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Department of Revenue's
Division of Local Services

City & Town

Supporting a Commonwealth of Communities

Mike Heffernan Commissioner • Sean R. Cronin, Senior Deputy Commissioner of Local Services



January 5th, 2017

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By the Numbers

City & Town has provided updates on the progress of the tax rate and certification season in each edition while also allowing you to follow the tax rate setting process in real time. Thanks to our Municipal Databank staff, this public information is available 24/7 by [clicking here](#).

Preliminary Certifications:

115 Communities Approved

Final Certification: 115 Communities
(of 117 Total in Certification Year)

LA4: 348 Approved (348 Submitted)

LA13/ New Growth: 348 Approved
(348 Submitted)

Tax Rates: 345 Approved

Balance Sheets: 261 Approved

FY17 Update

Deputy Commissioner Sean R. Cronin

Happy 2017! As we transition away from the holidays and toward the FY18 budget and Town Meeting seasons, I wish you best for the coming year. I also want to thank you for working with DLS on a very successful FY17 tax rate setting season. Last year I reported that the changes we made at DLS along with your cooperation regarding submitting recaps earlier combined to make the FY16 tax rate setting process a smooth and successful one.

I'm happy to say that the FY17 season was even more successful in terms of getting more tax rates approved earlier. As the data in the table below shows, we had a record number of tax rates approved by the end of November (173) and a record low for the number of tax rates not yet set (6). Over the past two cycles, the number of tax rates approved by the end of November has increased by more than 20%.

	TAX RATES		
	Approved by end of Nov.	Approved in Dec.	Approvals Remaining
FY17	173	172	6
FY16	163	179	11
FY15	134	202	16
FY14	119	219	14
FY13	141	194	18
FY12	114	216	23
FY11	108	219	26
FY10	93	194	66
FY09	117	209	27
FY08	133	177	43
FY07	105	194	54

This is attributable to a number of factors:

- An extremely dedicated and professional team at DLS
- Municipal government officials working collaboratively to provide information in a timely fashion and understanding that it is better to get your Recap in earlier

Aggregate Free Cash Approved

Total: \$1,027,515,342

MUNICIPAL Databank



Other DLS Links:

[Local Officials Directory](#)

[Information Guideline](#)

[Releases \(IGRs\)](#)

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial](#)

[Calculators](#)

DLS Notices

Please stop by and visit us at the 2017 MMA Annual Meeting on January 20th.

We'll be on the exhibit floor on the 20th and 21st, as well as hosting an annual workshop on the 20th.

The TAP program (Taxpayer Assistance Program), which aims to have communities reach an earlier date for tax rate setting

- The lack of backlog in BLA for approvals of new growth and the prompt approval of certification communities due largely to decentralized decision making
- Focusing on setting rates first with balance sheets later, if Free Cash wasn't needed for an upcoming appropriation article

I know that together we can make even more progress on getting tax rates set earlier. For those interested in doing so, you might find TAP very helpful, as the goal of the program is to "tap into" DLS experience and expertise to efficiently and successfully set a timely tax rate. TAP helps enhance and increase communication between the local assessing and finance teams and DLS.

Another factor in a successful tax rate setting season was the performance of the recently upgraded Gateway system. As explained by Kirsten Shirer, Director of DLS' Information Technology Unit, in the April 7th [edition](#) of City & Town, Release 3 of the Modernization project was rolled out. The largest release to date, Release 3 included upgrades to many of our most important modules: 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. By all accounts, Gateway performed extremely well on both the DLS end and the municipal end. While no system is perfect, we are very happy with the upgraded Gateway and the feedback we've received from you mirrors our internal experience. If you have any comments on or suggestions for Gateway, please let me know by email at croninse@dor.state.ma.us.

I'd like to close with a couple of quick reminders:

1. The 2017 Massachusetts Municipal Association Annual Meeting is set for January 20th and DLS will have its booth and offer its annual workshop "Developments and Initiatives in Municipal Finance". We are thrilled to have DOR Commissioner Heffernan lead a discussion of the state's economic outlook. The agenda also includes a presentation on available analytical tools, an update on the Community Compact Cabinet initiative, including observations from the 100-plus finance-related best practices, and a legislative update. I hope you choose to attend the workshop; either way, I hope to see you at our booth!
2. As Lieutenant Governor Polito noted in the [last edition](#) of City & Town, Round 2 of the Community Compact Cabinet's (CCC) [Efficiency and Regionalization](#) (E&R) competitive grant program opened on January 1 and closes on February 1. This program provides financial support for governmental entities interested in implementing regionalization and other efficiency initiatives that allow for long-term sustainability.

