasingly larger percent of municipal spending, diverting funds from core services such as schools and public safety. Statistical analysis gives a clear picture of the current climate:

- From FY2001 to FY 2004, annual growth in health insurance costs of municipal employees exceeded the allowable 2.5 percent growth in local taxes in the existing property base by 8% a year on average³
- Health care increases comprised 54% of the overall growth in property taxes
- Health care costs for municipal employees jumped 63% from FY 2001 to FY 2005, while municipal budgets increased 15%
- Local employee health care costs increased from 7.4% to 10.6% of municipal budgets from FY 2001 to FY 2005

While these rising costs are not a result of the current economic recession, the need to address them is more pressing than ever.

³ "Municipal Health Reform: Seizing the Moment" Boston Municipal Research Bureau and Mass Taxpayers Foundation, 2007



Municipal Healthcare Reform

In 2007 the Massachusetts General Court adopted a provision allowing municipal employees to join the Group Insurance Commission (GIC), the state employee health plan provider. Potential cost savings from such a move presented significant financial benefits to cities and towns. In comparison to health care cost increases of 84% for municipal employees from 2001 to 2006, GIC health care costs increased 47%. The 2007 law allowed cities and towns to elect to join the GIC through coalition bargaining with the Public Employee Committee. Through this process, 70 percent of unionized employees must give approval before a municipality may adopt this option.

For a variety of reasons, and despite tremendous potential cost savings, only 30 communities and districts have decided to enter the GIC system.

Promoting Affordable Health Plans

Of the various health insurance related proposals put forward, the Commission endeavored to find cost savings while preserving collective bargaining rights of public service employees. The goal of the Commission is to steer communities to more affordable health insurance plans where necessary. This does not necessarily mean that there is a one-size-fits-all solution. Keeping that in mind, the Commission proposes the following multistep process to guide municipalities toward meeting an acceptable level of affordability:

- **Day 30 (after bill passage):** By this time, the Secretary of Administration and Finance (A&F) would determine a certain level of affordability for health insurance using GIC as a model. A&F would set regulations requiring that municipalities be within a certain range of that affordability level – hereafter called the benchmark.
- **Day 60:** Require cities, towns and districts to conduct and submit to A&F a cost analysis of their current health plan.
 - Cities, towns, and districts which fail to conduct this analysis would be penalized in their local aid for the subsequent year in an amount equal to the potential cost savings.
 - Municipalities which spend less than or equal to the benchmark would be in compliance.
 - Municipalities which spend more than the benchmark would be required to meet with the public employee committee and come to a health plan agreement to meet the benchmark within 90 days.
- **Day 150:** If no agreement is reached by this time, mediation would be triggered in order to meet the benchmark. The mediator would determine the plan to be adopted which will meet the benchmark. This decision would be binding on the public employee committee.
- **Post-150 days:** The city or town would have the option to reject the mediator’s plan by a 2/3 vote of the political subdivision.



- If the municipality rejects the mediator’s judgment, local aid would be penalized in an amount equal to the potential cost savings for the subsequent fiscal year and each year thereafter until the benchmark is met.

Health Care Spending Accounts & Dependent Care Assistance Programs

Currently, state employees have the option to establish personal Health Care Spending Accounts and Dependent Care Assistance Programs under GIC. These accounts allow the member to set aside their own pre-tax funds in order to pay for certain child care and health care related expenses throughout the year. Eligible expenses for an HCSA may include pharmaceuticals, over the counter medications, some office and prescription co-payments, and certain other expenses not covered by eye or dental insurance plans. However, municipalities which choose to enroll their members with the Group Insurance Commission are not permitted to access GIC provided Health Care Spending Accounts or Dependent Care Assistance Programs. This Commission proposes to extend these additional benefits to municipal employees who enter the GIC.

