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Municipal Modernization Signed into Law

Lieutenant Governor Karyn Polito

I hope this newsletter finds you well and you are enjoying the last few weeks of summer before we turn the page to fall.

I am writing to share some wonderful news! Just last week, our

Administration signed into law the [Municipal Modernization bill](#) aimed at enhancing the partnership between the state and municipal governments, while granting more local control and encouraging fiscal efficiency where ever possible.

The final bill was signed on August 9, 2016, but in many ways the work began well over a year ago with your input. Our Administration formed a working group shortly after we took office and later worked with the Division of Local Services (DLS) to survey our partners in local government and over 235 municipalities and school districts responded, generating more than 1,300 thoughts and ideas. A major piece of legislation like the Municipal Modernization bill, with hundreds of sections of "weed whacking" as the Governor has called it, would not have been possible without the high-level of local engagement from municipal officials and the cooperation from our colleagues in the Legislature. Thank you!

The new law focuses on four specific goals. The first goal is to eliminate and update obsolete laws like allowing police officers to issue moving violation tickets electronically. Second, we sought out issues where we can promote local independence, such as eliminating unnecessary caps on municipal stabilization, reserve, and revolving funds - if a municipality wants to save money for a rainy day, the state will not put a limit on how much you can save. Third, we set out to make every municipal interaction with the state as streamlined as possible, so that is why this bill eliminates unnecessary DLS approval processes and extends the certification review of local assessing practices from three years to five years. The fourth goal of this legislation was to provide municipalities with greater flexibility to do their jobs on a day-to-day basis. For example, the threshold required for a city or town to go through the formal competitive bidding process will be increased, enabling smaller projects to get done quicker and allowing the Operational Services Division (OSD) to reinstitute statewide contracts for tradesperson services. For full text of the legislation, [click here](#).

In addition the [Municipal Modernization bill](#), our Administration also worked with the legislature to sign other crucial pieces of legislation earlier this month on [energy diversity](#), [economic development](#), [pay equity](#), small bridges, and complete streets.

Thank you again to every municipal official across the Commonwealth that made this important municipal reform and modernization package possible. Our Administration looks forward to working with you to implement these reforms and continuing to build an even stronger relationship between state and local officials in the months and years to come.

[A Comprehensive Guide to](#)

Municipal Modernization

Division of Local Services

"An Act to Modernize Municipal Finance and Government" contains a broad array of updates, reforms, and changes affecting multiple facets of local government and administration.

The following is a comprehensive overview designed to highlight and clarify the specifics of the Municipal Modernization legislation. From amending local tax administration procedures to updating borrowing, special fund and financial management laws, the scale and scope of this legislation reaches nearly every facet of local governance. While the below document serves as a section-by-section catalog of the contents of the bill, we have not yet formally promulgated regulations or guidelines. It is for informational purposes only.

In the coming weeks and months, DLS will provide formal guidelines and informational releases related this legislation. As these documents are published, notifications will be sent through both *City & Town* and DLS Alerts. If you know of anyone who may benefit from receiving these updates, they can [sign up by clicking here](#).

DLS will also host a number of events and meet with professional organizations and associations to provide in-depth analysis and review of this important legislation. As part of these efforts, DLS offers its "Recent Developments in Municipal Law" seminars for local officials with presentations on this and other new legislation and recent court decisions pertaining to local government. The next seminars will be held on Thursday September 29, 2016 at The Log Cabin Banquet & Meeting House in Holyoke and Thursday, October 6, 2016 at The Lantana in Randolph. We highly encourage you to attend. For registration information, [click here](#). If the professional association you are a member of would like to invite DLS staff to attend a meeting to discuss the Municipal Modernization legislation, please email DLS Director of Administration Dan Bertrand at bertrandd@dor.state.ma.us.

Changes outlined in the bill are effective on November 7, 2016 unless otherwise noted within the relevant descriptions. For the full text of the legislation, [click here](#).

Part 1: Borrowing

Bond Premiums and Surplus Proceeds (Section 67)

Amends MGL c. 44 sec. 20 to allow communities a choice in regard to the treatment of bond premiums (net of issuance costs). Communities will be able to either apply the premiums to the issuance, thereby reducing the amount needed to borrow or to place them in a separate fund and appropriate them for a capital project. It also amends current

law by increasing the amount of surplus bond proceeds that can be applied to debt service from \$1,000 to \$50,000.

County Borrowing Technical Correction (Section 16)

Amends MGL c. 35 sec. 36A by correctly referencing the Municipal Finance Oversight Board (MFOB) rather than a board composed of the Attorney General, the State Treasurer and the Director of Accounts.

Debt Purposes (Sections 61, 63-64, 178, 180)

Amends MGL c. 40, 43B, 44, 70B, and 71 to modernize and simplify the laws that authorize cities, towns and districts to borrow by consolidating, updating and restructuring the allowable borrowing purposes. Also allows borrowing for a court judgment for more than one year if approved by the MFOB.

Eliminate Debt Report (Section 70)

Amends MGL c. 44 sec. 25 by eliminating the requirement that the municipal treasurer notify the Director of Accounts when a payment is made. This eliminates the need to notify of duplicative information since the annual year-end statement of indebtedness shows changes in debt levels over the course of the year.

Federal Public Work Borrowing (Section 234-235)

Amends sec. 215 of c. 149 of the Acts of 2004 and sec. 1 of c. 279 of the Acts of 1960 by eliminating the requirement that the Governor approve local borrowing for federally funded public works projects and substitutes the MFOB.

Grant Anticipation Notes (Section 62)

Amends MGL c. 44 sec. 6, sec. 6A to allow municipalities to borrow in advance of any state or federal grant (advance or reimbursable).

Lease Purchase (Section 69)

Amends MGL c. 44 by adding sec. 21C to establish a procedure governing the use of tax-exempt lease-purchase financing agreements (TELPs) by municipal departments and allows borrowing to pay off a TELP if it would result in interest savings.

Municipal Debt/Urban Renewal (Sections 217-218, 220)

Repeals MGL c. 121B sec. 22 and amends MGL c. 121B sec. 24. These sections eliminate duplicative requirements regarding approval of debt issued by cities and towns to support housing and urban renewal projects because cities and towns are subject to an overall debt limit under MGL c. 44, sec. 10, which may be exceeded with approval of MFOB. In addition, they correct a reference to the Emergency Finance Board (EFB) rather than MFOB.

