



March 17th, 2017

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Important Dates to Remember

FY17 IT Grant Round Closes April 1st

On March 1st, 2017, the FY17 Community Compact IT Grant Program opened. Grants of up to \$200,000 will support the implementation of innovative IT projects by funding related one-time capital needs such as technology infrastructure, upgrades and/or purchases of equipment or software. For more information, including the FY17 application, FAQs and FY16 recipients, please [click here](#).

Assessment

Administration: Law, Procedures, and Valuation (Course 101)

DLS is offering the basic assessor

Efficiency & Regionalization Grants: Round Two Awarded

Lieutenant Governor Karyn Polito



Greetings, I hope this message finds you and your community doing well. I want to take this opportunity to provide an update on the Community Compact Cabinet and our Efficiency and Regionalization grant program.

Last week, [the administration awarded over \\$850,000 in Community Compact Cabinet efficiency and regionalization grants](#) to 38 municipalities and 8 school districts across the Commonwealth. The goal of this program is to assist municipalities achieve long-term financial stability and better serve their residents through regionalizing or consolidating appropriate services.

With this round of funding, these cities and towns will tackle a far-ranging set of projects including hiring a shared town administrator for two municipalities, exploring the creation of a regional animal control shelter, and sharing of both HR and facilities management functions between a municipality and their school department.

These grants were in addition to the more than \$1 million we awarded in December through the first round of the program.

Efficiency and Regionalization grants provide funds for one-time or transition costs for municipalities, regional school districts, school districts considering forming a regional school district or regionalizing services, regional planning agencies and councils of governments interested in such projects.

We have been very pleased with the interest and enthusiasm shown for this grant program, the Community Compact IT grant program, and the Community Compact Best Practices program and we look forward to working with all of you throughout 2017.

In the administration's FY18 budget proposal filed in January, we included \$2 million for the Community Compact Best Practices program and \$2 million to continue supporting efficiency and regionalization grants. The administration will

training course, *Assessment Administration: Law, Procedures and Valuation (aka Course 101)*, in Framingham this spring. The course will held on March 30th, April 6th and 13th 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). The registration deadline is Tuesday, March 21st. [Click here](#) to register for this training opportunity.

Local Assessment Workshops

The Bureau of Local Assessment will be conducting three regional workshops in Danvers on April 5th, Worcester on April 13th and Sandwich on April 26th. The workshops will focus on transitioning the Certification Standards to the five-year cycle, property tax exemptions, and local options relating to property taxes notifications. The Massachusetts Association of Assessing Officers (MAAO) will grant two (2) continuing education credits to assessors attending the Certification Preparation Workshops. Registration is required. Please email your name, community, email address, and phone number to bladata@dor.state.ma.us.

New Officials Finance Forum

This year's New Officials Finance Forum will be held on Wednesday, May 31st at the College of the Holy Cross in Worcester. This course is intended for recently elected or appointed local municipal finance officials and includes an overview of municipal government, the budget process, the tax recapitulation process, and reserve and debt policies. The registration form and \$50 registration fee must be

also provide \$2 million for the Community Compact IT grant program in our capital budget, which will be released later this spring.

To date, 266 community compacts have been signed between the administration and the Commonwealth's municipalities. We look forward to continuing to strengthen our ties with you and providing the best tools to serve your community.

Hope to see you all soon!