You can view the grants awarded just a few weeks ago in Round 1 [here](#). If you haven't applied for the Best Practice program, visit www.mass.gov/CCC for information and consider the benefits the program provides. You can also email me any questions about the program at the email address listed above.

Best of luck in the year ahead! As always, I welcome and appreciate your feedback so please continue to call or email me.

Ask DLS: Municipal Modernization

This month's *Ask DLS* again features questions involving the effect of certain changes made by the [Municipal Modernization Act, Chapter 218 of the Acts of 2016](#). A summary of the changes made by this Act can be found in the [August 18, 2016 issue of City & Town](#). We have also compiled the questions answered in the [Municipal Modernization Act series](#) of *Ask DLS* for your convenience. Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. We would like to hear from you.

What change did the Municipal Modernization Act (Act) make in the procedure under [MGL c. 41, sec. 52](#) regarding approval of warrants for the payment of payrolls and bills?

Under [MGL c. 41, sec 52](#), in a town, all warrants for the payment of bills and payrolls must be approved by the selectboard, unless otherwise provided by charter. The board reviews the items on the treasury warrants and may disallow and refuse to approve for payment, in whole or in part, any claim it determines is fraudulent, unlawful or excessive. Before the November 7, 2016 effective date of the Act, approval or disapproval of treasury warrant items required action by a majority of board members at an open meeting. This could sometimes result in payment delays. The Act amended the statute to allow the selectboard to designate any one of its members to approve these warrants. To use this procedure, the board must vote the designation at an open meeting and the designated member is required to report his or her actions on the warrants to the full board at the next meeting following the actions. Each member of the board remains responsible for compliance with the provisions of section 52. This new procedure is similar to the one under [MGL c. 41, sec. 41](#), which allows a department head comprised of a multi-member board or committee to designate one of its members to make oath to departmental payrolls.

May the selectboard designate a back-up member to approve warrants under [MGL c. 41, sec. 52](#) in the absence of the member designated by the board?

Yes. The selectboard may vote, at an open meeting, to designate one of its members as a substitute in the event of the absence or

other inability of the designated member to act. However, there can only be one member designated to act for the board at any one time. Therefore, the board's vote should clearly state that the back-up may only act when the designated member is unable to do so and establish the procedure for reporting that the primary designee is unable to act (e.g., notice by a certain time to the selectboard chair, town accountant, treasurer, other designated officer).

May the selectboard designate the town manager, town administrator or other town officer or employee to approve warrants on its behalf under [MGL c. 41, sec. 52](#)?

No. The designee must be a member of the selectboard. A charter, however, could provide that this function be exercised by a town manager, town administrator or other officer. [MGL c. 43B, sec. 20](#).

Did the Municipal Modernization Act made any changes to [MGL c. 41, sec. 56](#) regarding the procedures required for the approval of departmental bills?

Yes. Under [MGL c. 41, sec. 56](#), all boards, committees, department heads and officers authorized to expend money must, at least monthly, approve and transmit to the accounting officer all bills and payrolls that are chargeable to the appropriations over which they have spending authority. The approval is given only after a determination that the charges are correct and the goods, materials or services were ordered and actually received.

Effective November 7, 2016, the board or committee may designate any one of its members to approve the bills and payrolls instead of taking action on them at an open meeting. Similar to the changes described above to [MGL c. 41, sec 52](#), the designated member must report to the full board or committee on his or her actions at the next meeting following such action and each member remains responsible for compliance with the requirements of section 56. The board or committee may likewise designate a back-up member in the manner described above to act when the designated member is absent or otherwise unable to act. The board or committee may not designate a person to act for it who is not one of its members. This new procedure is similar to the one under [MGL c. 41, sec. 41](#), which also allows a department head comprised of a multi-member board or committee to designate one of its members to make oath to departmental payrolls.

Do the Act's changes to [MGL c. 41, sec 52](#) or [MGL c. 41, sec. 56](#) apply to the approval of bills or payrolls by a Regional District School Committee?

No. Approval of regional school bills or payrolls by a regional school committee is governed by [MGL c. 71, sec 16\(a\)](#), which provides in relevant part:

"The committee may establish a subcommittee of no less than three members for the purpose of signing payroll warrants and accounts

payable warrants to allow for the release of checks; provided, however, that such subcommittee shall make available to the committee at the next meeting, a record of such actions of such subcommittee.”