Refunding Bonds (Sections 66, 68)

Amends MGL c. 44 sec. 19 and sec. 21A to allow final payment (of the original debt schedule) to be made no later than June 30 of the fiscal

year the payment is otherwise due, instead of the annual anniversary of prior payments. Also, amends current law to allow, with a finding by the mayor/manager/select board, that refunding is necessary for federal tax compliance purposes. This section also makes a technical change to the refunding procedures and payment schedule - allowing first principal payment of refunding bonds to be due no later than June 30 of the fiscal year the payment would have otherwise been due, e.g., instead of November 1 or May 1. The payment still must be in the same fiscal year and cannot be deferred to another fiscal year.

Regional School District Debt (Section 179)

Makes a technical change to MGL c. 71 sec. 14D by inserting the word "committee" to clarify that it is the regional district school committee that may require the approval of any particular authorized issue of indebtedness by referendum.

Ten-Year BANs (Section 65)

Amends MGL c. 44, sec. 17 by increasing the maximum term for Bond Anticipation Notes from 5 years to 10 with the same required principal paydown as current law to provide treasurers greater flexibility in structuring debt, particularly for smaller purchases or projects.

Part 2: Collection Procedures

Betterment and Special Assessment Payments (Section 191)

Amends [MGL c. 80, sec. 13](#) to give cities, towns and districts greater flexibility in structuring payments of betterments and special assessments assessed on property owners to recover costs of infrastructure improvements. Owners will have 30 days from the mailing of the bill, not the commitment of the assessment, to pay without interest. Municipalities and districts may structure the annual installment payments owners make on the assessment to have level payments or be payable in the same number of installments as the real estate tax. The alternative interest rate that can be charged property owners can now be set at any percentage up to 2%, rather than the current fixed 2%, above the rate charged on the loan financing the improvements.

Independent Water and Sewer Commissions (Sections 42-43)

Amends [MGL c. 40N, sec. 9\(d\)](#) and [sec. 27](#) to clarify that the water or sewer commissions that can accept local [MGL c. 40N](#) are existing independent body politics. It also makes it clear that the commissions may agree to have the municipalities that formed them collect their water and sewer charges.

Insufficient Funds Checks (Sections 98-99, 165)

Amends [MGL c. 44, sec. 69](#) and [c. 60, sec. 57A](#), which impose a penalty when an insufficient funds check is tendered to the collector or treasurer to pay local taxes, fees or charges. The penalty will now also apply to electronic payments. In addition, DLS will no longer hear

appeals from taxpayers or ratepayers assessed penalties. Appeals will be made to the officer who assessed it, i.e., the collector or treasurer.

License and Permit Denial (Sections 37-38)

Under local option statute [MGL c. 40, sec. 57](#), a city or town may deny, suspend, revoke or not renew certain licenses or permits when the applicant has been delinquent on a local tax or charge for at least 12 months, consistent with an implementation bylaw or ordinance it adopts. The Act lets collectors furnish information to their license and permit granting departments and boards where the delinquency exists for some period less than 12 months, as provided in the municipality's implementation bylaw or ordinance.

Mailing Property Tax Bills (Section 156)

Updates the property tax billing statute, [MGL c. 60, sec. 3](#), to have tax bills mailed to the taxpayer's address, if known, or to property address unless the taxpayer provides another address. This conforms to current practice and establishes that taxpayers are responsible for notifying the collector of alternative mailing addresses.

Municipal Sewer and Demolition Liens (Sections 192 and 221)

By local option, municipalities and districts can establish a lien and add unpaid utility bills to local real estate tax bills. Lighting plants, water departments and sewer departments sometimes provide services to customers in neighboring communities, but only lighting plants may impose liens on property located outside the borders of the municipality where the plant is located. The Act amends [MGL c. 83, sec. 16A](#) to extend the lien provisions when customers located in neighboring communities do not pay their sewer charges. The Act also makes the duration of liens for demolition charges under several statutes the same period as the lien for the real estate tax to which the charges are added if added in the next fiscal year. This makes their duration the same as the duration of liens for delinquent water, sewer and light plant charges.

Property Tax Payments (Sections 138, 140-141, 248)

Beginning in FY2018, the Act standardizes the accrual of interest on overdue property tax installments. Regardless of the bill system used by the city or town, interest will accrue from the installment due date. Currently, interest accruals on overdue installments in semiannual payment systems relate back to the mailing of the bill. In addition, under a local acceptance provision, all cities and towns may make small preliminary or actual installments of \$100 or less payable in a single installment.

Small Claims Court Jurisdiction (Sections 232-233)

Expands the jurisdiction of small claims court under [MGL c. 218, sec. 21](#) to include actions by cities and towns to collect personal property taxes regardless of amount and other actions by cities and towns up to \$15,000. These changes give collectors greater ability to make effective use of lawsuits as a remedy in the collection of delinquent

personal property taxes and other taxes, excises or charges where there is only personal liability and no lien to secure payment.

Part 3: DLS Duties and Responsibilities

Assessment and Collection Forms and Records (Sections 104, 111, 136-137, 163 and 169)

Eliminates outdated laws requiring the Division of Local Services (DLS) to print and distribute certain forms and requiring it to give prior approval to the use of electronic records by assessors and collectors. DLS retains its role in prescribing the content of local tax administration and collection forms and records.

Affordable Housing Abatements (Sections 106-107, 147-148)

Allows local implementation of affordable housing tax agreements under [MGL c. 58, sec. 8C](#) in the same manner as brownfield tax agreements under [MGL c. 59, sec. 59A](#). A city or town may enter into these tax agreements with new owners to develop sites or portions of sites as affordable housing or as mixed affordable housing and commercial use. The tax agreement may provide for the abatement of up to 75% of the outstanding real estate tax obligations and up to 100% of the outstanding interest and costs on the site, but as with brownfield tax agreements, the abatements will no longer require prior approval of DLS.

Oversight of Local Finance (Sections 77-83, 182)

Updates the Director of Account's powers under [MGL c. 44](#) regarding municipal and district audits and accounting and reporting standards to focus on the current oversight mission of DLS in establishing uniform accounting standards and procedures and ensuring periodic audits. Many of the amended statutes date to the early 1900s and reflect a time when the Bureau of Accounts had a different mission of installing accounting systems, conducting financial audits, and overseeing county operations and finances. The Director may issue guidelines setting minimum standards of accounting performance similar to the guidelines the Commissioner of Revenue may issue setting minimum standards of assessing performance. The standards may relate to revenue treatment, debt (including the maximum useful life of assets financed with debt), chart of accounts for financial transactions, financial recordkeeping, and audits. The Act also repeals outdated statutes regarding county financial accounting, county employee classification and compensation plans.