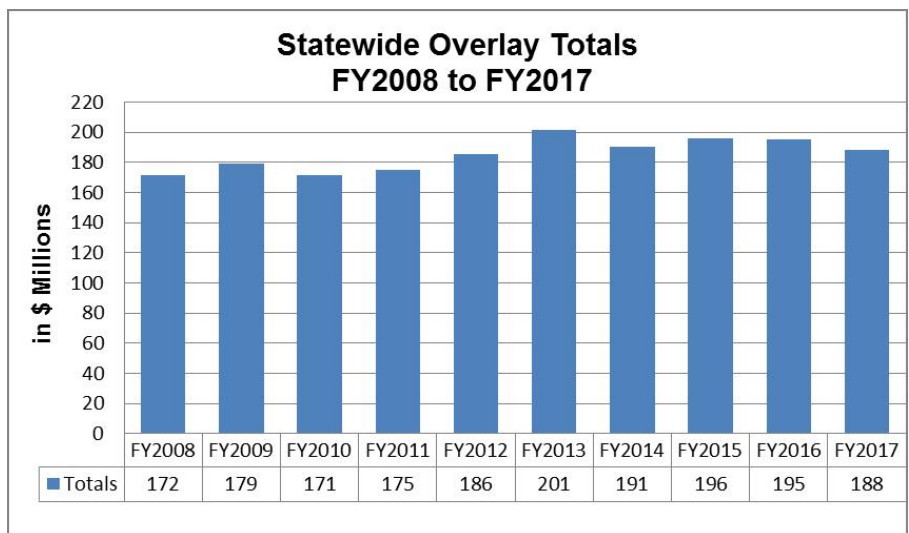
Understanding the "New" Overlay

Tony Rassias - Bureau of Accounts Deputy Director

This article provides statewide and community specific data on the municipal allowance for abatements and exemptions (or overlay) account. Note that the Municipal Modernization Act changed the rules regarding the overlay effective November 7th, 2016. Please refer to IGR 16-104, *Overlay and Overlay Surplus*, for a complete explanation of the new overlay rules.

Funding the overlay

The overlay is a fund established to offset anticipated abatements and exemptions of committed real and personal property taxes. Municipalities fund their Overlay by providing for an amount without appropriation on their annual tax rate recap. *Graph 1* reveals that statewide overlay totals have not fluctuated much over the last several fiscal years and are currently 6.5% lower than they were in FY2013.



However, the following chart reveals that as a percentage of the total tax levy terms, statewide overlay totals are currently down 24% from FY2008 and 21% from FY2013. The median of community percentages is also down 18% from FY2008 and 10% from FY2013. These percentage reductions are due in large part to the greater percentage increases in tax levies than in overlays during these time spans. The deductions are also attributable to a lesser reliance upon the overlay due to

received by May 22nd. [Click here](#) for the registration form.

MUNICIPAL Databank



Other DLS Links:

[Local Officials Directory](#)

[Information Guideline](#)

[Releases \(IGRs\)](#)

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial](#)

[Calculators](#)

improved methods of property assessment.

	Statewide Overlay as a % of Tax Levy	Median of Community %ages	# of Communities Reporting
FY2008	1.56	1.17	351
FY2009	1.55	1.34	351
FY2010	1.43	1.17	351
FY2011	1.40	1.13	351
FY2012	1.43	1.12	351
FY2013	1.50	1.07	351
FY2014	1.36	1.06	351
FY2015	1.35	1.07	351
FY2016	1.28	1.01	351
FY2017	1.19	0.96	345

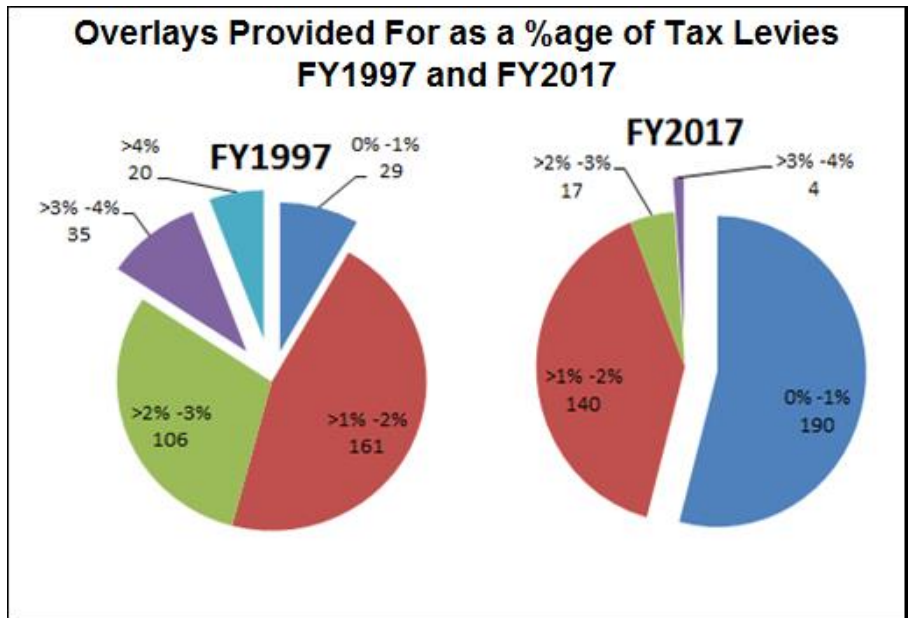
Note: Estimated additional overlays for the final six FY2017 tax rates are not expected to affect % shown.