A Review of FY 2017 Tax Levies and Assessed Values

Tom Guilfoyle, Boston Office Supervisor, Bureau of Accounts
Tony Rassias, Deputy Director, Bureau of Accounts

This article reviews property tax levies and assessed values for all 351 communities from FY2010 to FY2016. For 344 communities with FY2017 tax rates certified by the Bureau of Accounts as of December 23, 2016, it compares FY2017 tax rates with those of FY2016.

This article then updates the status of several communities that either hit or were approaching their levy ceilings in FY2016.

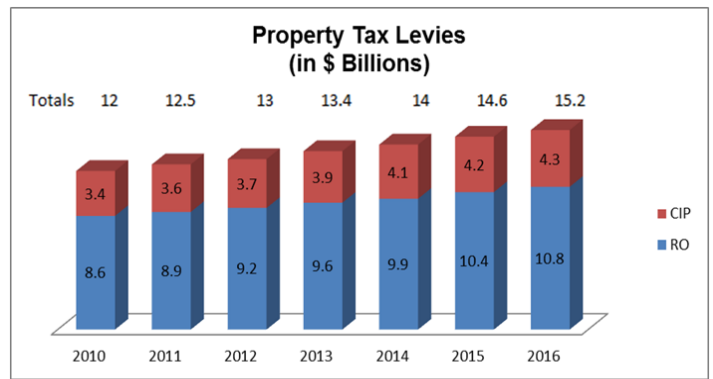
Finally, the article reports on tax rate shifts between property classes.

Tax Levies

The property tax levy is the annual amount of taxes assessed upon real and personal property in a community. For most communities, the property tax levy is the largest revenue source. Along with other revenue sources such as estimated receipts and available reserves, these revenues support the spending needs voted in the omnibus budget. Since FY1982, the property tax levy has been subject to the limits of Proposition 2½.

Graph 1 shows that total tax levies for fiscal years 2010 to 2016 grew by about 4% annually or from \$12 billion to \$15.2 billion, over this time period.

Specifically and in percentage terms, the residential and open space (RO) classes increased the greatest between FY2014 and FY2015, then between FY2015 and FY2016, each by 4.6%. The commercial, industrial and personal property (CIP) classes increased the greatest, 4.5%, between FY2013 and FY2014, led by the commercial class.



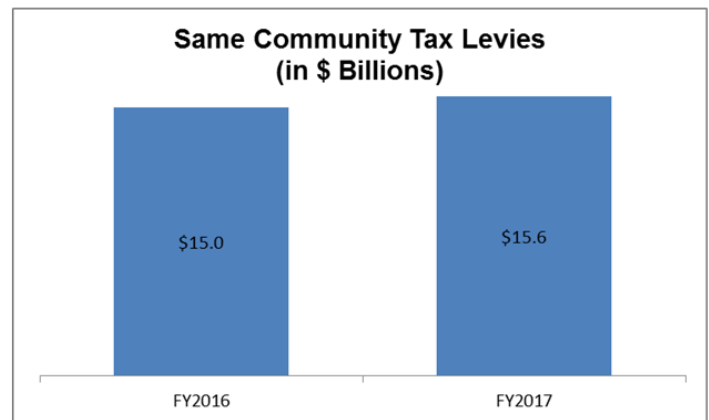
Source: DLS Databank

In proportion as seen in the chart below, property taxes owed by the two class groupings remained about the same from FY2010 to FY2016.

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
RO	71.5	71.3	71.2	71.0	70.9	71.2	71.4
CIP	28.5	28.7	28.8	29.0	29.1	28.8	28.6

Source: DLS Databank

The graph below shows that in total for the 344 communities with certified FY2017 tax rates, tax levies increased from FY2016 to FY2017 by about 4.3%, or by \$644 million, from \$15.0 billion to \$15.6 billion.



