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## An Update on Municipal Modernization

Lieutenant Governor Karyn Polito



Greetings all and happy March! Before we know it spring will be here (time flies when you're having fun)!

As you know from [my last City & Town contribution in December](#), our office has been working hard on the Municipal Modernization Bill. I would like to use this opportunity to update you on our progress.

This comprehensive bill is the product of conversations and feedback we received from across the Commonwealth. We sought out ways to support municipalities, streamline business practices and increase local independence. For the first time in years, we have taken a close look at the antiquated regulations and rules that hinder rather than help the functions of government. After the bill was filed on December 7th, our partners in the legislature took over to review our proposals. Through this process, the bill was segmented and assigned to five legislative committees. Sections were put in front of the Joint Revenue, Municipalities, Transportation, State Administration, and Public Service

committees, and public hearings were held to allow all interested parties to comment on the many aspects of the legislation.

By the time the hearings wrapped up on February 9th, we had engaged with countless stakeholders, including our friends at the Massachusetts Municipal Association, to advocate for this important legislation. I testified at both the Revenue and the Municipalities hearings highlighting the need for commonsense updates. With the initial hearings now complete, we will continue to work with our legislative partners to obtain a desirable outcome for these and many other improvements.

In the coming weeks, I look forward to a continued collaboration with our partners in municipal government. Whether through the modernization legislation or the Community Compact program where we've seen immense interest and engagement ([222 applications and 154 signed Compacts!](#)), we're constantly seeking out ways to partner with local officials. As always, thank you for what you do and keep up the good work!

## Zack Blake Named New TAB Chief

### DLS Technical Assistance Bureau

DLS Senior Deputy Commissioner Sean Cronin has named Zack Blake as [Technical Assistance Bureau \(TAB\) Chief](#). Zack has served for the past 18 months as TAB Director overseeing a team of project managers who advise cities and towns on opportunities to improve their financial management operations. Zack succeeds Rick Kingsley, who retired from DLS last year.

Over the next year, Zack's team will be focused on supporting the [Baker-Polito Administration's Community Compact Cabinet initiative](#). This collaborative program strives to create clear mutual standards, expectations, and accountability for both the state and municipalities by implementing best practices. In this role, his team will be working with local officials in the use of financial data, techniques and methods for improving budgeting, planning and management.

A graduate of Miami University of Ohio and Suffolk University with a Master's in Public Administration, Zack is an Acton native and currently lives in Sudbury with his wife and two children.

Zack was hired by DLS 10 years ago as a TAB project manager. Prior to that, he worked in the Town of Watertown's personnel office and as assistant facilities director. He has also worked for the Center for Innovation and Change Leadership and Fidelity Investments.

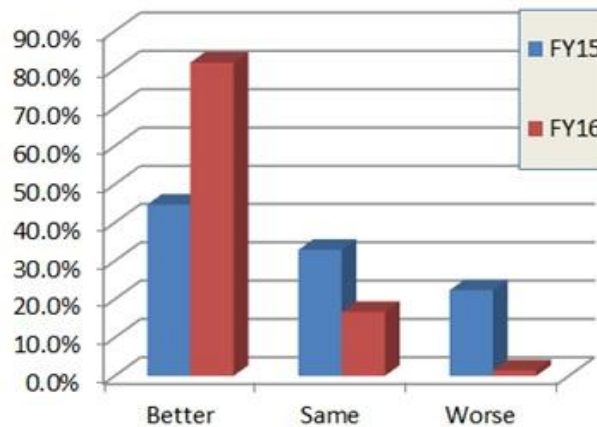
# FY16 Survey Results Positive for BLA

**Bob Bliss - Regional Manager and Director of Strategic Planning**

City and town assessors have given the [Bureau of Local Assessment](#) (BLA) high marks for the FY16 certification review process according to the bureau's annual survey of assessors in certification communities.

Of the 116 communities surveyed, 71 responded, with 42 percent calling their experience excellent, 52 percent calling it good, and 6 percent calling it average. None said it was difficult or very difficult.