Oversight of Local Taxation (Sections 17-18, 53, 55-56, 59, 103, 105, 118, 153, 155, 158, 164, 166-168, 251)

Updates DLS oversight over local finances by repealing or amending a number of obsolete, ministerial or rarely used provisions. The DLS roles or approvals over various local governance or tax administrative matters that the Act eliminates include: (1) settling disputes about the salaries of assessors and collectors in tax levying districts; (2)

appointing municipal finance officers (assessors, collectors, deputy collectors and treasurers) or removing them for nonperformance; (3) taking over local tax collection upon nonperformance of local officials; (4) approving expedited tax title foreclosure proceedings when buildings are abandoned; and (5) approving transfer of taxes in litigation from collector's book upon recording of statement to continue lien during pendency of bankruptcy or other litigation that prevents a tax taking. The Act also includes a number of technical amendments related to DLS oversight duties. These include adding companies classified by DOR as research and development corporations to those that DLS must specifically identify in the annual corporations listing effective 1/1/2017.

Property Tax Rate Change (Section 132)

Amends MGL c. 59 sec. 23 to enable DLS to change a tax rate after it has been approved and returned to the assessors if (1) there was a material understatement or overstatement in the returned rate due to an unintentional, inadvertent or other good faith omission or error by city, town or district officials in reporting the rate; and (2) the tax bills for the year have not been sent.

Schedule A Compliance (Section 110)

Improves compliance for municipal reporting by changing from October 1 to November 30 the annual deadline for cities and towns to submit the prior year's annual financial report. This also modifies the law to provide the intended consequence for noncompliance and withhold all future payments (regardless of fiscal year) until such time as the Schedule A is submitted and accepted.

Part 4: Financial Management and Governance

Approval of Bills/Warrants (Sections 57-58)

Allows any multi-member boards, committees, and commissions heading departments, including select boards, to designate one of its members to review and approve bills or payment warrants, with a report provided at the next meeting. Currently, a board or committee heading a department may delegate authority to approve payrolls to a member, and a regional school committee may designate a subcommittee to approve bills and payrolls with a report to the next meeting of the full committee. Absent a charter or special act, boards and committees currently have to approve bills or payment warrants by majority vote at a meeting subject to the Open Meeting Law.

Compensating Balance Agreements (Sections 87-90)

Eliminates the role of DLS in prescribing types of services treasurers may acquire from banking institutions under "compensating balance" arrangements under [MGL c. 44, sec. 53F](#). In addition, treasurers will now submit their annual reports on these agreements to the Inspector General and local officials. DLS will no longer receive these reports.

Court Judgments (Sections 72-73)

Amends MGL c. 44 sec. 31 to allow payment without appropriation of final court judgments and other final adjudicatory claims with municipal counsel certification. Currently, such payments over \$10,000 require the approval of the Director of Accounts. Further, they amend the statute to reflect the current operating environment where obligations to make immediate payments based on various legal claims now are just as likely to result from decisions of administrative agencies as from court judgments.

Emergency Spending (Section 71)

Amends MGL c. 44 sec. 31 to provide for automatic approval of payment for liabilities incurred as a result of emergencies and disasters when the Governor declares a state of emergency.

Regional School District Transportation (Section 181)

Amends MGL c. 71 sec. 16C to clarify that any funds to be reimbursed by the Commonwealth for regional school district transportation are subject to appropriation.

Revenue Cash Investment (Section 94)

Amends current law to permit investment in certificates of deposit (CDs) for up to three years, an increase from the current, no-longer-than-one-year requirement. This change also addresses an ambiguity in the statute as to whether a one-year limit applies to these investments or solely to investments in United States treasury bonds. This gives treasurers more flexibility in investing short term for better rates.

Snow and Ice Deficit Spending (Section 74)

Amends the snow and ice deficit spending statute, [MGL c. 44, sec. 31D](#), to let the local chief administrative officer (mayor, select board or other under charter) authorize deficit spending for snow and ice removal expenses. Current law requires prior approval of both the finance committee and select board in a town and city council in a city. Communities must still have appropriated at least the same amount as in the prior year to be able to deficit spend. This change will allow municipalities to address the need for spending authority in real time.

Year-End Transfers (Sections 75-76)

Amends MGL c. 44 sec. 33B to eliminate the limits on types and amounts of appropriation transfers that can be made by the select board with finance committee approval at end of year. This allows end-of-fiscal-year transfers from health insurance, debt service or other unclassified/non-departmental line item appropriations and eliminates a cap of 3% on the amount that may be transferred from any department (school and light department line items remain exempt from this procedure). Eliminating the cap on transfers will provide for greater flexibility in avoiding deficits and precludes the need for additional town meetings by July 15 for minor transfers.

Part 5: Local Tax Administration

Appellate Tax Board Jurisdiction (Sections 139, 142-143, 149-151)

Amends the Appellate Tax Board's (ATB) jurisdiction to hear taxpayer appeals of the assessors' action on their abatement and exemption applications. Under the amendments, taxpayers whose real estate tax is over \$5,000 must not incur interest on any tax installment, preliminary or actual, for the year in order for the Board to hear the appeal. Currently, that threshold is \$3,000, and the ATB has generally applied the timely payment requirement only to actual installments. The Act also creates a "postmark rule" for determining whether a payment is timely solely for the purpose of maintaining an appeal. If a preliminary or actual payment is mailed on or before the due date, it will be treated by the ATB as if no interest was incurred. The taxpayer is still liable for interest on any payment actually received by the collector after the due date.

Applicants for Abatement (Sections 144-145, 247)

Amends [MGL c. 59, sec. 59](#), which governs applications for abatement, including the persons who can apply. It makes the deadline for holders of mortgages on real property to apply for abatement of the real estate tax the last 10 days of the abatement period. The fixed date in the current statute relates to when all communities billed on a semiannual basis. It also makes a technical change to conform language to the terms used by the Uniform Probate Code to refer to persons handling a decedent's estate. That person has standing to apply for an abatement of a tax assessed to the decedent. These amendments are in effect for FY2017.

Apportionment Appeals (Section 154)

An owner of a portion of a parcel divided by a transfer in ownership after January 1 who disagrees with the assessors' allocation of the tax and lien among the owners of the "new" parcels will now have 30 days to appeal to the assessors. Previously, the owner only had seven days to appeal.

Central Valuation (Sections 134-135,251)

These sections conform the timeline for the Commissioner of Revenue to issue the central valuation of telephone and telegraph companies to the same June 15 date as pipeline companies. Companies and municipalities will now also have until July 15 to appeal to the ATB. In addition, the Act allows one party to appeal at the ATB after July 15 in response to another party's filing. The appeal must be filed by July 30 or 15 days of receiving notice of appeal - whichever is later. The returns are still due by March 1, but DLS may now give an extension up to May 1. This section is effective for FY 2018.