The below chart shows the communities with the ten highest and lowest FY2017 overlay raised without appropriation as percentages of their FY2017 tax levies.

Highest and Lowest FY2017 Overlay Percentages					
Highest 10			Lowest 10		
Leverett	3.60%	Montague	2.82%	Carlisle	0.36%
Freetown	3.44%	Billerica	2.78%	Lincoln	0.35%
Somerset	3.41%	West Bridgewater	2.58%	Duxbury	0.35%
Gill	3.13%	Acushnet	2.53%	Hawley	0.34%
Hancock	2.89%	Swansea	2.46%	Chilmark	0.34%
				Longmeadow	0.30%
				Windsor	0.26%
				Middlefield	0.25%
				Tolland	0.21%
				Avon *	0.01%

*Note: *Avon appropriated an additional amount in the town budget*

The below pie chart shows how overlays provided for as percentages of tax levies have changed over the last 20 fiscal years. Note that in FY1997, 29 communities had overlays of 0% to 1% of their tax levy. In FY2017, there were 190. In FY1997 a combined total of 55 communities had overlays greater than 3%, but in FY2017 there were only four.



The Municipal Modernization Act, signed into law by Governor Charlie Baker on August 9, 2016, in the words of Lieutenant Governor Karen Polito, “promotes smarter and more efficient government by updating obsolete laws, increasing local independence, streamlining state oversight, and providing municipalities with greater flexibility.”

As a result of this new law, management of the overlay has changed somewhat but not entirely. Effective November 7th, 2016, the overlay is a single account for purposes of funding anticipated abatements, exemptions and uncollectible receivables of committed real and personal property taxes for any fiscal year. Previously, a separate overlay account was established for each fiscal year.

Frequently Asked Questions

What overlay rules haven't changed?

In many ways, overlay rules haven't changed. The overlay is still:

- an account to fund anticipated abatements, exemptions and uncollectible receivables of committed real and personal property taxes
- determined by the board of assessors
- a reasonable amount provided for on the Tax Rate Recap without appropriation
- provided for within the Proposition 2½ levy limit
- an amount for which its excess may be transferred to overlay surplus by the board of assessors on its own motion or after a request by the municipality's chief executive officer and may then be appropriated for any lawful purpose until closed to fund balance on June 30

Can our accounting officer continue to record the overlay by fiscal year?

If there is an internal control reason for doing so, then yes. However, under the Municipal Modernization Act, the overlay for all fiscal years is now one account rather than separate accounts by fiscal year. Assessors no longer need to indicate from which fiscal year's overlay the abatement or exemption is applicable. Reporting on Gateway, and all formal accounting, must be related to a single overlay.

How much is a “reasonable” overlay?

The overlay's reasonableness, the adequacy to cover anticipated abatements and exemptions and uncollectible property tax receivables for all fiscal years, will now be judged on:

- The account balance as of June 30 of the previous fiscal year
- Abatements and exemptions granted and payments made for prior fiscal years from July 1 to the date the tax rate is submitted

- The average of granted abatements and exemptions and uncollectible receivables for the three previous fiscal years
- Whether local assessments are scheduled for review and certification by the Department of Revenue. G.L. c. 40, § 56
- The potential abatement liability in cases pending before, or on appeal from, the Appellate Tax Board
- Other significant factors known to the Commissioner

If there is sufficient overlay to cover anticipated present and future liabilities, providing for additional overlay on the next tax rate recap may be prudent, but it is not required.