Source: DLS Databank

Quick FY2017 Tax Levy Stats

# of Communities Where the Tax Levy Increased	327
# of Communities Where the Tax Levy Decreased	17
Median % for Increases Only	3.7%
Greatest % Increase	Hancock 24.6%
Greatest % Decrease	Peru 9.0%

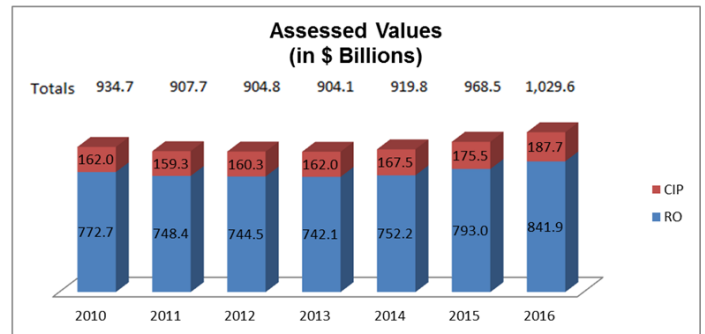
Assessed Values

The tax levy is distributed among taxpayers based on the assessed value of their properties as determined by the local assessors using proper standards of appraisal and assessment. DLS's Bureau of Local Assessment staff reviews the assessors' estimates to ensure that they comply with these proper standards. This review, which

by law in recent fiscal years has been conducted every third fiscal year, will now be conducted every fifth fiscal year as part of the Municipal Modernization legislation which amended [MGL. c. 40, sec. 56](#).

The next graphic shows that total assessed values for FY2010 to FY2013 fell by 3.3%, or by about \$30 billion, from \$934.7 billion to \$904.1 billion. Values then rose by 13.9%, or by about \$126 billion, from FY2013 to FY2016. Note that in FY2016 assessed values grew to over \$1 trillion.

Specifically and in percentage terms, the residential and open space (RO) classes decreased in *Graph 3* between FY2010 and FY2013 by 4.0%, but commercial, industrial and personal property (CIP) classes remained at about the same dollar value. From FY2013 to FY2016, however, the RO classes increased by 13.4% and the CIP classes increased by 15.9%.



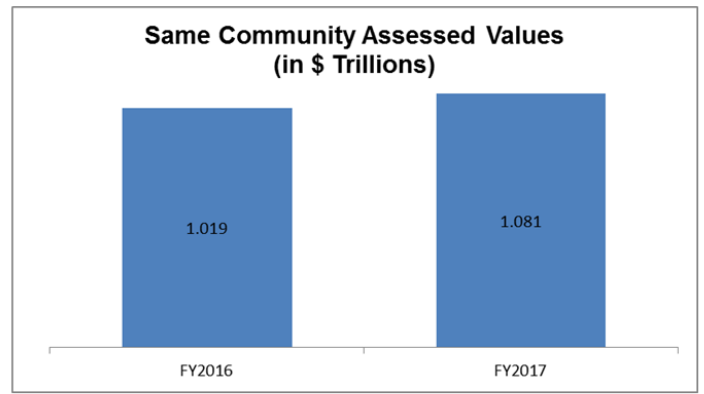
Source: DLS Databank

In percentage terms as seen in the chart below , the total assessed value of the CIP classes gained more share of the total over the time period shown.

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
RO	82.7	82.4	82.3	82.1	81.8	81.9	81.8
CIP	17.3	17.6	17.7	17.9	18.2	18.1	18.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: [DLS Databank](#)

This graph shows that in total for the 344 communities, assessed values increased from FY2016 to FY2017 by about 6.1%, or by \$62.4 billion, from \$1.019 trillion to \$1.081 trillion.



Source: DLS Databank

Quick FY2017 Assessed Value Stats

# of Communities Where Assessed Values Increased	319
# of Communities Where Assessed Values Decreased	25
Median % for Increases Only	3.8%
Greatest % Increase	Cambridge 14.3%
Greatest % Decrease	Tolland 3.9%

The Levy Limit

For FY2016, as reported in the [October 20, 2016 edition of City & Town](#), six communities “hit the ceiling” of Prop 2½, and 12 communities “approached the ceiling” (in other words, they were within 90% to 99% of their levy ceilings). The charts below present how the levy limits for these communities fared in FY2017.

Levy Limits that "Hit the Ceiling" in FY2016		
	FY2016 %	FY2017 %
Holyoke	100	100
Pittsfield	100	100
Somerset	100	100
Springfield	100	100
West Springfield	100	100
Worcester	100	96

Source: DLS Databank

Levy Limits that "Approached the Ceiling" in FY2016					
	FY2016 %	FY2017 %		FY2016 %	FY2017 %
Agawam	94	95	Longmeadow	90	87
Avon	92	94	Marlborough	99	100
Everett	92	88	Monroe	93	N/A
Fitchburg	90	90	Russell	95	97
Framingham	93	91	Wendell	97	100
Heath	97	100	Westfield	90	92

Source: DLS Databank

As can be seen in the top chart above, all communities except Worcester find themselves in the same predicament. The chart

below it shows that two communities (Everett and Longmeadow) have fallen out of the approaching category. Three other communities, however, have entered the hit-the-ceiling category (Heath, Marlborough and Wendell).