Certification of Local Property Assessments (Sections 35-36,250)

Since the early 1980s, the Bureau of Local Assessment (BLA) has certified that local property assessments reflect fair cash value every

three years. This legislation changes the frequency of these certifications to five years. Doing so will enable communities to save money and allow BLA staff to focus their efforts in a more concerted manner. Since the law is effective for FY 2018, transitioning to this cycle will begin with approximately 70 communities certified per year over the next five years. BLA will be notifying communities of their next scheduled review cycle in early September.

Classified Agricultural or Horticultural Land (Sections 172-174, 237)

Amends [MGL c. 61A](#) to define installation of renewable energy systems on land classified as agricultural or horticultural land as an agricultural or horticultural use. As a result, the land may continue to be classified, and no right of first refusal or penalty tax for change in use is triggered. This applies only to systems that do not produce more than 125% of the energy needs, and are used to supply energy for the exclusive use, of the farmland. The farmland includes contiguous and noncontiguous land owned or leased by the farm owner. The Act also extends a special exemption from the annual gross sales requirements for cranberry bogs until 2020. Owners of bogs may continue to have the land classified under [MGL c. 61A](#) without producing and selling a crop so long as they maintain the bogs.

District Improvement Financing (Sections 44-50)

Amends MGL c. 40Q, the district improvement financing statutes so that the "DIF" reserved for project costs and debt service for public improvements made by a city or town within the district equals the new property tax revenue generated by new development and added to the community's levy limit as new growth under Proposition 2 1/2 while the district exists. It also clarifies that the requirement to reserve tax increment funds ends when monies are set aside to pay all debt service. The current formula in the law is based on models used in other states that do not have levy limitations or that require tax rate recalculation based on current values, i.e., where valuation increases generate additional revenue. For this reason, the tax increment has been very difficult for local assessors to calculate and more importantly does not actually reflect the new property tax revenue generated by the project. In addition, the amount of the DIF to be reserved could not be known until after the tax rate was set, yet the property tax revenues were part of the tax levy financing the community's budget. It will now be known before the rate is set.

Joint/Cooperative Assessing, Classification and Valuation of Property (Section 54)

Amends Section 30B of chapter 41, which governs intermunicipal agreements regarding assessing services or functions by letting select boards establish these agreements rather than town meeting.

Local Assessment Approvals (Sections 128-130 and 251)

Effective 1/1/2017, assessors will no longer have to obtain prior

approval from DLS to assess real estate taxes on particular parcels to owners unknown, the holder of a present interest, and the beneficial owners of cluster development open space under [MGL c. 59, sec. 11](#).

Probate Ownership Records (Sections 231, 252)

Effective 1/1/2018, Registrars of Probate will have to provide assessors with information regarding the filing of probate petitions for deceased persons residing in their communities for use in determining changes in property ownership.

Technical Amendments (Sections 117, 157, 170, 171)

A number of technical amendments were made to exemption, collection or other local tax provisions. These include (1) correcting the reference to a local acceptance sentence of [MGL c. 59, sec. 5, Clause 3](#) regarding exemption of certain property acquired by charitable organizations for housing; (2) correcting a wrong reference to a subsection in [MGL c. 60, sec. 3A](#) allowing collectors to e-bill; (3) correcting the placement of a local acceptance motor vehicle excise exemption for former prisoners of war and their surviving spouses in [MGL c. 60A, sec. 1](#); and (4) eliminating the requirement in [MGL c. 60A, sec. 2A](#) that the Legislature's Joint Revenue Committee approve the form to be used by collectors to mark taxpayers with delinquent motor vehicle excises at the Registry of Motor Vehicles.

Single Overlay Account (Sections 131, 133, 152, 249)

These sections create a single overlay reserve to cover the costs of potential abatements granted by the assessors or ordered by the ATB for any year. By having a single account, municipalities can avoid deficits and, in some years, may be able to avoid raising additional amounts for the fund. Assessors are still responsible to estimate the amount to be raised in a given year and also declare overlay surplus. This applies to all funds held in overlay accounts as of 11/7/2016.

State Owned Land (Sections 108-109,252)

Changes the current procedure under which the Bureau of Local Assessment values state owned land (SOL) every four years. Instead, the valuation will be based on a statutory formula. The formula will be updated every two years using the community's equalized valuation (EQV) and the value of acquisitions and dispositions. The formula will be based on 2017 valuations and per-acre derived from that valuation. The reference in the first step in the formula to the "base year valuation" for each city and town will be determined as of 1/1/2017 and posted on or before 6/1/2017. The Bureau is currently working on finalizing the base valuations.

Supplemental Assessments & Pro-Rata Abatements (Sections 112-115,251)

Amends MGL c. 59, s. 2D, which, unless rejected by a city or town, provides for a prorated additional assessment on new construction that occurs after the January 1 assessment date upon issuance of an occupancy permit during the fiscal year. The law also provides a pro-

rated abatement of the regular property tax if a property is damaged by fire or other natural disaster during the fiscal year. The additional assessment and abatement are triggered when these events result in a value change of over 50% from the assessed valuation. The Act now amends the law **to exclude the value of the land** from the calculation of the 50% change in value when the land values or parcel size may result in the 50% trigger for some owners of new residences or commercial structures but not for other, similarly situated taxpayers. The change also applies to taxpayers who suffered a 50% loss in the value of their home due to fire or other natural disaster during a fiscal year and gives them a year after that event to apply for a pro rata abatement. This section is effective for 1/1/2017.

Part 6: Local Tax Exemptions or Benefits

Commercial Fishing Exemption (Sections 120,248)

These sections increase from \$10,000 to \$50,000 the value of the property tax exemption for boats, nets and gear used in commercial fishing. It also increases eligibility for the exemption by eliminating the current requirement that the exempt property be used "exclusively" in commercial fishing, requiring instead that at least half of the taxpayer's income is from commercial fishing. This change does not apply to the current exemption for fishing boats and gear under the boat excise.

Exemption Applications (Sections 31, 100, 119, 122, 125-126, 146, 247)

Beginning in FY2017, taxpayers in all communities regardless of the billing system used will have until April 1 to apply for personal exemptions and deferrals from real estate taxes. This applies to the personal exemptions and deferrals under [MGL c. 59, sec. 5, Clauses 17 \(or local option 17C, 17C1/2, 17 D\), 18, 18A, 22, 22A, 22B, 22C, 22D, 22E, 22F, 37 \(or local option 37A\), 41 \(or local option 41B, 41C, 41C1/2\), 41A, 42, 43, and local option 52, 53, 56 and 57](#). The April 1 deadline also applies to applications for residential exemptions and small commercial exemptions granted as part of a community's property tax classification options, if the exemptions do not appear on the actual tax bill, and to applications for exemption of Community Preservation and Municipal Water Infrastructure surcharges. In addition, applications for abatement and exemption of Community Preservation surcharges will be confidential, and taxpayers may appeal the assessors' denial of their applications to the ATB in the same manner as denied property tax abatement and exemption applications.

