



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE



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City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

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DLS Online and in the Field

I'd like to begin with a quick reminder to those municipalities in the process of receiving FEMA snow and ice reimbursements from last year. In the coming weeks, MEMA will be working to expedite Fiscal Year 2016 FEMA reimbursement payments to municipalities by June 30th. Any outstanding contracts and documentation should be returned to MEMA before June 15th to ensure FY16 payment. I encourage you to provide the appropriate information to MEMA as soon as possible to facilitate the processing of these reimbursements.

Here at DLS, we're rapidly approaching the next phase of our Gateway modernization initiative as highlighted in [the last edition of City & Town](#). At the beginning of next month, users will experience improved system messaging, the ability to upload multiple documents, and better signature processing. This includes upgrades to many of our most important modules, such as Tax Rate (BLA and BOA forms), District Tax Rate, LA3 Sales and Interim Year Review, Certification, Property Tax Exemptions, Year-End Accounting, and Land of Low Value. This rollout represents a significant development in our efforts to reduce unnecessary steps and make this application more intuitive, but it's not yet a finished product. As we continue with these improvements, we want to make navigability easier and hear your feedback (good and bad) which is why we're prominently featuring both help screens and the ability to contact us in the system.

I'd like to thank Kirsten Shirer, Director of Information Technology Unit, and all our current and former staff who dedicated significant time to beta testing for this important project.

Finally, in the coming weeks and months, DLS will be out in your communities presenting at and attending a variety of events. Next

week, DLS staff will serve on a panel at the Norfolk/Suffolk County Assessors Association and speak at the Barnstable Assessors Meeting. In June, we'll be at the summer conference of the Massachusetts Municipal Auditors and Accountants Association and the Massachusetts Collectors and Treasurers Association annual conference. Once again, we'll be hosting our New Officials Finance Forum at Holy Cross and encourage any newly elected or appointed local officials to attend.

If you have an event or conference you'd like us to attend, or any comments or suggestions, please feel free to email me at croninse@dor.state.ma.us. Thank you.

Sean R. Cronin
Senior Deputy Commissioner of Local Services

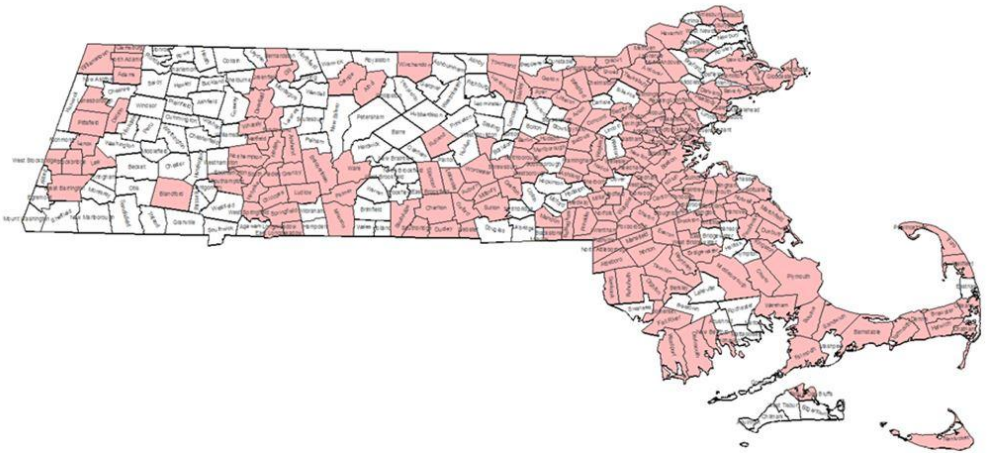
Statewide Analysis of the Local Option Meals Tax

Donnette Benvenuto - Databank/Local Aid Analyst

The local option meals tax was enacted in the fall of 2009 under [MGL c. 64L, sec. 2](#). The section stipulates that a municipality "may impose a local sales tax upon the sale of restaurant meals originating within the municipality at a rate of .75 percent of the gross receipts from the sale of restaurant meals." In communities where the excise is adopted, all vendors collecting and remitting sales tax on meals must file tax returns on the 20th of each month. The Department of Revenue then calculates and collects both the state and the local option shares of the meals tax. Any vendor who fails to assess the local option tax is liable for both the state and local meals tax due. Revenues are paid to municipalities quarterly. A complete list of municipalities with the local option and their revenue totals can be found by clicking on the [Local Option Meals and Rooms Distribution](#) report.