Health Reimbursement Accounts

Municipalities of the Commonwealth are currently authorized to establish Health Reimbursement Accounts using town appropriations to supplement the health insurance of their members. These accounts are used to cushion the most vulnerable employees who incur extraordinary out of pocket expenses for health related issues. Each municipality may choose to set up these accounts using various guidelines. Currently, municipalities who join the state’s GIC health coverage are not permitted to operate these Health Reimbursement Accounts. In order to provide as much continuity between plans, the Commission proposes to allow communities the option to establish or retain a Health Reimbursement Account. The funds could only be accessed for those members who incur expenses over \$1,000 and then only certain eligible costs above and beyond this amount would be reimbursed.

Medicare Enrollment

Currently, state retirees are required to enroll in Medicare Part B, the federal medical insurance coverage program, when they become eligible. Municipal retirees, however, are under no such blanket requirement. Under current statute, a municipality may choose to enroll retirees by a vote of city council or town meeting. Still, few have chosen to do so because of certain penalty fees for enrolling retirees over the age of 65 and the efforts involved with locating and enrolling all current municipal retirees. In spite of the additional efforts and penalties incurred, significant cost savings remain. Springfield chose to adopt this measure and, according to the Department of Revenue, will save about \$19 million over the next three years.⁴

The Commission recommends that every municipality should be required to enroll future and current eligible retirees in Medicare Part B coverage. The city, town, or district would be responsible for any penalties assessed by the federal government. Still, enrolling in Medicare

⁴ Massachusetts Department of Revenue, Division of Local Services Technical Assistance, “Saving Money on Retiree Health Insurance,” 2009.



Part B would provide considerable cost savings for municipalities while providing comprehensive health coverage for the retiree.

OPEB Sliding Scale

Other post-employment benefits (OPEB), which can encompass health, life, dental, vision insurance, long term disability and more, were excluded from the pension liability funding schedule that was established in 1987. They are currently administered on a pay-as-you-go basis, meaning the state pays retiree health costs in the year they are provided. In 2004, the Government Accounting Standards Board (GASB) Statement 45 was released requiring state and municipal accounting and reporting of other post employment benefits. While the GASB Statement 45 does not include a funding requirement, it is suggested that better accounting practices could lead to communities establishing OPEB funding schedules of their own. In January, Governor Patrick signed into law Chapter 479 of the Acts of 2008 to give communities tools to better manage their OPEB liability. This statute adds a new section to Chapter 32B of the General Laws which allows a community to establish an Other Post Employment Benefits Liability Trust Fund and a funding schedule for that fund. Some municipalities, including the town of Wellesley, have established similar funds on their own by home rule petition. Given the current economic climate, the Commission urges communities to adopt the provisions provided in Chapter 479 of the Acts of 2008 and to evaluate their liability, and establish and implement a funding schedule for these further pension liabilities.

Currently, a part time employee working less than 37.5 hours per regular work week (but more than 20 hours) receives the same health care benefits and contributes the same percentage of the premium as those who work full time. Governor Patrick has proposed to address this in his Municipal Partnership Act by giving communities the ability to negotiate health benefits for part-time employees on a prorated basis. However, part-time employees who retire under the Governor's system would still receive the same benefits as full-time employees.

The Commission recommends that the Governor's proposal be adopted, but also proposes to give municipalities the ability to apportion health care on a sliding scale for part-time employees who retire with health benefits.

Education

It was not within the Commission's purview to propose large-scale education reform. The Commission encourages the work of the Governor's Readiness Project, and future efforts to improve education quality. Rather, the Commission focused on those areas in which the Commonwealth could provide regulatory relief for school financing and identify policies that would result in greater administrative efficiencies. In addition to other remedies outlined in this report, the educational items below will provide local officials with an expanded array of options to continue providing quality education services across the state.



Administrative Relief

Massachusetts has long been dedicated to providing quality public education to the students of the Commonwealth. Essential in this endeavor is the collection of qualitative and quantitative data that measures both student and district-wide progress in a variety of fields. Although the submission of data by local school districts to the Department of Elementary and Secondary Education (DESE) is a necessity in ensuring compliance with both state and federal education standards, this Commission acknowledges the fact that the magnitude of reporting requirements may place an undue burden on school administrations.