## Comparing Certification Processes



Asked how the FY2016 certification review process compared to the previous certification, 82 percent said it was better; 17 percent said it was the same; and 1.5 percent said it was worse. Asked how the FY2016 new growth review compared to prior years' new growth review, 76 percent said it was better; 23 percent said it was the same; and 1.4 percent said it was worse. Asked to what extent certification advisors were available to provide assistance and answer questions throughout the certification process, 89 percent said always available while 11 percent said frequently available. No respondents said advisors were unavailable.

The overall results show that BLA - in the eyes of assessors in certification communities - has continued to improve its processes of the past three years.

When asked the same question - Please rate your overall experience with the certification review process - in FY14, FY15 and FY16, the percentage of respondents who said their experience was excellent rose from 15 percent in FY14 to 23 percent in FY15 and then to 42 percent in FY16.

For this same question, the percentage of respondents who said their

experience was difficult dropped from 15 percent in FY15 to 0.0 percent in FY16.

Asked how the certification review compared to your last certification, 45 percent said better in FY15 and 82 percent said better in FY16. For the same question, the percentage who said their experience was worse dropped from 22.4 percent in FY15 to 1.5 percent in FY16.

"These positive results and trends are due to a dedicated BLA team reviewing past operations, looking at available resources after the Early Retirement Incentive Program, and moving towards a more efficient process," said BLA Bureau Chief Joanne Graziano.

"Cross-training assisted us and we empowered staff to make decisions that in previous certification years required additional signoffs, thus removing redundant steps in the process and decentralizing the review to a regional model. It was challenging, but we made meaningful changes as seen in the results," Graziano said.

Reviewing the results, DLS Senior Deputy Commissioner Sean Cronin called them "pretty remarkable - this data and comments from local assessors speak loudly."

Cronin noted that if there was one area that could be improved it would be "the ease of producing certification review materials," but even those results were generally positive.

A majority of respondents said producing the Gateway LA3, LA4 and LA10 were easy. There was almost an even split between easy and average for the LA13 (new growth). A majority reported that producing the valuation narrative, land analysis, C&I income approach, spreadsheet review and personal property reports was average for each.

He concluded: "When I read things like 'BLA has been very approachable and easy to work with' and 'The past couple of years, DOR staff has done a complete turnaround in this area (communication)' it shows the bureau's willingness to approach things differently."

To read the entire survey results and all comments received, click [here](#).

## **Ask DLS**

This month's *Ask DLS* features frequently asked questions regarding municipal liens to secure collection of delinquent real estate taxes and charges. Please let us know if you have other areas of interest or send a question to [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us). We would like to hear from you.

## What is a lien?

A lien is an encumbrance on specific real estate for payment of a debt or obligation. Municipalities (and tax levying districts such as water or fire districts) have liens to secure payment of real estate taxes and some other assessments or charges.

## How are municipal liens created?

Municipal liens can arise by operation of law or by recording an instrument.

- A. Operation of Law - The real estate tax lien arises automatically by operation of law each January 1st assessment date and is a very effective tool for the collection of real estate taxes. [MGL c. 60, sec. 37](#). The lien is superior to other interests in the property, such as mortgages and other liens, and takes precedence over the rights of co-owners who are not assessed as well as heirs, even if those interests were created before the tax lien arose.

Liens for municipal or district utility charges, such as water, sewer, light plant and solid waste charges, arise by operation of law the day after they are due. However, to have liens for these charges, the municipality or district must accept certain statutes, record a certificate of acceptance and meet other requirements. [MGL c. 40, secs. 42A-42E](#); [c. 44, sec. 28C\(f\)](#); [c. 83, secs. 16A-16E](#); [c. 164, secs. 58B-58F](#).

- B. Recorded Instrument - Liens for betterments, special assessments, demolition charges and other municipal charges arise upon recording a lien statement. [MGL c. 40, sec. 58](#); [c. 40, 42I](#); [c. 80, sec. 12](#); [c. 83, sec. 27](#); [c. 111, sec. 125](#); [c. 111, sec. 127B](#); [c. 139, sec. 3A](#); [c. 143, sec. 9](#); [c. 148, sec. 5](#).