Residential Exemption (Sections 124, 247)

Amends [MGL c. 59, sec. 5C](#) to increase the maximum residential exemption that can be granted by a municipality as one of its property tax classification options. Beginning in FY2017, communities may grant a residential exemption of up to 35%, instead of 20%, of the average assessed valuation of residential parcels.

Senior Work Abatement (Section 127)

Increases the maximum abatement allowed to cities and towns that have accepted the senior work-off abatement statute, [MGL c. 59, sec. 5K](#), to \$1,500. The current limit is \$1,000 or 125 hours of voluntary service, whichever is higher.

Veterans Exemptions (Sections 116, 121)

Adds a local acceptance option to make the spouse of a veteran who holds title to the veteran's domicile as a trustee or conservator eligible for available veteran exemptions and the surviving spouse who acquired title to a deceased veteran's domicile under a trust or conservatorship to retain eligibility for an exemption. These spouses and surviving spouses have legal title to the home and may already be granted an exemption.

Workforce Housing Special Tax Assessment (Sections 39, 123)

Municipalities may provide a five-year property tax reduction to developers of middle income housing to encourage development of that housing stock. The special tax assessment agreement lets municipalities exempt up to 100% of the real estate tax for two years during construction of the housing, up to 75% in the third year, up to 50% in the fourth year, and up to 25% in the fifth and last year of the agreement. The new incentive requires municipalities to designate certain areas for the housing, promulgate implementation policies and regulations and impose affordability restrictions on the housing.

Part 7: Retiree Health Insurance

Other Postemployment Benefits Trust Fund (Sections 15 and 238)

Amends [MGL c. 32B, sec. 20](#) to provide expressly for the creation of a trust fund to reserve money for retiree health insurance and other postemployment benefits (OPEB) that complies with standards of the Governmental Accounting Standards Board (GASB) and the Internal Revenue Service (IRS). Currently, the fund is simply a reserve fund for retiree health insurance expenses. The definition of political subdivisions and local governmental entities able to establish trust funds has also been expanded to include housing authorities, redevelopment authorities, regional councils of government, regional school districts and educational collaboratives. Local governmental entities will have a number of investment options for the trust fund, thereby removing the need for special legislation. They are also required to provide actuarial reports to enable DLS and the Public Employment Retirement Administration Commission (PERAC) to monitor local OPEB liabilities. The OPEB fund of local governmental entities that accepted [MGL c. 32B, sec. 20](#) before the effective date of the Act continues to be governed under the original terms of the statute unless the entities reaccept [MGL c. 32B, sec. 20](#) after the effective date of the Act.

Retiree Health Insurance Cost Sharing (Sections 14 and 251)

Repeals [MGL c. 32B, sec. 9A1/2](#), which provided that a local governmental unit from which an employee is retired may seek reimbursement from other local governmental units for a portion of the retiree's health care premiums corresponding to the percentage of the retiree's creditable service attributable to each governmental unit. The intent of the statute was to share the cost of health insurance premiums, but it has proven unworkable in that it does not provide a precise mechanism to determine liability for costs or to collect the amounts billed. The repeal is effective 1/1/2017.

Part 8: Special Funds and Revenues

City Reserve Funds (Section 21)

Amends MGL c. 40, sec. 5A by increasing the amount that cities may appropriate, as a reserve fund for extraordinary or unforeseen expenditures, from 3% to 5% of the tax levy for the preceding fiscal year. The 5% level conforms to that which is currently authorized for towns and districts.

Community Preservation Act (CPA) Appropriations (Sections 95-97, 246)

Amends the Municipal Affordable Housing Trust statute, [MGL c. 44, sec. 55C](#), to ensure that CPA fund monies appropriated to a municipality's trust are used for purposes consistent with both CPA and trust purposes with respect to community housing. The trust purposes have been amended to match the CPA allowable community housing purposes. The trust must separately track the use of CPA appropriations and report annually to the municipality on the use of the monies. The changes apply to all CPA funds held by the trust on the 11/7/2016 effective date of the Act as well as to future appropriations to the trust.

Community School Program Fund (188)

Amends MGL c. 71 sec. 71C to increase the current community school fund's \$3,000 expenditure limit for material and equipment purchases within a fiscal year to \$10,000.

Departmental Revolving Fund (Section 86)

Amends MGL c. 44, sec. 53E1/2 to provide more flexibility by eliminating the departmental per fund and total fund caps, broadening the types of departmental receipts for which funds can be established, and providing for the revolving funds to be established by bylaw or ordinance instead of an annual legislative body vote.

Extended School Programs (185-187)

Under MGL c. 71 s 26A, 26B, and 26C, school committees may provide preschool and extended school services for certain children and establish a revolving fund for payments made by parents and other monies received in connection with these programs. These

changes remove outdated restrictions on the students who may receive the services and extend these sections to regional school committees.

Grant Available Fund (85)

Amends MGL c. 44 sec. 53A to make all reimbursable grants from federal or state government available for appropriation once approved by the granting agency. This eliminates the need for the Director of Account's approval in future bond bills for MGL c. 90 grant funds and broadens the immediate availability of other reimbursable grants for expenditure.

Injured on Duty Fund (Section 60)

Amends MGL c. 41, sec. 111F to allow municipalities to create, appropriate money to and expend from a special injury leave indemnity fund for payment of police officer and firefighter injury leave compensation or medical bills, rather than charging them to current departmental appropriations.

Insurance/ Restitution Funds (Section 84)

Amends MGL c. 44 sec. 53 to increase the amount that may be spent without appropriation to restore or replace damaged property from \$20,000 to \$150,000 and updates the lost or damaged school book and materials restitution exception to include electronic devices and equipment provided to students.

Jet Fuel Excise (Sections 175-177)

Amends the local option jet fuel excise [MGL c. 64J, sec. 4](#) and [sec. 13](#), to conform to a Federal Aviation Administration (FAA) rule that took effect in 12/2014. Under that rule, aviation fuel taxes first imposed by a governmental entity after 12/31/1987 must be earmarked for airport purposes. The amendments will now allow a municipality owning an airport in another municipality to accept the statute and collect the excises for airport use.

Parking Meter Local Acceptance (Sections 25, 28-29)

Amends MGL c. 40, sec. 22A, sec. 22B, sec. 22C which allows revenue generated from parking meters to revert to the city's or town's general fund, unless specifically accepted by the city or town to be accounted for in a separate fund.