A recent review of the “Superintendent’s List,” a summary of all the reports to be submitted annually to DESE, revealed that local districts are subject to over 120 individual reporting requirements. In more direct terms, this means school administrators are, on average, responsible for a new report every 1.5 schools days. Though the intention of this data collection is to improve quality, in many instances it draws administrators away from discussions about specific education-improvement strategies within their districts.

It is the recommendation of the Commission that the Commissioner of DESE review and revise the current school district reporting requirements, consolidating wherever possible under the guidelines set by state and federal law.

Special Education

Special education presents a significant cost challenge for many local governments. Both state and federal law affirm the commitment to helping those students with disabilities learn in a free, appropriate environment, and much progress has been made in the provision of services by municipalities in the past 20 years. Yet, this success has often presented a great challenge for local and state administrators in crafting their annual budgets. In addition to providing educational services, districts often provide an array of medical and therapeutic care. Like health spending, the cost of special education has risen dramatically.

Research conducted by DESE indicates that special education costs in Massachusetts were \$6.9 billion in 2000 and rose to \$9.6 billion in 2007, an increase of 41.1%. During that same period the number of special education students in the Commonwealth increased by 1.6%. When passed in 1975, the federal special education law, the Individuals with Disabilities Education Act (IDEA), pledged to provide 40 percent of the costs associated with the provision of special education services. To date, this promise has not come to fruition. As such, the tremendous cost of providing these needed services is placed on state and local government. City and town officials who testified before this commission indicated that these costs represent a substantial percentage of local education spending.

Medicaid Reimbursements

Increasingly, school districts are providing medically-related services to special education students in order to promote full inclusion and allow students to learn in the least restrictive environment possible. Because of the nature of the services and the students served, a large



amount of the cost incurred in this area of spending is eligible for federal Medicaid reimbursement. Currently, such reimbursement is sought under a per diem model. This recoups costs based on a fixed daily rate regardless of the scope of services provided. An alternate model, known as fee-for-service, would allow local districts to seek reimbursements based on the actual services provided to students.

The State Office of Medicaid is currently working to adopt this model. The Commission recommends that they continue to move in the direction of fee-for-service reimbursement and urges a timely implementation.

Special Education Out-of-District Tuition

In addition to transportation, out-of-district tuition is another area of substantial cost in providing needed special education services. Due to program specificity and the scope of services provided, it is not uncommon for these placements to cost many times the district's average per pupil rate. Special Education Circuit Breaker funding is available in instances where spending reaches four times the foundation level of per pupil spending, but cities and towns must work within their given budgets to identify the majority of costs.

Although the Commission recognizes costs fluctuate due to changes in Individual Education Plans (IEP) through the school year, the Commission also sees an opportunity to amend rate setting procedures to ensure local budget stability. Rates for such services are set by the state Operational Services Division, and implementation dates vary from student to student and from service to service. Such a practice puts a tremendous burden on local budget-building, as costs can shift dramatically after school budgets have been established. As such, the Commission recommends that out-of-district rates be set at the beginning of the fiscal year and that cost changes only be made due to the determination of a change in need based on a student's IEP.

Special Education Transportation

Transportation for special education students is another area of significant cost to cities and towns. Of particular concern to the Commission is the practice of contracting transportation services for children in out-of-district placements. Such spending, which can exceed \$300 per day per student, is not reimbursable under the Special Education Circuit Breaker program. Depending on the need of the child, daily transportation could vary from travel to the next town to a commute of over an hour. In some instances, the cost to districts for these services exceeds the cost of tuition paid to the educational institution to which the student is traveling.

Under current practice, school districts do have the flexibility to reimburse parents who volunteer to transport the child in lieu of contracting a private entity. Significant cost savings can be had by districts utilizing this method; however, current statutory limitations have led to substantial underutilization. In light of this, the Commission recommends that school districts be allowed to negotiate transportation rates with parents so long as the rates negotiated are lower than what would have been paid for contracted services.