When the local option was enacted, municipalities were initially reluctant to adopt the additional meals tax of .75 percent because state meals tax had just jumped from 5% to 6.25% in August of the same year. However, as you can see in the map below, more than half (209) ultimately implemented the local option meals tax. This can be attributed to the strong incentive to adopt the meals tax in areas with a large number of dining establishments and/or a high volume of tourists, particularly as seen in coastal communities.

Chart 1



(To view the map in full, click [here](#).)

In the first fiscal year, 17 cities and 55 towns adopted the local option, bringing FY2010 revenues for the local option to \$27.13M. As of FY2015, an additional 22 cities and 101 towns have adopted the local option bringing in revenues over \$100M.

Charts 2 and 3 show the total meals tax revenues collected and the number of municipalities that have adopted the optional tax by fiscal year (FY2016 represents three quarters of payments). Charts 4 and 5 show revenue totals and adoption rates for cities and towns in FY2010 and FY2015.

Chart 2



Chart3

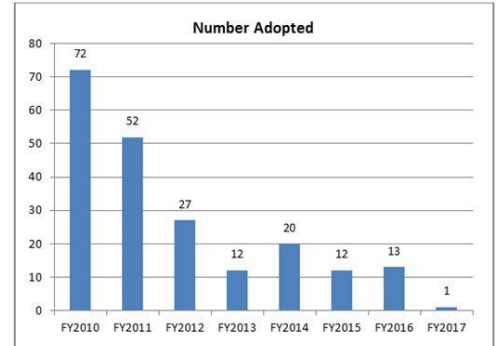


Chart 4

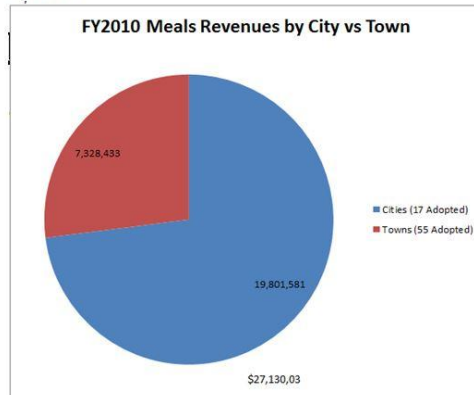
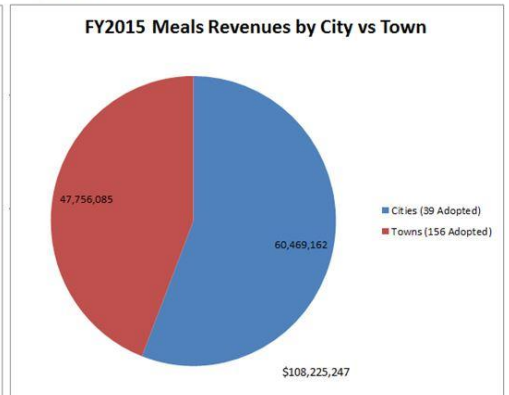


Chart5



(To view Charts 2 and 3, click [here](#). To view Charts 4 and 5, click [here](#).)

For those municipalities that are considering adopting the local tax, DLS provides a spreadsheet on our [Municipal Databank website](#) through the [Local Option Meals Revenue Estimates](#) report.

Municipalities that choose to adopt the local option tax are required to return a [Notification of Acceptance form](#) to the Municipal Databank within 48 hours of adoption in order to complete the process. The adopting municipalities then verify the DOR list of registered establishments and return it to the Databank with any additions or corrections. Notifications of the local adoption are sent to all establishments in order to ensure timely and accurate collections. Municipalities are encouraged to contact the Databank with any questions regarding estimates, adoption, or collections at (617) 626-2384.