What is not seen in that chart is that four additional communities (Chicopee 91%, Greenfield 90%, North Adams 91% and Shutesbury 92%) are now approaching their levy ceilings.

As the incremental lower limit of Prop 2½ continues to increase, the extent to which future changes to the real estate market, either locally or statewide, add to or subtract from the number of communities found in either category remains to be seen.

Tax Shift

At annual classification hearings, mayors, city/town councils and boards of selectmen decide how to further distribute the tax levy. These boards may decide within certain legal limits upon:

- a single tax rate structure, which distributes the tax levy in proportion to the share that their property class bears to the total assessed valuation of the community; or
- a multiple tax rate structure which shifts some of the taxes that would be paid by RO taxpayers under a single tax rate structure onto CIP taxpayers.

These boards and councils may also decide to grant:

- a residential exemption;
- an open space class discount;
- a small commercial exemption.

By the Percentages

An article in the [April 7, 2016 issue of City & Town](#), on the subject of multiple tax rates, reported that most communities do not shift the tax burden, and that generally those that do shift have done so for many years.

The chart below shows that among the 344 communities, this multiple tax rate pattern has generally continued. For the seven tax rates yet to be certified, two communities have traditionally shifted the burden.

Shifting the Burden (344 Communities)						
	No Shift	Up to 110%	Between 111% to 130%	Between 131% to 150%	Between 151% to 174%	Between 174% to 175%
FY2016	237	5	19	21	35	27
FY2017	237	5	19	17	36	30

Source: DLS Databank

Greatest Increase in Shift % from FY2016: Brockton (from 157% to 170%)

Greatest Decrease in Shift % from FY2016: New Salem (from 130% to 120%)

Tax Rates

The calculation of the annual tax rate involves the efforts of many local officials as well as the citizenry, who, in some cases, assemble data and in other cases vote financial policy. Timely tax rate setting is an important key to a successful financial operation and helps avert a cash shortfall, temporary borrowing costs and work flow disruption in city and town hall financial offices.

Quick FY2017 Tax Rate Stats

FY2017 Highest Res. Tax Rate	\$23.58	Longmeadow
FY2017 Highest CIP Tax Rates	\$39.87	Holbrook
Greatest \$ Inc. from FY2016 in Res. Tax Rate	\$1.53	Lanesborough
Greatest \$ Dec. from FY2016 in Res. Tax Rate	\$2.57	Peru
FY2017 Lowest Res. Tax Rate	\$2.68	Chilmark
FY2017 Lowest CIP Tax Rates	\$2.68	Chilmark
Greatest \$ Inc. from FY2016 in CIP Tax Rates	\$2.34	Holbrook
Greatest \$ Dec. from FY2016 in CIP Tax Rates	\$2.57	Peru

For More Information

For more information on the data used for this article, please visit the DLS Databank:

- For tax levies, assessed values and tax rates: [Property Tax Trend Report – Current Year](#) or [Property Tax Trend Report – Historical Data](#);
- For levy limits and tax shifts: [Databank Property Tax Related Reports](#).

Community Compact Cabinet Best Practices Crosswalk to Statewide Contracts

In the [last edition](#) of City & Town, Lieutenant Governor Polito provided an update on the Community Compact Cabinet and the Best Practices Program. The Operational Services Division (OSD) has developed a resource that may assist your community in implementing the Year 2 Best Practice Initiative(s) you've selected as a signatory to the Commonwealth Community Compact.

OSD is responsible for establishing and managing [Statewide Contracts](#) for use by Massachusetts public purchasers. Leveraging the more than \$1 billion in goods and services purchased by the Commonwealth each year, OSD negotiates contracts with vendors that provide best value for its customers.

Communities that follow [MGL Chapter 30B](#) may purchase from OSD Statewide Contracts per [MGL Chapter 7, Section 22A](#), and [MGL Chapter 30B, Section 1\(c\)](#). Many communities currently use statewide contracts because doing so allows them to forgo the time and cost of conducting their own MGL Chapter 30B procurements and because the Commonwealth's purchasing power is reflected in statewide contract pricing and other value-added discounts and benefits.