Special Education Best Practices

As in many areas, the administration and development of special education services varies greatly from municipality to municipality. To date, the Department of Elementary and Secondary Education has not developed a statewide set of best practices in this area. Therefore, the Commission recommends that the department identify, support, research disseminate, and implement identified best practices for the purposes of providing quality, cost effective special education services. This shall include providing necessary technical assistance such as educator training, and classroom resources.

Coordination of Services

A priority of this Commission is to identify and encourage possible areas in which municipalities could collaborate in the provision and procurement of service. In addition to inter-municipal collaboration, there should also be intra-municipal collaboration. In soliciting information, the Commission received a number of concerns regarding duplication and overlapping of the services provided by municipalities and school districts, particularly as they apply to non-academic support personnel and budget lines. Both areas of government have substantial facilities or staff needs, and in many cases the funding for such is segregated in school and municipal budgets. The Commission would urge municipalities and school districts to collaborate to ensure that services are being delivered under as efficient a model as possible.

Single District Transportation Agreements

Single district school transportation also presents a significant budgetary hurdle at the local level, particularly in suburban and rural communities. Current guidelines require that single school districts provide free transportation for students in grades K-5 if they live more than two miles from their school. Transportation of students within a two miles radius is provided at the discretion of the school district. Reimbursements to cities and towns are not available for either option. Through the use of inter-municipal agreements, districts could recognize substantial cost savings for these services. The Commission attempts to remove barriers present in the current municipal collaboration laws, and encourages districts to purchase contracted non-academic support services collaboratively.

Administrative Relief/ Municipal Collections

Pension Liability Funding

In 1988, Massachusetts established a triennial funding schedule to fully fund the state's future pension liability by 2028. Prior to this time, the pension system was a pay-as-you-go system where current employees were funding only the current year's retiree costs. This system is only effective when relatively few employees retire at a time. Establishing a plan to reach a fully funded system over time was an important initiative to undertake since large populations of 'baby boomers' would be reaching retirement in the near future and the pay-as-you-go system would be unsustainable.



The unfunded liability issue was first addressed by Chapter 697 in the Acts of 1987 which required that each pension system establish a schedule to reach a fully funded system by the year 2028. A city or town's funding schedule is calculated based on the total accrued pension obligation and the amount left unfunded. Subsequent payments are amortized at 4.5% annually in order to reach the funding deadline. Upon reaching full funding, a system is required to continue funding normal costs. According to the 2007 Public Employee Retirement Administration Commission (PERAC) Annual Report, of the 106 pension systems across the Commonwealth, 3 were already fully funded and 93 were expected to be either fully funded or have reduced annual payments by FY13.

Due to the recent economic recession, the situation for many public pension systems has changed dramatically. There have been several proposals to alleviate cities' and towns' contributions during this difficult time including suspending payments, reducing payments, or extending the 2028 deadline. Keeping in mind that each public pension system has a different liability and funding schedule, the Commission recommends giving towns the option of temporarily reducing payments for two fiscal years. This measure effectively gives cities and towns the option to partially alleviate payments. In FY10, the appropriation to the fund would be at least 90% of that in FY09. In FY11, the appropriation would be at least 95% of FY09 and FY12 would be at least equal to appropriations in FY09. An evaluation of current market conditions would be done in 2012 to determine whether further appropriation adjustments are needed.

Procurement

To improve the affordability and timeline of local projects and purchasing, the Commission is recommending a number of small changes to current procurement laws. For example, the Commission would allow municipalities to use sound business practices, as opposed to a bidding process, when contracting construction, repair, and remodeling services valued at less than \$5,000. Currently, such a practice is utilized only for the procurement of goods and supplies under \$5,000. The Commission's legislation details the parameters that towns may use under this option, and ensures state oversight capabilities.

Reverse Auctions

Reverse auctions relate to the way in which companies submit bids to secure state contracts. This process allows companies to bid against each other online in real time when bidding for contracts. The Massachusetts Operational Services Division was instructed in the FY2005 state budget to promulgate and implement regulations to allow reverse auctions for state contract bidding. However, this did not include allowing municipalities to do the same. The Commission recommends amending the procurement statute to explicitly define reverse auctions and electronic bidding for municipal contract procurement purposes. In addition to the cost benefits mentioned above, this practice would provide greater transparency in the bidding process.