Parking Meter Revenue Use (Sections 26-27, 30)

These sections expand the allowable use of parking meter funds and allow for rates to be set for the purpose of managing the parking supply. They also allow for the establishment of Parking Benefit Districts, a geographically defined area in which parking revenue collected therein may be designated in whole or in part for use in that district through a dedicated fund.

Performance Deposits (Section 92)

Creates a new, refundable, surety deposit fund for municipalities to

deposit monies escrowed to secure performance of a condition imposed for a permit, license or approval. Under a new MGL c. 44, sec. 53G1/2, the form and investment of the required financial guarantee and the criteria for determining satisfactory performance or default must be set by bylaw, ordinance, rule or regulation. Upon satisfactory performance, the board or officer granting the permit, license or approval may refund the escrowed monies with appropriation. The new statute does not apply to any financial surety required for subdivision approval under [MGL c. 41, sec. 81U](#).

Refundable Consulting Fees (91)

MGL c. 44 sec. 53G allows consultant fees imposed by certain municipal permitting boards to pay the costs of their reviewing applications for permits or licenses, including zoning special permits, subdivision control, comprehensive permits, board of health permits, and conservation commission permits. The statute allows the board to spend the fees for consulting services, and if monies remain after the board makes its determination, to refund them to the applicant, without appropriation. This change expands the use of special funds to include consulting fees charged by any municipal officer (for example, building inspector) or board with permitting authority where the imposition of fees for outside consultants is established by its own rule-making authority (if any), statute, ordinance or bylaw.

Regional School District Stabilization Fund (183)

Under MGL c. 71 sec. 166 1/2, a regional school district can have a stabilization fund, not to exceed 5% of the total assessment upon member communities. This section substitutes the Commissioner of Elementary and Secondary Education instead of the Director of Accounts to approve a higher level of stabilization fund appropriation and expenditures from the fund for other than capital purposes.

Rental Revolving Fund (Section 19)

Amends MGL c. 40, sec. 3 to allow cities and towns to create a revolving fund for proceeds from rental of surplus non-school properties and authorizes expenditures without appropriation for upkeep of such properties. This is an expansion of current law, which authorizes a revolving fund only for the rental of surplus school properties.

Scholarship and Educational Funds (159-162)

Amends MGL c. 60 sec. 3C and the authorization for cities and towns to form such funds and to clarify that each fund is separately accepted to clarify the distinct purposes for which such funds can be used.

School Revolving Fund (189)

Amends MGL c. 71 sec. 71E to allow revenue received from enrichment and summer programs authorized by the school committee, and parking fees as monies received in connection with the "use of school property", for the purposes of the district's revolving fund.

Special Education Reserve Fund (24)

Amends MGL c. 40, by inserting sec. 13D, which allows a school district to establish a reserve fund to pay, without further appropriation, for unanticipated or unbudgeted costs of special education, out-of-district tuition, or transportation. Deposits can be made via appropriation or budget transfer. The balance in the reserve fund shall not exceed 2% of the annual net school spending of the school district.

Special Events Fund / Betterment Reserve (93)

Amends MGL c. 44 sec. 53I for two special revenue funds. First, it broadens the municipal celebration fund to include any special event (e.g. anniversary celebrations). Second, it specifically reserves betterment and special assessment revenue for appropriation for the payment of debt service on any bonds issued to finance the improvements for which the betterments were assessed.

Stabilization Funds (22)

Amends MGL c. 40, sec. 5B, which allows municipalities to create one or more stabilization fund by permitting appropriations into the fund by majority vote and permitting the municipality, without appropriation, to dedicate all or a portion of particular revenue streams to the fund. This section also eliminates the cap on the amount reserved (10% of the prior-year property tax levy), but retains the requirement to obtain a 2/3 vote to make appropriations from the fund.

Vocational School Revolving Fund (190)

Amends MGL c. 74 sec. 14B and removes the \$5,000 expenditure limit placed on vocational schools' revolving funds used for culinary arts or other related programs.

Part 9: Non-Finance/Other Subject Matters

Agricultural Commissions (Sections 1, 23, 215, 243)

These sections authorize a municipality to establish a municipal agricultural commission to promote and develop the agricultural resources of the municipality.

Cadet Program (Section 223)

Prevents anyone applying to become a cadet from aging out as long they applied while they were age-eligible.

Civil Service Exams for Police Officers and Firefighters (Section 13)

Allows an applicant who reached 19 years of age while serving on active military duty but was not 19 on or before the date of an original examination to be eligible for any subsequent make up examination that is offered. Still, no person is eligible for original appointment to the position of police officer in a city or town until that person has reached the age of 21.

Combined Collector/Treasurer (Sections 51-52)

Streamlines the process for making structural modifications by allowing municipalities to combine their treasurer and collector positions into one, appointed office without needing a special act of the state legislature.

Double Poles (Section 239)

Requires all telephone companies and distribution companies to file a comprehensive annual report for years 2016, 2017 and 2018 to the Joint Committee on Telecommunications, Utilities and Energy and the Joint Committee on Municipalities and Regional Government that includes (i) the number of double poles at the beginning and end of the reporting period; (ii) double pole activity, including all attachments transferred during 2016; (iii) the number of unlicensed commercial and municipal attachments; (iv) the average number of days between the erection of the second pole and takedown of the original defective pole when there are no unlicensed attachments on the original pole; and (v) the average number of days between the erection of the second pole and the takedown of the defective pole when there is at least one unlicensed attachment on the original pole. The companies must also provide a timeline for projected removal of existing double poles as of December 31, 2016. In addition, the companies are required to provide a list of communities and municipal electric companies that participate in the statewide notification system utilized to facilitate the notification process for electronically alerting attachment owners to transfer and remove equipment attached to double poles. Upon receipt of the 2016 annual report, and in collaboration with the Department of Public Utilities, the Joint Committee on Municipalities and Regional Government "shall endeavor to propose a fine structure for failure to remove outstanding double poles."

E-Citations (Sections 195-211)

Allows for the implementation of the new "E-Citations" project being jointly administered by Executive Office of Public Safety and Security and the Registry of Motor Vehicles. Municipal police departments will now be able to issue tickets electronically for civil motor vehicle infractions.

Economic Development and Industrial Corporations(Section 219)

Designed to promote and stimulate economic development and expand employment opportunities, Economic Development and Industrial Corporations can now be formed in a town by the select board.

Elections (Sections 101-102)

Permits municipalities to use "electronic poll books" in lieu of paper voting lists at polling stations. Any municipality interested in using electronic poll books must obtain approval from the Secretary of State and, if approved, obtain a vote of the select board or town council in a town or city council in a city at least 60 days before the first election in

which such technology will be used. The Secretary of State must also promulgate regulations.