Reviewing the FY2016 Sewer Rate Relief Awards

Gerry Cole - Bureau of Accounts Public Finance Section

Last month, DLS announced the FY2016 distribution from the Commonwealth Sewer Rate Relief Fund, established in 1993 under the provisions of [MGL c. 29, sec. 2Z](#).

This year, funds totaling \$1.1 million were awarded to [53 Massachusetts governmental entities](#) to mitigate sewer rate increases related to debt service obligations for qualified sewer construction projects.

DLS announced the annual program in [Bulletin 2015-13B](#) in September 2015. The filing deadline was October 23rd, 2015.

Applications were processed by DLS and the Department of Environmental Protection (MassDEP). MassDEP made determinations of eligible indebtedness depending on the nature of a given project and its financing. The statute requires that eligible indebtedness be debt issued on or after January 1st, 1990, with a final date of maturity more than five years after the date of issuance, and be incurred to finance or refinance the cost of planning, design or construction of a water pollution abatement project. DLS and MassDEP require a debt service schedule be submitted for any loan for which eligibility is requested.

Projects receiving state grants are ineligible, and certain other projects have their eligibility defined in [section 2Z](#). After full review, only a small number of projects/debt service were deemed ineligible. The Sewer Rate Relief Fund is distributed on the same pro rata basis to all eligible applicants. This percentage is then applied to the total eligible debt

service of each applicant to calculate the award.

Awards are legally capped at 20 percent of eligible debt service, but for many years, the distribution has been based on the amount appropriated by the state legislature. For FY2016, applications for over 404 project loans and debt service were approved and grants were awarded to:

- Massachusetts Water Resources Authority, \$873,804.06
- 3 local Water and Sewer Commissions, for a total of \$41,437.39
- 3 Sewer Districts for a total of \$18,827.77
- 46 cities and towns for a total of \$165,930.78

Since FY94, the sewer rate relief program has distributed over \$497 million to governmental entities throughout Massachusetts. The program's sole source of funding is an annual appropriation in the state budget. Except for fiscal years when the program was unfunded, the appropriation has ranged from a high of \$58,600,000 in FY2002 to a low of \$500,000 in FY2012.

A Brief Look Back: Tax Collection

Tony Rassias - Bureau of Accounts Deputy Director

"A Brief Look Back" reviews issues that affected municipal finance in the early twentieth century as written in the Annual Reports of what is now known as the Massachusetts Department of Revenue.

Introduction

On January 31st, 1933, Commissioner of Corporations and Taxation Henry F. Long submitted his 1932 annual report to the Great and General Court of Massachusetts. In this report, he offered his opinion regarding the importance of collecting taxes.

The following are excerpts from the Commissioner's Report.

By the Commissioner

It has always seemed to be the common belief that cities and towns were at all times in the possession of plenty of money. This may have been due to the fact that municipalities appeared to be able to have anything the voters indicated a desire for from a new piece of fire-fighting apparatus to an extensive sewage system, or to the fact that when a bill was presented to the local treasurer for supplies or labor payment was made at once, as was also true when payment for services as a school teacher, police officer, or other employment was requested. The certainty of receiving money from the municipal

treasury when required was not unlike the certainty one felt of getting a glass of water by turning the handle of a faucet.

The discovery that water did not flow was to learn that unless a supply of water constantly replenished was maintained back of the faucet the glass of water was not a certainty. The discovery that accounts were not paid when presented to the local treasurer was to learn that unless a supply of money constantly replenished by the paying of taxes was maintained back of the treasurer the settling of obligations was not a certainty. The supply necessary to make the faucet a certainty is furnished by nature as availed of by man. The supply necessary to make the treasurer's window a certainty is furnished by man as aided by instrumentalities developed by man and efficiently operated by man.