Municipal Lease Limit

Currently, the maximum allowable lease agreement that communities are permitted to enter into is 10 years. In order to increase revenue and maintain historic buildings, cities and towns may choose to lease municipally-owned buildings to private businesses and non-profits. Such arrangements can be beneficial to both parties involved. However, current law limits the incentive for a tenant to do improvements and renovations. The same restrictions apply when a municipality seeks to lease space for government use. As such, the Commission recommends that the allowable municipal lease limit be increased from the current 10 years to a maximum 25 years.

Tax Increment Financing & Economic Development Incentive Program

The Commission proposes to allow municipalities to negotiate the exemption percentage provided in Tax Increment Financing (TIF) plans. Currently, this economic development tool allows a community to negotiate the percentage of the real property tax with an incoming corporation based on the added value to the community that the project would bring. However, under current statute, the personal property tax is entirely exempt. In some cases, a corporation's personal property could be worth as much as, or more than, the real property tax. A municipality is not prohibited from incorporating the value of the personal property in its TIF plan negotiations of the real property tax exemption, but this change would explicitly give a municipality the ability to better negotiate.

Affordable Housing Development Excess Profits

Under current statute, cities and towns engaged in 40B housing projects may only use the excess profits from such endeavors to fund additional housing development and maintain established affordable housing units. Although the original intent of this law was sound, market factors and strains on municipal services present obstacles to the effective use of these funds. The Commission recommends that cities and towns with excess profits be able to use such funds for additional municipal services, including: public safety, education, and public works.

State Cultural Districts

Massachusetts is fortunate to have a unique combination of beautiful ocean views, majestic mountains, and artistic and historical treasures. Currently, eight states have cultural district programs to help communities develop and market their cultural assets for economic benefit to artists and communities alike. These programs help to clearly identify mixed-used areas with a high concentration of cultural facilities, and also encourage the creation of public-private partnerships. The Commission proposes to establish cultural districts as a development tool for the creative economy. In order to support and encourage tourism and local small business, the Commission recommends directing various state agencies to reevaluate economic development grants and incentive eligibility to include local cultural districts.



Municipal Investments

City and town treasurers currently have the ability to invest trust funds and surplus cash using specific investment practices outlined in the General Laws. Both the amount and type of investments treasurers are allowed to make are relatively conservative. Allowing treasurers to invest for a period longer than 1 year, with the consult of an investment professional, would give towns a greater return on funds. For example, a treasurer could diversify investments and obtain a higher return by staggering investments such as certificate of deposits. The Commission proposes to give communities the option to invest available cash for a maximum of 3 years.

In addition, some municipalities have petitioned the Legislature to allow its treasurer to invest trust funds using more diverse investment practices. The Commission proposes to give communities the option to invest trust funds following the prudent investment rule. Professional investment advisors are required to advise or manage investments. Where applicable, each trust fund board of trustees would provide input on investment guidelines since certain trust funds may have been established with special guidelines from the donor(s).

Motor Vehicle Excise Bill Due Dates

Currently, a municipality requires that motor vehicle excise be paid within 30 days from the date issued. Although the issue date is printed on the bill, the exact due date is not. This method of determining a due date can be confusing for taxpayers. Simple changes in billing procedure can save both taxpayers and municipalities time and money. The Commission proposes to require that precise due dates be printed on motor vehicle excise bills.

Abandoned or Unclaimed Checks

Unclaimed and abandoned checks that have been issued by cities and towns represent funds in limbo. Current law states that local collectors or treasurers must wait three years before an uncashed check may be deemed abandoned and then a municipality may begin the process of reclaiming the funds which can take an additional 18 months. In the current fiscal crisis, abandoned checks should be reclaimed in a shorter time period. The Commission proposes that cities and towns be allowed to deem a check abandoned if left unclaimed for one year provided that notice of the one year expiration is printed on the check. After the check is deemed abandoned, the treasurer or collector would provide multiple notifications to attempt to reach the claimant. This would include notice by mail at the last known address and the posting in the local newspaper.