You are encouraged to consider statewide contracts as you implement the Best Practices category/categories your community has adopted. To assist in this regard, we have developed a [Crosswalk](#) that aligns most of the Best Practice categories to the applicable Statewide Contracts. The Crosswalk contains links to the Contract User Guides, which provide specific instructions for contract use, including solicitation of quotes and use of required forms. The RFR and other contract information, which are available on [COMMBUYS](#) – the Commonwealth's online procurement platform, provide additional detail to assist in purchasing from the contract.

Please be aware that your community does not have to be COMMBUYS enabled to take advantage of the statewide contracts pricing and other benefits. Be certain to include the statewide contract number on your purchase order/requisition and advise the vendor that you are ordering from a statewide contract. Always refer to the Contract User Guide to ensure that you are using the contract in the proper manner.

If you should have questions about statewide contracts, please contact the strategic sourcing/procurement manager whose contact information may be found in each Contract User Guide. If you require information regarding COMMBUYS, including registration assistance and/or set up, please contact the COMMBUYS Help Desk at 1-888-627-8283 or COMMBUYS@state.ma.us.

We wish you all the best in implementing your Community Compact Best Practices Initiatives.

Neighbor-to-Neighbor Program a Success!

In response to Governor Baker's August 9th announcement of [the Act to Modernize Municipal Finance and Government](#), the Operational Services Division (OSD) developed a municipal outreach program to share related procurement information and resources with Massachusetts communities. OSD's Neighbor-to-Neighbor (N2N) event series, hosted in cities and towns around the Commonwealth, raised community awareness of changes resulting from the legislation, as well as provided readiness activities and resources to support compliance and procurement best practices.

The [Office of the Inspector General](#) (IG) embraced the opportunity

to join OSD on this endeavor, which helped to drive interest in the N2N events. The two-hour N2N program, which kicked off in September and concluded on December 9, included an overview of the revised procurement thresholds, new bid advertising requirements, and updated guidelines for using statewide contracts. The IG staff discussed how the legislation impacts Chapter 30B requirements and OSD staff provided an overview of the revised procurement thresholds related to [GL Chapter 149, Sections 44A, 44F and 44J](#) and [GL Chapter 30, Section 39M](#).

The IG staff created a [quick reference guide](#) on public procurement procedures for Chapter 30B, Chapter 149, and Chapter 30, section 39M, which must be followed pursuant to the Massachusetts General Laws. We suggest that you print a copy of this document to have on hand for your next construction-related purchasing endeavor.

Since the legislation mandates posting bid notifications in [COMMBUYS](#), the program also included a demonstration of how to perform this task in five easy steps. Finally, the program outlined COMMBUYS and statewide contract relationship management resources available through OSD's Local Government Enablement Team and offered Municipal Modernization preparation tips and support materials.

Though originally slated for four Massachusetts locations, word of mouth and consequent interest grew the number of N2N events to 10. In total, 361 attendees representing 165 Massachusetts communities attended N2N events hosted in Quincy, Needham, Everett, Haverhill, Dighton, Carver, Fitchburg, Lenox, Rowley, and Huntington. Since the initiation of the N2N series, an additional 118 municipalities have registered in COMMBUYS. Moreover, several communities have expressed interest in expanding their use of COMMBUYS beyond the required bid notification postings and using the tool for purchasing activities.

The N2N events not only served their original intent to expand knowledge and information surrounding the new legislation but additionally have broadened municipalities' knowledge of OSD and the services available to help them achieve procurement success. Many thanks to the host communities, as well as to the Office of the Inspector General for their expertise and collaboration!

If you attended one of the N2N events, you are able to earn two credits toward your [Massachusetts Certified Public Purchasing Official \(MCPPO\) Designation recertification](#)! When you apply for recertification, simply add the date and N2N event you attended.

Jan. 1	Assessors	Property Tax Assessment Date This is the effective date (not for exemption purposes) for statewide valuation and assessment of all property for the following fiscal year.
Jan. 31	DESE	Notify Communities/Districts of Estimated Net School Spending Requirements for the Next Year As soon as the Governor releases the ensuing year's budget, DESE notifies communities/districts of the estimated NSS requirements. These figures are subject to change based on the final approved state budget.
Final Day of Each Month	State Treasurer	Notification of monthly local aid distribution Click www.mass.gov/treasury/cash-management to view distribution breakdown

Editor: Dan Bertrand

Editorial Board: Sean Cronin, Anthonia Bakare, Robert Bliss, Linda Bradley, Nate Cramer, Patricia Hunt, Tara Lynch and Tony Rassias

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