## How long does the lien for real estate taxes stay in effect?

The lien for real estate taxes expires three years and six months from the end of the fiscal year for which the taxes were assessed, or upon a recorded transfer of the property, whichever is later. [MGL c. 60, sec. 37](#). This means real estate tax liens last for a minimum of five calendar years, arising on the January 1st assessment date and ending on the fifth December 31st after the assessment date. The lien continues indefinitely when perfected by a timely tax taking or sale. A taking or sale within five years of the assessment date is timely. A later taking or sale may still be timely if made before a recorded transfer of the property.

*For example, the lien for Fiscal Year 2017 real estate taxes arises by law on the FY2017 assessment date of January 1st, 2016. At a minimum, the lien exists during the assessment date calendar year*

*(2016) and the subsequent four calendar years (2017, 2018, 2019 and 2020). The lien expires on December 31st, 2020 if the property was sold and the lien was not perfected on or before that date. If not sold before December 31st, 2020, the lien expires when the property is sold unless it was perfected before the sale.*

### **How long do liens for other assessments or charges stay in effect?**

Liens vary in duration. The governing statute must be followed to ensure that the delinquent assessments or charges are added to the real estate tax, *and* the collector perfects the lien for those assessments or charges by a tax taking or sale, *before* the lien expires. For collection purposes, perfected real estate tax liens secure not only real estate taxes but also unpaid betterments, special assessments and municipal charges that constitute liens and have been added to and committed with the tax by the assessors. Liens also secure the interest and collection charges that accrue by law. In municipalities that have tax-levying districts, such as water or fire districts, tax takings or sales will perfect liens for district as well as municipal taxes and charges.

### **What is a municipal lien certificate and who is responsible for preparing one?**

A municipal lien certificate (MLC) is a listing of all taxes, assessments and charges that constitute liens on a parcel of real estate at the time of issuance. [MGL c. 60, secs. 23, 23A](#), and [23B](#). It is generally requested when a property is being sold or the mortgage refinanced.

The collector is responsible for preparing the certificate. In a municipality with a population over 5,000, the collector must furnish the MLC to an applicant within ten days of the written request. Where the municipality's population is 5,000 or fewer, the collector must provide the MLC within 20 days of the written request.

### **What happens to the liens for taxes, assessments and charges that the collector fails to list on the MLC?**

Generally, liens for unpaid real estate taxes that have been committed to the collector will be discharged if the taxes are left off a MLC that is recorded at the Registry of Deeds or registered in the Land Court section of the Registry within 150 days of its issuance. [MGL c. 60, secs. 23, 23A](#), and [23B](#). In municipalities or districts that have accepted the statutes creating liens for water, sewer, light or solid waste charges, the liens are also lost if left off timely recorded MLCs.

However, liens for taxes, betterments, assessments and other charges like water and sewer are not discharged if a tax taking or a statement to continue municipal lien has been previously recorded or registered. The reason is that the world is put on notice of the existence of the lien on the property, and the law requires that specific instruments must be



recorded to discharge these liens. For example, a tax title can only be discharged by an instrument of redemption under [MGL c. 60, sec. 62](#). Betterments and special assessments can only be discharged by certificates under [MGL c. 80, sec. 12](#). A renunciation of rights is required to dissolve a statement to continue a municipal lien. [MGL c. 60, sec. 37A](#).

**If the collector issued an erroneous municipal lien certificate that is timely recorded and the lien is discharged, is the unreported tax or charge uncollectible?**

Not necessarily. Even if a lien is lost, the underlying tax or charge is still due. Except for betterments and special assessments, the assessed party remains personally liable for payment of the tax or charge. The personal liability may be enforced by any of the other collection remedies available to a collector. The collector can bring a civil action against the assessed owner. [MGL c. 60, sec. 35](#). The collector must bring a court action before the six-year statute of limitations on civil actions expires. [MGL c. 260, sec. 2](#). Alternatively, the collector can withhold any money owed by the municipality to the taxpayer and set it off against the obligations of the taxpayer under [MGL c. 60, sec. 93](#). Thirdly, the municipality can deny, revoke or suspend certain municipal licenses and permits if it has accepted [MGL c. 40, sec. 57](#).