Online Electronic Billing

In this internet age, many private sector companies have provided online billing and electronic payment options for consumers. Online billing provides consumers an easy way to make payments, and companies an easier way to process payments. Some municipalities have already begun to offer optional online tax bill payments. As a supplement to online bill payment, the Commission proposes to allow municipalities to create electronic billing systems, provided that



taxpayer participation is completely voluntary and that any notices of late payments shall be delivered by post

Municipal Employee Optional Life Insurance Limit

Life Insurance is an optional benefit which municipalities may choose to offer to public service employees. The city or town does not incur costs by offering this benefit as contributions are the responsibility of the employee. The current limit of \$74,000 does not accurately reflect today's varying pay grade levels. To more accurately reflect current wages, the Commission proposes to allow an increase of the municipal optional life insurance to \$150,000.

Municipal Tax Amnesty

In the last fiscal downturn, a municipal relief bill was passed which included a sunset clause allowing municipalities the option to establish tax amnesty program. Where adopted, this program allowed cities and towns to waive penalties, fees, charges, and accrued interest on delinquent taxes, which did not include the actual tax liability. The Governor signed a bill at the end of 2008 which allowed the Commissioner of Revenue to establish a similar temporary program for state taxpayer relief. The Commission recognizes that municipal governments should also be able to conduct a temporary tax amnesty program since financial difficulties due to the current crisis make tax payments difficult for citizens. The Commission recommends that communities be given the option to establish a temporary tax amnesty program for fees, penalties, surcharges, and interest.

Municipal Borrowing for Dredging

The coastal cities and towns of the Commonwealth have unique spending needs pertaining to their maritime habitats. Due to coastal erosion, many beaches need to be periodically replenished and waterways need to be cleared through dredging. For many communities, these projects can be a matter of economic necessity. Current municipal borrowing laws do not explicitly include provisions for dredging projects. The Commission recommends that dredging be added to the list of projects for which municipalities may borrow.

Municipal Borrowing

Amending the allowable scope and easing the process of municipal borrowing would allow for flexibility in incurring debt. The Commission proposes to adopt the Governor's proposal as it has been redrafted in the proposed 2009 Municipal Partnership Act. Municipalities and school districts would be permitted to borrow for the length of the useful life of the asset, not to exceed 30 years. This would also allow municipalities to procure emergency funds in an expedited manner and eases the amortization of debt.

Unpaid Municipal Fines

During seasons of heavy snowfall, city and town sidewalks can be treacherous to navigate, especially for senior citizens and persons with disabilities. Currently, cities and towns may adopt



ordinances or by-laws requiring that residents remove snow and ice from sidewalks which abut their property and the municipality may issue fines to those not in compliance. However, this and certain other ordinances are difficult to enforce. Fines may go largely unpaid and often municipalities do not have an existing system for collecting unpaid fines. The Commission recommends establishing a system by which municipalities may enforce such ordinances and collect due penalties on noncriminal violations. Communities which choose to adopt this would appoint a municipal hearings officer who would issue overdue violation notices and hear appeals.

Boat Excise Compliance

There currently exists a modest excise tax on boats, ships, and vessels based on the length and age of the craft. Although failure to pay the motor vehicle excise tax results in the inability to register one's vehicle with the Registry of Motor Vehicles, there is no such compliance assurance for watercraft. As a result, cities and towns where a vessel is principally moored, docked, or situated have very little ability to recover delinquent vessel excise. The Commission recommends that municipal collectors be required to notify the Office of Boat, Recreational Vehicle, and Snowmobile Registration of any unpaid vessel excise. Said office shall not grant or renew the vessel registration until the registrant pays the due excise to the city or town collector.

Motor Vehicle Registration Compliance

Massachusetts communities which are situated on the border of the Commonwealth often find that some residents fail to register their vehicles in the Commonwealth. The Commission recommends that modest fees shall be applied to new residents who fail to register their vehicle with the RMV within 30 days. Also, any resident who owns a vehicle that is registered out of state, but is, for all intents and purposes, operated within the Commonwealth, would be subject to the penalties equivalent to operating an unregistered vehicle. All revenues collected would be split with the municipality and the RMV.

