A Publication of
the Massachusetts
Department of Revenue's
Division of Local Services

City & Town
Supporting a Commonwealth of Communities

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DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

May 4th, 2017

In this issue:

Important Dates to Remember

Sign Up Today for the 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 received by May 22nd. Click here for the registration form.

MUNICIPAL Databank

What's the Number? A Look at FY17 New Growth: Part 2

Stephen Sullivan - Bureau of Local Assessment Certification Supervisor

In February, *City & Town* published "What's the Number? A Look at FY17 New Growth." In that article, we focused on the total growth value from Fiscal Year 2016 (FY16) to Fiscal Year 2017 (FY17), as well as some Bureau of Local Assessment (BLA) observations on growth from the previous tax rate setting season. In this article, we'll look at growth from FY13 to FY17, its impact on the tax levy during that time, and some regional comparisons.

Proposition 2 1/2 allows a municipality an annual increase of 2.5% to the levy limit through restrictions imposed by G.L. c. 59, sec 21C. Above and beyond that 2.5%, an additional increase to the levy limit is permitted based on the valuation of new construction and other increases to the tax base that are not attributed to market value changes.

The new growth provision increases the tax levy limit by an amount equal to the assessed value of new development multiplied by the prior year's tax rate. For example, if a community had a prior year single tax rate of $10 and there was a newly built commercial building assessed at $750,000, then $7,500 would be added to the town's overall levy limit. If that town had a split tax rate (where specific types of properties are taxed at different rates) and the commercial rate was $15, this growth would add $11,250 to the community's tax levy limit. This impact of that dollar amount depends on its relationship to the town's levy limit. For example, in FY2016, both Berlin and Northborough had $529,000 in new growth dollars applied to their levies. While that amount made up 5.8% of Berlin's prior year levy limit of $9,174,984, it represented a mere 1.2% of Northborough's $43,891,045. The largest municipality in the Commonwealth, Boston, had record new growth of $75M (3.8%) applied to its levy limit in FY17.

FY13–FY17 Growth Valuation by Class

Other DLS Links:

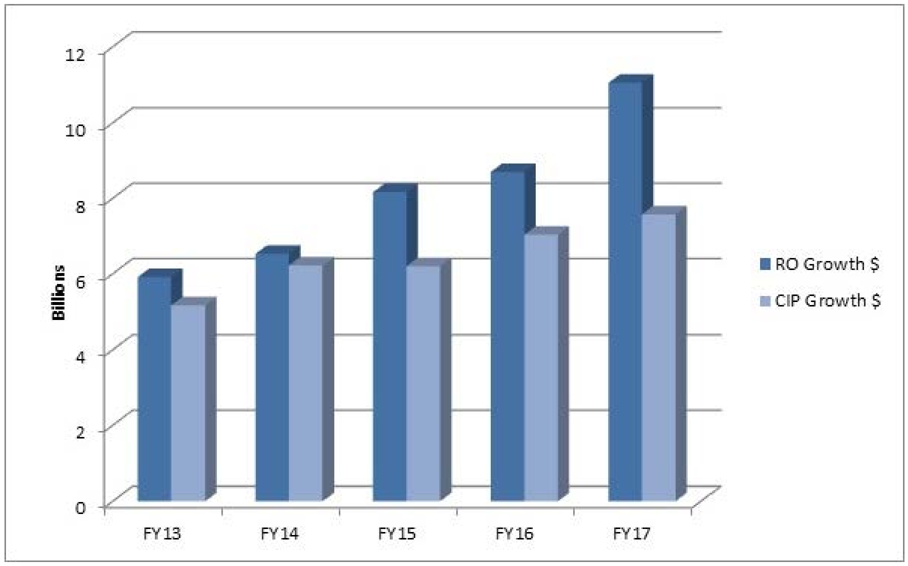
[Local Officials Directory]

[Information Guideline Releases (IGRs)]

[Bulletins]

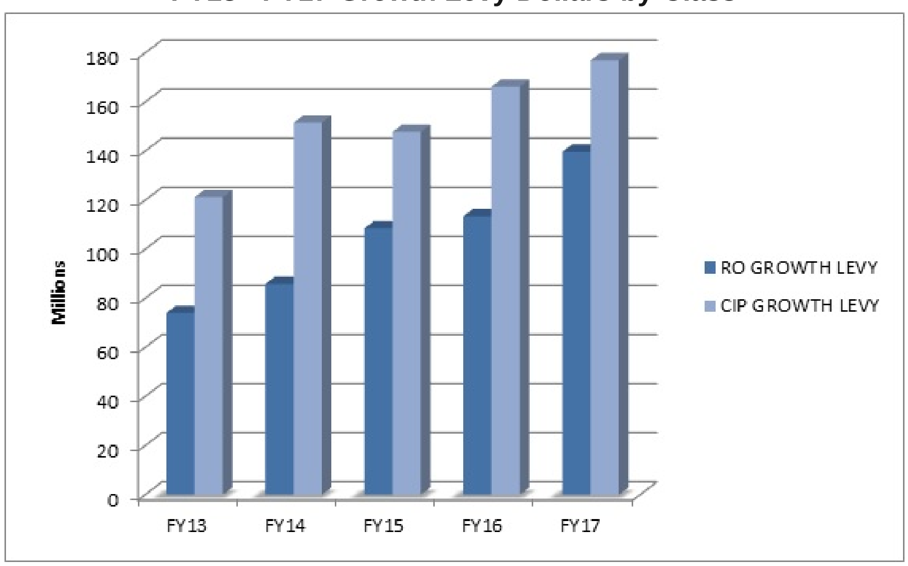
[Publications & Training Center]