The year 1929 came and the tide of municipal prosperity seemed to mount higher, but before the year 1930 was well advanced the cities and towns sensed that the happenings of October, 1929, were of concern to municipal continuation, and by 1931 and 1932 the shoe began to pinch. The test of a good tax collector or the poor tax collector was about to be made. The large lenders of money became more cautious. There was less money seeking municipal notes.

If you would like to read more on the Commissioner's opinion, click the following for [excerpt one](#), [excerpt two](#), [excerpt three](#), [excerpt four](#), and [excerpt five](#).

Save the Date: New Officials Finance Forum

Division of Local Services

This year's [New Officials Finance Forum](#) will be held on Wednesday, June 1st at the College of the Holy Cross in Worcester. This course is intended for recently elected or appointed local municipal finance officials. With an emphasis on the basics, it's designed to foster a team approach to municipal finance by developing an understanding of the responsibilities of the various offices as well as their interrelationships. The topics will include an overview of municipal government, the budget process, the tax recapitulation process, and reserve and debt policies.

DLS encourages municipalities to forward this information to any and all new officials who would benefit from attending. Additional information regarding registration will be forthcoming. If you have any questions, please contact Donna Quinn, Training Coordinator at quinnd@dor.state.ma.us or (617) 626-3838.

Help Spread the Word about DOR's Tax Amnesty

Massachusetts Department of Revenue

The Massachusetts Department of Revenue (DOR) is offering [the 2016 Tax Amnesty Program](#), a program that will last until May 31st. The opportunity to catch up on back taxes and save on penalties is available to both individuals and businesses. The goal of the tax amnesty program is to bring those taxpayers who have failed to file or have underreported their taxes into compliance.

DOR would greatly appreciate assistance from local officials in increasing awareness of this important program, either through driving online traffic to [the website](#) (mass.gov/taxamnesty) or by posting [this notice](#) in a place of prominence in municipal offices.

Most tax types administered by DOR are included in this amnesty. For additional information, [click here](#). To read the full press release, [click here](#). Thank you.

OSD Announcements: MASSBUYS Expo

Operational Services Division

Now in its 18th year, the MASSBUYS Expo is the largest business-to-government event in Massachusetts. MASSBUYS brings together statewide and departmental contract vendors and public purchasing and procurement officials from government agencies, municipalities, nonprofit organizations, and educational institutions for a day of networking and learning. Click [here](#) to register today.

This year at MASSBUYS, Governor Charlie Baker will speak to Commonwealth buyers about state procurement and its important role in supporting the Massachusetts economy.

Maximize Your Event Experience with the MASSBUYS Mobile App!

After you register for MASSBUYS, download the MASSBUYS Expo 2016 app to your mobile device to access all the information you'll need at the event, including the event schedule, vendor booth locations, speakers, sponsors, important updates, and contests. Connect with vendors and other attendees through the app as well.

Take a few minutes to download the free MASSBUYS Expo Mobile App. Search "MASSBUYS" at the app store. You will need your MASSBUYS registration confirmation number (sent to you via email

following your MASSBUYS registration) to access your workshop schedule and connect with vendors and other attendees. If you have questions about downloading the MASSBUYS Expo Mobile app, email us at osdsocialmedia@state.ma.us.

Refer questions about MASSBUYS to massbuysadmin@state.ma.us.

April Municipal Calendar

April 1	Collector	Mail 2nd Half Semiannual Tax Bills In communities using a regular semiannual payment system, the 2nd half actual tax bill, or the actual tax if an optional preliminary bill was issued, should be mailed by this date.
April 1	Taxpayer	Deadline for Payment of Semi-Annual Bill Without Interest According to MGL c. 59, sec. 57C, this is the deadline for receipt of the actual tax payment in communities using the annual preliminary tax billing system on a semiannual basis, unless the bills were mailed after December 31. If mailed after December 31, payment is due May 1, or 30 days after the bills were mailed, whichever is later.
Final Day of Each Month	State Treasurer	Notification of monthly local aid distribution. Click www.mass.gov/treasury/cash-management to view distribution breakdown.

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