Library Spending Waiver

Public libraries are required to meet certain spending levels each year in order to receive state aid. Under the current system, a municipality must fund its library at 2.5% above the average preceding three years' budgeted amounts. This is in order to provide balanced funding responsibilities within inter-library loan programs and continuity of library services from year to year. If a library cannot meet this requirement, it may petition for a one year waiver from the Board of Library Commissioners, but there are only 10 waivers issued per year. In this fiscal climate, many municipalities across the Commonwealth will have difficulty meeting this spending requirement. In order to prevent unnecessary reductions in state aid, the Commission would allow all communities to waive the spending requirements in fiscal year 2010 without approval from the Board. Communities choosing this option would be required to restore library spending to required levels within 24 months, and no waivers would be available to those communities who do not meet his stipulation.



Tow Truck Operator Safety

There are currently dual standards for tow truck operators in Massachusetts. Those companies that are contracted with the state or municipalities are required to meet certain safety requirements including registering and obtaining appropriate insurance coverage. Tow truck companies engaged in private towing are not required to meet insurance and certification standards. In order to increase public safety and ensure fair business practices, the Commission proposes that all tow truck operators be subject to the same standards. Under this proposal, operators would be required to obtain background check prior to employment and all companies would be required to seek certification with the Department of Public Utilities.

Assessors Abatement Process

Currently, assessors must receive approval from the department of revenue prior to granting certain abatements. Under current law, a city or town treasurer must receive permission from DOR to grant abatements on things such as duplicate assessments, non-existent buildings, inaccurately assessed personal property taxes and late-filed exemption requests for individuals who received exemptions in the previous year. These abatement requests are often for minimal amounts and are routinely granted by DOR. Several years ago, legislation was passed giving municipal assessors more flexibility in dealing with late-filed abatement requests for boat and motor vehicle excise taxes. The Commission recommends that the Department of Revenue shall issue guidelines to determine an expedited abatement process for those abatement requests which are common and routine.

Condo Assessments

The Commission proposes to allow assessment on undeveloped parcels and parcels under construction at phased condo developments. Currently, such improvements are not taxable until the master deed is amended, which can be a long period of time when a developer does not complete the phasing of the project. This would correct a problem for municipal treasurers and collectors because currently such developments are not separately taxable under the condominium statute.

Community Preservation Act

Since being enacted in 2000, the Community Preservation Act has been a very successful tool for cities and towns to raise funds for protection of open space, creation of affordable housing and preservation of historic buildings. To date, 140 communities have adopted the act, effectively preserving 10,274 acres of open space for the future generations. Funds raised have also contributed to the creation or rehabilitation of more than 2,300 affordable housing units and hundreds of affordable housing development projects

In order to make the terms of the Community Preservation Act more appealing to additional communities, the Commission recommends that a more flexible commercial property exemption be added to the law. Mirroring the residential property exemption that currently exists, the first



\$100,000 of commercial property value would be exempt. The additional exemption would broaden the scope of the Community Preservation Act making it more attractive to urban centers.

Annual Municipal Census

Massachusetts law currently requires that municipalities conduct an annual local census of their population in order to ensure an accurate pool for the state Jury Commission. Massachusetts is the only state that requires this annual census. This practice is extraordinarily costly and out of date. Virtually all other states use a system called “merge and purge” to establish a jury pool list. This system uses a compilation of administrative records list from various state agencies to meet their jury pool needs.

In Massachusetts, both the Secretary of Administration and Finance and the Registrar of Motor Vehicles are working to transition to new systems. Planned database improvements at both agencies allow Massachusetts to transition to the “merge and purge” system resulting in significant savings for municipalities. The Commission urges the Executive Branch to continue on the path of reforming the current system.