When is the overlay considered in deficit?

As indicated in the IGR, if at the end of any fiscal year, the total of all years' abatements and exemptions charged to the overlay account during that year exceed the account balance, there is an overlay deficit that must be raised in the next annual tax rate unless otherwise funded by appropriation.

What is excess Overlay?

Excess overlay is excess amounts in the overlay account that are no longer needed to cover potential abatements, exemptions and uncollectible taxes. The same comparison of the overlay to receivables plus liabilities as under the old law is still required. But now it is a comparison of the single overlay against the total of all property tax receivables plus the total of all potential additional liabilities for all fiscal years.

Current fiscal year property tax receivables and potential additional liabilities are those anticipated as of the following June 30. (See Section III of IGR 16-104 for a full explanation of excess overlay.)

Who may request a determination of excess overlay?

The assessors *may* determine excess overlay at any time and *must* do so within 10 days of a request from the chief executive officer (CEO). The CEO, under [G.L. c. 4, § 7 \(Fifth B\)](#) includes "the mayor in a city and the board of selectmen in a town unless some other municipal office is designated to be the chief executive officer under the provisions of a local charter."

What is the next step after the assessors determine excess overlay?

The assessors vote to certify the amount to be transferred to overlay surplus and notify the accounting officer and CEO, if the CEO requested the determination. The accounting officer then verifies whether the amount is excess overlay and, if so, records a transfer of the excess to overlay surplus. (Please see section IIID of IGR 16-104 on how to proceed when the amount voted by the assessors is greater than

the amount determined to be excess by the accounting officer.)

What is overlay surplus and how may it be used?

Overlay surplus is an available fund that may be appropriated by the legislative body for any lawful purpose. Any amount not appropriated by June 30 is closed to the general fund.

Is an appropriation from overlay surplus recorded by the accounting officer immediately or in the fiscal year the appropriation is intended to be spent?

As with any available fund, an appropriation from overlay surplus is recorded immediately and its balance reduced. If the appropriation is for an expense in the next fiscal year, credit the fund balance reserved for expenditures (see UMAS Manual, chapter 9, General Fund) so that the particular appropriation will continue forward into the next fiscal year and the unappropriated balance of overlay surplus will close out as of June 30th.

For more information on specific community overlay and tax levy amounts, please see this month's *Data Highlight of the Month*.

FY2018 TAP Enrollment Deadline is March 31st

Bob Bliss - DLS Regional Manager and Director of Strategic Planning

The deadline to enroll in FY18 TAP is Friday, March 31st. The Taxpayer Assistance Program (TAP) is designed to assist communities interested in setting their tax rates before the end of November, or at least setting a rate earlier than in previous years.

Working with the Division of Local Services, communities enrolled in TAP set a schedule that is both realistic and designed to reach the goal of a tax rate set in a timely manner.

The program is voluntary and has grown from 13 communities in FY15 to 25 in FY16 to 32 in FY17. Communities who have previously participated in TAP are invited to re-enroll. All communities interested should contact DLS Regional Manager and Director of Strategic Planning Bob Bliss at (508) 792-7300 ext. 22312 or email blissr@dor.state.ma.us.

For a more detailed explanation of the program, and comments from communities who have successfully employed TAP, see the [March 2nd edition of City & Town](#).

Open Meeting Law Trainings

Office of the Attorney General - Division of Open Government

In an effort to better inform the public and government officials about the [Open Meeting Law](#) and its requirements, Attorney General Maura Healey's Office will hold

six free trainings on the law throughout the state this spring. The AG's Office will also offer live web-based trainings on the law. This training is part of a broad effort by the AG's Office to assist public bodies and members of the public in understanding and complying with the [requirements](#) of the state's Open Meeting Law. State, local, regional, and county public bodies are required to comply with the Open Meeting Law.