Housing Authority Appointments (Section 216)

Changes state law to allow a municipality to make the appointment to a Housing Authority if the State does not fill the vacancy within 120 days.

Industrial Development Financing Authority (Sections 40-41)

Amends state law to allow the select board in a town to establish an Industrial Development Financing Authority to combat unemployment and improve business opportunities in the community by attracting new industry or substantially expanding existing industry through an industrial development project or projects.

Joint Powers Agreement (Section 20)

Allows governmental entities to enter into a joint powers agreement. In a city, these can be entered into with another governmental unit for the joint exercise of any of their common powers and duties within a designated region, except for veterans' services, by the city council with the approval of the mayor, and in a town, by the select board.

Local Speed Limits / Safety Zones (Sections 193-194)

Provides municipalities with flexibility around the establishment of speed limits. Cities and towns can now establish a speed limit of 25 MPH on any roadway inside a thickly settled or business district on any way that is not a state highway. It also allows for the creation of designated safety zones on, at, or near any way in the city or town that is not a state highway, and with the approval of MassDOT if the same is a state highway. Such safety zones would have a posted speed limit of 20 MPH.

Manufactured Housing Study / Qualification under Ch. 40B (Section 245)

Requires the Department of Revenue to conduct a study evaluating each manufactured housing community in the Commonwealth to determine what percentage of residential households in each such community would qualify for low- or moderate-income housing under Ch. 40B of the General Laws.

Penalties for Unlicensed Electricians(Section 222)

Increases fines for unlicensed electricians. The current penalty structure is \$10 to \$100 for a first offense and \$50 to \$500 for second or subsequent offenses. The new structure would be \$1,000 to \$1,500 for a first offense, \$1,500 to \$2,000 for a second offense, and \$2,000 to \$2,500 for each subsequent offense.

Procurement

Later in this edition, Gary Lambert, Assistant Secretary for Operational Services (OSD) within the Executive Office for Administration and

Finance, provides insight about the procurement-related changes contained in the Act. Please make sure to read that, as it provides important information, including changes to advertising requirements and additional opportunities for municipalities to save time and money by using the OSD's statewide contracts. Below is a quick summary of all of the procurement-related sections:

- **Sections 2-4, 6-12** amends the "horizontal" construction procurement statute (MGL c. 30, sec. 39M) by increasing the dollar threshold for contracts requiring less-than-full competitive bidding from \$10,000 to \$50,000. They also make procurement methods consistent with other construction and municipal procurement statutes by adding a "middle tier" of contracts valued at between \$10,000-\$50,000, for which public entities may either give public notification of the contract or use OSD statewide contracts or other "blanket" contracts to solicit a minimum of three bids. Finally, these sections make conforming changes to dollar thresholds for existing exemptions under Ch. 30, sec. 39M and the municipal procurement statute (MGL c. 30B).
- **Section 5** removes the existing exemption from Ch. 30B for contracts for bank services that are subject to the maintenance of a compensating balance.
- **Sections 224-230** amends the "vertical" construction procurement statute (Ch. 149, sec. 44A) by increasing the dollar threshold for contracts requiring less-than-full competitive bidding from \$25,000 to \$50,000. It also makes procurement methods consistent with other construction and municipal procurement statutes by modifying the method for "middle tier" contracts, valued at between \$10,000-\$50,000, to permit public entities to either give public notification of the contract or use OSD statewide contracts or other "blanket" contracts to solicit a minimum of three bids. These sections increase the dollar thresholds for contracts requiring competitive bidding (from \$100,000 to \$150,000 for first tier) and for triggering the requirement to submit "sub-bids" and "sub-trade" bids.
- **Section 236** increases the procurement threshold for the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority from \$25,000 to \$50,000.

Promote Regionalization

Three sections promote regionalization:

- **Section 240** requires executive agencies to evaluate all grant, loan, and technical assistance programs for opportunities to promote intermunicipal cooperation, collaboration, and regional service delivery.
- **Section 241** requires state agencies to prioritize applications for municipalities working jointly.
- **Section 242** requires the OSD to review procurement policies and regulations to facilitate the execution of contracts between

regional planning agencies and any state agency.

Reduce Cost of Textbooks/Educational Materials (Section 244)

Requires OSD to develop procedures allowing for the reduction of the cost of textbooks and other educational materials through methods including, but not limited to, bulk purchasing and statewide contracts for bulk purchasing for elementary and secondary public schools and for public institutions of higher education in accordance with 34 CFR 668.164.

Regional Health Districts (Sections 212-214)

Modifies how regional health districts are formed in a town by letting select boards establish them. These boards are responsible for ensuring food safety, enforcing the state sanitary code, inspecting pools, food service establishments and summer camps, permitting all septic systems, preparing for public health emergencies, and responding to reportable communicable diseases.

Regional Refuse Disposal Planning Committee (Sections 32-34)

Modifies existing statute to enable the board of selectmen in a town to establish the committee rather than town meeting.

OSD Highlights Municipal Modernization Procurement Impacts

Gary Lambert - Assistant Secretary for Operational Services

On Tuesday, August 9, Governor Charlie Baker praised the hard work by the Massachusetts legislature, commenting on the "bipartisan support not commonly seen in government today" when he signed into law the unanimously passed [Act to Modernize Municipal Finance and Government](#). Though described as "weed whacking" a fair number of times in the Governor's remarks, the importance of this legislation cannot be understated - it is the first major overhaul of municipal laws in more than 50 years, bearing widespread support from cities and towns across the Commonwealth.

What does it mean for me?

The Act, among many other accomplishments, updates thresholds for small scale construction projects and materials. The Act facilitates streamlined procurement of small construction-related materials and services by increasing the current \$10,000-\$25,000 threshold up to a new threshold of \$50,000. Additionally, it allows municipalities to save time and money by using the Operational Services Division's Statewide Contracts (SWCs). The Act, as it relates to these construction projects and procurement changes, goes into effect on

November 7, 2016.

I already conduct my own procurements in my city, why should I use statewide contracts?

You still may conduct your own procurements, however, using SWCs can help save you time and money. By using SWCs, you do not need to invest valuable time developing solicitations, posting notices, issuing bids, evaluating responses, and executing contracts. The Operational Services Division (OSD) has negotiated the pricing or required competitive quotes, selected the appropriate vendors that meet qualifying criteria, and outlined the services the vendors perform relative to the contract. We've done the work to bring the best value/best price to the contracts, so you can forgo this step in the process.

Now that the threshold has been raised to \$50,000, OSD will create new statewide contracts for tradesperson services, i.e. plumbers, electricians, and carpenters (among many others). In the past, cities and towns found these types of SWCs to be valuable tools that streamlined the due diligence work needed to find licensed and skilled tradespersons. We expect these new SWCs to be widely used by municipal and state agencies requiring skilled tradespersons for their construction projects.