Because the lien is such an effective collection mechanism, it is obviously best not to lose it. The risk of losing municipal liens can be reduced by perfecting them promptly. Once a lien has been perfected, any subsequent erroneous lien certificates and transfers of the property will have no effect on the lien's status or enforceability.

## **Register Now for Assessment Administration: Law, Procedures, and Valuation (Course 101)**

DLS will be offering the basic assessor training course, *Assessment Administration: Law, Procedures and Law (aka Course 101)*, in Barnstable this spring. The course will held on April 6th, 13th and 27th from 9 am to 4:30 pm. In order to qualify to take the exam at the end of the course, participants must attend five out of the six sessions (or 2.5 days).

[Click here](#) to register for this training opportunity. If you have any questions regarding this training, please contact Donna Quinn at (617) 626-3838 or [quinnd@dor.state.ma.us](mailto:quinnd@dor.state.ma.us).

# Proper ALIF Filing Could Boost Your Community's Tax Revenues

**William Graham - DOR Audit Division Deputy Commissioner**

Is your municipality in compliance with [MGL Chapter 62C, Section 47A](#)? If you have never heard of it, there's a chance that you're not receiving all the tax revenues you are due!

This law requires that all municipalities file [the Annual License Information Form](#) (ALIF) with the Department of Revenue (DOR), reporting all businesses licensed in their community. DOR will then use this information to confirm whether these businesses are registering and paying their taxes. This could lead to an increase in your local option taxes.

In the past, there has been negative feedback about the form being too cumbersome. We've heard that and have made changes! The number of required fields has been cut in half, and we believe you'll find the newer form easier to complete.

When filing, it is vital that all required fields be completed, particularly the Employee Identification Number (EIN) or Social Security number in order for DOR to properly track. To file your ALIF completely, it is recommended that you obtain the mandatory ALIF data as a part of your annual license procedures.

## 2016 DOR Tax Amnesty Program Unveiled

**Massachusetts Department of Revenue**

Watching a game-winning goal in overtime is as exciting as hockey gets. With DOR's MA TAX AMNESTY 2016, you can stay out of the penalty box by paying only what you owe. Read on to find out more.

### **What is MA TAX AMNESTY 2016?**

It's a tax amnesty program for you to save on penalties while catching up on back taxes. The amnesty program runs from April 1st to May 31st and is available for all qualified individuals and businesses.

### **How Does It Work?**

Starting April 1st, a simple online Amnesty Return will be available on



the [amnesty webpage](#). Once you've calculated the tax amount you owe, enter that into the Amnesty Return, and we'll calculate your total interest and balance due. You'll then submit an electronic payment for the balance due with your Amnesty Return.

### **Review your records**

First, review your prior filing obligations to determine if you failed to file a return or underreported the correct amount of tax due the Commonwealth. If you're unsure about your tax obligations, you can check either the [Individuals](#) or [Businesses](#) sections on DOR's website for more information.

### **Gather your information**

Individuals will need to pull together any W-2s, 1099s, and K-1s. You'll also need to have a Social Security number or a tax identification number for each person listed on your return.

Businesses can also take part in the program. Be sure you have a tax ID number and understand the taxes that would be generated from your business model, like sales tax, use tax, or employee withholding tax. Review and organize your books and records accordingly.

### **Figure out how much you owe**

Fill out the appropriate tax returns to determine the amount of tax owed. Now you're ready to complete your online Amnesty Return.

### **What If I Have a Question?**

To learn more about the program, check out the [MA Tax Amnesty 2016 page](#). This resource will give you the particulars of the program, like eligibility requirements and the consequences of not taking advantage of the program. And, you'll find [FAQs](#) as well.

The page will be updated frequently, so please bookmark it and check back! Take advantage of MA Tax Amnesty 2016 and Escape the Penalty Box!

## **IG's Office Hosting Boards and Commissions Seminar**

### **Office of the Inspector General**

Join us for the Boards and Commissions Seminar at the Inspector General's Office, One Ashburton Place, Boston on March 24th, 2016!