Spring 2017 regional educational forums will be held on the following dates:

Gloucester

Tuesday, March 21
6:00PM-7:30PM
Gloucester City Hall, Kyrouz Auditorium
9 Dale Avenue, Gloucester

Lawrence

Wednesday, April 5
6:30PM-8:00PM
Lawrence Public Library, Sargent Auditorium
51 Lawrence Street, Lawrence

Stoughton

Tuesday, April 25
6:00PM-7:30PM
Stoughton Town Hall, Great Hall
10 Pearl Street, Stoughton

Orleans

Tuesday, May 16
5:30PM-7:00PM
Nauset Regional Middle School Auditorium
70 Route 28, Orleans

Holyoke

Tuesday, May 30
6:00PM-7:30PM
Holyoke Senior Center
291 Pine Street, Holyoke

The Open Meeting Law trainings will be conducted by attorneys from AG Healey's Division of Open Government, are open to the public, and are being offered free of charge. All members of public bodies, municipal employees, and members of the general public are encouraged to attend. Individuals interested in attending an educational forum are asked to register in advance by calling 617-963-2925 or by emailing OMLTraining@state.ma.us, and providing: 1) their first and last names; 2) town of residence; 3) the public body/organization they represent, if appropriate;

and 4) the location of the educational forum they will attend.

The AG's Office is also conducting online webinars on Tuesday, March 14 from 9:30 a.m. - 11:00 a.m., Wednesday, April 12 from 4:00 p.m. - 5:30 p.m. and Wednesday, May 10 from 9:30 a.m. - 11:00 a.m. Attendees can participate entirely online and will be able to submit written questions during the training and receive real-time responses from Division attorneys. Those interested in registering or receiving additional information about the webinar may do so by emailing OMLTraining@state.ma.us.

For more information on the Open Meeting Law, visit the Attorney General's website at www.mass.gov/ago/openmeeting.

Data Highlight of the Month: Overlay Reserves

Anthonia Bakare - DLS Municipal Databank

The Division of Local Services (DLS) offers a wide variety of municipal, financial and socioeconomic information. This month's data highlight focuses on [overlay](#) reserves.

Overlay is an account to fund anticipated abatements and exemptions of committed real and personal property taxes.

Overlay reserves data can be found in the [Property Tax Related Reports](#) on the [Databank website](#). The overlay data is based on the tax rate recap and the OL-1 form. Overlay reserves data is available from FY1988 to present, and includes tax levy data as well as overlay as a percent of tax levy. FY1988 to FY2009 is displayed in an excel worksheet. FY2003 to present is available through a [report](#) automatically generated from Gateway that uses real-time data. The results of the report can be exported to excel or PDF.

We hope you become better acquainted with the data the Division of Local Services has to offer through the *Data Highlight of the Month*. For more information, contact us directly at databank@dor.state.ma.us or (617) 626-2384.

March Municipal Calendar

**Notification of Cherry Sheet Estimates for the Following Year
(pending action taken by the Legislature)**

March 1

DOR/Databank

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.

[Submit Form of List](#)

March 1

Personal Property Owner

This is a return listing 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.

As required by M.G.L. c. 59, §§ 75 and 76, if a property is inadvertently excluded or mistakenly under-assessed on the warrant for property taxes, it is the Assessors' role to correct the mistake and assess the property correctly. The assessment may not be made later than June 20 of the taxable year or 90 days after the date the actual tax bills are mailed, whichever is later.

Submit 3ABC Forms

March 1

Charitable Organization

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 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.

March 1

DOR/BLA/Telephone &
Telegraph Company

Filing Deadline for Telephone & Telegraph Company Form of List

The return is due on or before March 1, but the deadline may be extended by the DOR to no later than April 1.

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 and Tony Rassias

Contact *City & Town* with questions, comments and feedback by emailing us at cityandtown@dor.state.ma.us.

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