OSD Sourcing Leads also will be amending certain existing contracts and updating affected Contract User Guides to add new products and services now allowed under the new Act. For example, existing contracts that may have been subject to the \$10,000 construction services limit, such as low voltage cabling, will have new guidance to expand the limit to \$50,000 and detail the new steps required to meet the Act requirements.

How should I be preparing for the November 7 effective date?

An additional requirement of the new law that will affect all municipalities is the required posting of certain bid notices on COMMBUYS. There are a number of activities that local government agencies might consider undertaking now to ensure that you will be ready to meet the new requirements when the legislation takes effect. These activities include:

- 1.) Contacting OSD's [Local Government Enablement Team](#) to set up a COMMBUYS account for your city or town.
- 2.) Attending COMMBUYS training to learn how to post notifications and bids, and utilize statewide contracts for the purchase of goods and services.
- 3.) Recommending that your current vendors register in COMMBUYS, which will allow them to receive notices you post and also to receive

notices of other opportunities from Commonwealth entities in their areas of business. Vendor registration in COMMBUYS is free and takes only a few minutes to complete. Simply advise your vendors to visit COMMBUYS.com and click the "Register" link to begin.

How is OSD preparing?

The Operational Services Division also has been looking forward to the enactment of this legislation, as it allows us to better serve our customers - the local governments and state agencies that purchase goods and services from our Statewide Contracts and use the COMMBUYS Market Center to make those purchases, solicit bids, and post notices. While the changes to the procurement requirements under OSD's purview do not take effect until November 7, 2016, OSD currently is developing a plan to:

- 1.) Amend and/or update all statewide contracts impacted by the new legislation to reflect the new \$50,000 threshold for construction materials and construction services and detail any steps required to do this properly;
- 2.) Initiate a procurement to create a tradespersons contract to offer a list of regional, pre-qualified vendors to perform various construction services up to \$50,000; and
- 3.) Investigate opportunities to develop new statewide contracts for the procurement of certain construction materials such as pipes, gravel, and asphalt, to name a few.

OSD is excited by the prospects offered by this new legislation and looks forward to working with you to modernize your municipal procurement practices.

August Municipal Calendar

August 1	Taxpayer	Quarterly Tax Bills - Deadline for Paying 1st Quarterly Tax Bill Without Interest According to M.G.L. Ch. 59, Sec. 57C, this is the deadline for receipt of the 1st Quarter preliminary tax payment without interest, unless the preliminary bills were mailed after July 1. If mailed by August 1, the 1st Quarterly payment is due August
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		1, or 30 days after the bills were mailed, whichever is later, and the 2nd Quarterly payment is due November 1. If mailed after August 1, the preliminary tax is due as a single installment on November 1, or 30 days after the bills were mailed, whichever is later.
August 1	Taxpayer	Annual Boat Excise Return Due
August 1	Accountant	<p>Notification of Total Receipts of Preceding Year</p> <p>The total actual local receipts (e.g., motor vehicle excise, fines, fees, water/sewer charges) of the previous fiscal year must be included on Schedule A of the Tax Rate Recapitulation Sheet (Recap) which is submitted by the Assessors to DOR. On the Recap, the Accountant certifies the previous fiscal year's actual revenues, and the Assessors use this information to project the next fiscal year's revenues. Any estimates of local receipts on the Recap that differ significantly from the previous year's actual receipts must be accompanied by documentation justifying the change in order to be approved by the Commissioner of Revenue.</p>
August 10	Assessors	Deadline for Appealing EQVs to ATB (even numbered years only)
August 10	Assessors	Deadline for Appealing SOL Valuations to ATB (every fourth year after 2005)
August 15	Assessors	<p>Deadline to Vote to Seek Approval for Authorization to Issue Optional Preliminary Tax Bills</p> <p>For semi-annual communities issuing optional preliminary</p>

		<p>property tax bills, the Assessors must vote to seek authorization to issue the bills from DOR by this date. After receiving approval, Assessors must submit a Pro-forma Tax Rate Recap Sheet to DOR for review and issue the tax bills by October 1.</p>
<p>August 31</p>	<p>DOR/BOA</p>	<p>Issue Instructions for Determining Local and District Tax Rates</p> <p>A copy of the Tax Rate Recap Sheet and its instructions are forwarded to the community.</p>
<p>August 31</p>	<p>Assessors</p>	<p>Begin Work on Tax Rate Recapitulation Sheet (to set tax rate for semi-annual bills)</p> <p>Until the Tax Rate Recap Sheet is completed and certified by the Commissioner of Revenue, the community may not set a tax rate nor send out its property tax bills (unless it issues preliminary quarterly tax bills or requests from DOR the authority to send out preliminary tax notices if DOR requirements are met). Communities should begin gathering the information in enough time for the tax rate to be set and tax bills mailed by October 1. The Tax Rate Recap Sheet provides Mayors or Selectmen with a ready-made financial management tool because the town's most important financial management information is summarized on this form. The Mayor or Selectmen should review the Recap Sheet in preliminary form in order to understand the following financial information:</p> <p>Page 1 (Tax Rate Summary) -The proposed tax levy should be compared to the levy limit. If a</p>

community does not levy to its limit, the remaining levy is referred to as excess levy capacity. Excess levy capacity is lost to the community for the current fiscal year although it will always remain in the levy limit calculation.

Page 2 (Amount To Be Raised) - This section includes appropriations and other local expenditures not appropriated. These include overlay deficits, revenue deficits, state and county charges, Cherry Sheet offset items, and the allowance for abatements and exemptions. By comparing this information to the prior year(s), any significant changes can be determined.

Page 2 (Estimated Receipts & Revenues From Other Sources) - In particular, Section C shows the amount appropriated from free cash and other available funds. By comparing the amounts appropriated to the balances in these accounts (available from the Accountant/Auditor), the Mayor or Selectmen can get a sense of how their non-property tax revenues are being used.

Page 3, Schedule A (Local Receipts Not Allocated) -By comparing these figures to prior year(s), the Mayor or Selectmen can determine any changes in these revenues.

Page 4, Schedule B (Certification of Appropriations and Source of Funding) -This section includes financial votes of City/Town Council or Town Meeting not previously reported on last year's recap.

Final Day of Each Month

State Treasurer

**Notification of Monthly Local Aid
Distribution**

Click

**[www.mass.gov/treasury/cash-
management](http://www.mass.gov/treasury/cash-management) to view
distribution breakdown.**

To unsubscribe to *City & Town* and all other DLS Alerts, please click [here](#).