Unfunded Mandates & Excessive Regulations

Throughout the course of research conducted by the Commission, the issue of unfunded state mandates was raised generally on many occasions. Upon further inquiry, however, no entity was able to furnish the Commission with a specific instance of an actual unfunded mandate. In most cases, what was presented were stipulations and requirements on the receipt of formula or grant funding from various programs of the Commonwealth or federal mandates over which the state has no direct control. However, the Commission recognizes the importance of continuing an open dialogue in regard to state policy that may result in an unfunded mandates or undue fiscal burden on a municipality.

State mandates established after Proposition 2 ½ may be scrutinized by State Auditor’s Division of Local Mandates to determine whether they are genuine unfunded mandates. Layers of bureaucracy build up over time and currently there is no outlet to examine regulations which were established prior to Proposition 2 ½. The Commission proposes that each secretariat shall establish a task force to actively work to identify those unfunded mandates and regulations which cause an undue burden on municipalities, and where permissible, alleviate those burdens to the maximum feasible extent.

Recommendations for Further Study

Of the proposals submitted to the Commission, some were not included in the report because of time constraints and the need for additional expertise. A number of these deserve further study.

Home Rule Petitions Study

Cities and towns in Massachusetts are considered entities of the state and therefore must petition the Legislature to change many local practices and procedures. Amendments such as changes to



town charters, park lands, local election procedures, fines, revenue, liquor licenses, and borrowing practices must be first be given local approval then be filed with the Legislature as a home rule petition. Over time, passing certain types of Home Rules have become common practice and pass without controversy. Recommendations to this Commission included either eliminating legislative approval for certain common petitions or allowing such petitions by local option through enabling statutes. The breadth of Home Rule topics would require in depth examination by a variety of legislative committees. The Commission recommends that a temporary commission be established to examine home rule petitions to identify where certain home rule petitions may be addressed through enabling statutes. Where appropriate, this study commission will coordinate its research with the Civil Service Study Commission and the Elections Study Commission as described below.

Civil Service Study

Civil service law covers many different categories of employees at the municipal level; however, the original intent of this law is often not followed, tests are not administered, and oversight is not provided. It is the recommendation of this Commission that an additional legislative commission be created to examine current practice and requirements for municipal civil service positions. The Legislature sees a number of home rule petitions requesting that certain positions in a city or town be removed from civil service. The Civil Service Study Commission shall examine the civil service system and determine necessary reforms including whether certain positions shall be exempt from the civil service requirements permanently. Where appropriate, the Civil Service Study Commission shall coordinate its research with the Home Rule Petition Study Commission.

Elections Study

Another area of cost savings is the operation of voting places on election days. Currently, there must be check-in and check-out tables at every polling place. The Commission recommends a study group be convened to examine this and other options available to municipalities in order to reduce election operating costs. This shall include, but not be limited to, examining home rule petitions relative to local elected officials, terms of office, and voter information. Where appropriate, the Elections Study shall coordinate research with the Home Rule Petitions Study as detailed above.

Utility Surface Repair Requirements Study

During the construction, repair, and removal of underground utilities, it is often necessary for private companies to dig trenches on public roadways. In some cases these roads may have been recently repaved. In other cases, poor workmanship in the patching process of these trenches could lead to additional municipal costs. The Commission recommends that the Executive Office of Transportation design a set of best practices under which those digging trenches on public roadways must operate. It further recommended that municipalities be able to recoup the cost of repairs in instances where those best practices are not followed.



Motor Vehicle Excise Billing Study

Administrative costs for municipalities associated with the collection and management of auto excise fees are significant. Currently, all of the vehicle information needed by municipalities to collect this tax is held by the Registry of Motor Vehicles. The Commission would recommend that the Registry of Motor Vehicles study the feasibility of collecting auto excise taxes.

Boat Excise Study

The current method of using length and age to calculate the excise on watercraft is antiquated and does not accurately reflect the valuation of a vessel. Specifically, such a method does not necessarily take into account the difference between a basic boat and luxury watercraft. While the above recommendation regarding boat excise addresses taxpayer compliance, the Commission recommends that a separate study commission be established to further examine the methods used to determine boat excise.