"Boards & Commissions: Responsibilities, Good Governance and What

You as a Member Need to Know" is a one-day course designed to reach board and commission members who are seeking clarification and training related to their roles and responsibilities. This course will provide an overview of the general duties required of individuals who serve on public boards and commissions, including municipal and state entities. Board and commission members have a fiduciary duty to actively oversee the officials who report to them and to ensure that the public monies they administer are spent appropriately. Attend this class and walk away armed with the knowledge and ability to be a highly effective board or commission member for your municipality or agency.

The Boards and Commissions seminar will include segments relating to fiduciary duties of board members, ethical considerations, open meeting law and fraud prevention. Registration information is available at [www.mass.gov/ig](http://www.mass.gov/ig). For this one-day, 8:30 am - 3:30 pm seminar, participants may earn six CPE credits or qualify for six PDPs. Cost is \$150 for all attendees.

## OSD Announcements

### Operational Services Division

It's the two-year anniversary of COMMBUYS! March also is National Procurement Month! But just as noteworthy is the fact that, beginning March 1st, the OSD is launching a month-long sale on a wide array of statewide contract (SWC) products and services! All buyers eligible to purchase from SWCs may take advantage of these special **March to Savings** offers.

More than 130 SWC vendors have agreed to offer product and service discounts on top of their negotiated contract agreements for eligible purchases issued March 1st through March 31st, 2016. This is an opportune time to match your organization's 2016 purchasing needs with our **March to Savings** offers.

**Participation is simple.** Review our list of [eligible March to Savings Deals and Discounts](#). Then, refer to OSD's [March to Savings communication](#) to get the **March to Savings Promo Code** and purchasing procedures.

### March to Savings Resources

- [Eligible Deals and Discounts](#)
- OSD's [March to Savings Communication](#)
- [All Statewide Contract User Guides](#)
- COMMBUYS Help Desk Staff: [COMMBUYS@state.ma.us](mailto:COMMBUYS@state.ma.us) or 1-888-627-8283

Connect with us on Twitter! **#MarchSalesEvent**. Reach out to OSD at [@OSDOutreach@state.ma.us](https://twitter.com/OSDOutreach).

# March Municipal Calendar

<b>March 1</b>	<b>DOR/MDM</b>	<b>Notification of Cherry Sheet Estimates for the Following Year (pending action taken by the Legislature)</b>  The Cherry Sheet is an estimate of: 1) Receipts: local reimbursement and assistance programs as authorized by law and appropriated by the General Court; and 2) Assessments: state and county assessments and charges to local governments. All amounts listed on the Cherry Sheet are estimates. Actual receipts and charges are determined based on detailed formulas or guidelines for each program. Cherry Sheets are posted on the DLS website and updated at each juncture of the state budget process.
<b>March 1</b>	<b>Personal Property Owner</b>	<b>Submit Form of List</b>  This is a listing of all personal property filed by the owner with the Assessors each year for the purpose of determining taxes in the next fiscal year. The return is due on or before March 1, but the deadline may be extended by the Assessors to a date no later than the date abatement applications are due.
<b>March 1</b>	<b>Charitable Organization</b>	<b>Submit 3ABC Forms</b>  This is a return of property held for charitable purposes filed by a charitable organization with the Assessors each year in order to be eligible for

		<p>exemption from taxation for the next fiscal year. The return is due on or before March 1, but the deadline may be extended by the Assessors to a date no later than the date abatement applications are due.</p>
<b>March 1</b>	<b>DOR/BLA</b>	<b>Filing Deadline for Telecommunications Forms of List</b>
<b>Final Day of Each Month</b>	<b>State Treasurer</b>	<p><b>Notification of monthly local aid distribution.</b></p> <p>Click <a href="http://www.mass.gov/treasury/cash-management">www.mass.gov/treasury/cash-management</a> to view distribution breakdown.</p>
<p>To unsubscribe to <i>City &amp; Town</i> and all other DLS Alerts, please click <a href="#">here</a>.</p>		