[Tools and Financial Calculators]



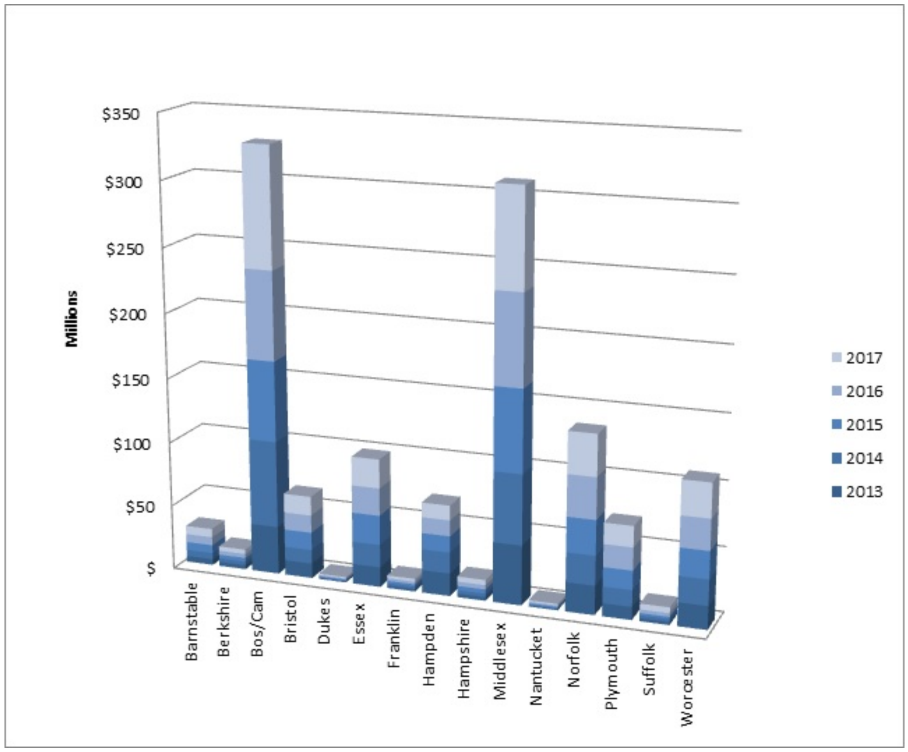
The above chart shows the assessed value of gross new growth dollars across the state in the last five years – not its impact on the tax levy. Dark blue (RO) represents residential and open space property. Light blue (CIP) represents commercial, industrial and personal property. Overall, we can see the residential growth value increased from $5.9 billion in FY13 to $11 billion in FY17, or 86.8%. CIP growth value also experienced a significant increase, from $5.1 billion to $7.5 billion, or 46%.

FY13 –FY17 Growth Levy Dollars by Class

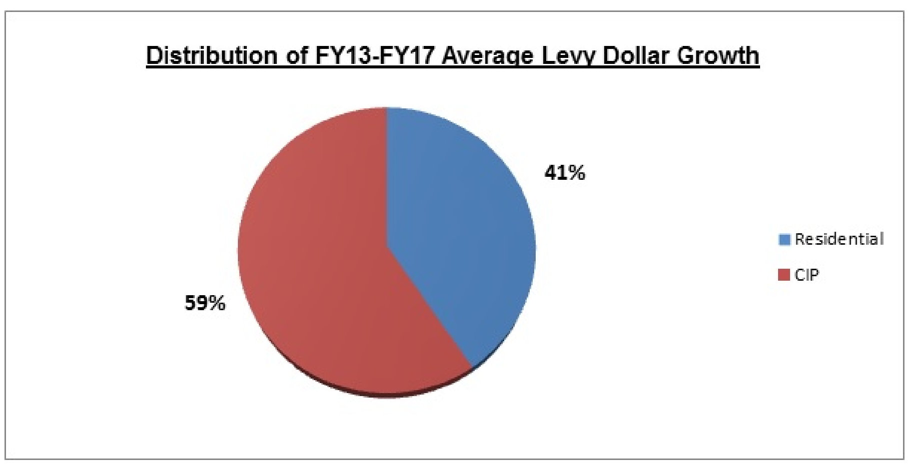


The above chart shows the tax levy increase from new growth across the state over the last five years. Residential levy growth increased from $74 million to $139.7 million, and CIP levy growth went from $121 million to $176.9 million. These two graphs demonstrate the immense impact of new growth in communities with single rates versus those with split rates. If communities could not shift tax rates, the above charts would parallel one another. Because 110 of them had split rates from FY13 to FY17, we see the difference displayed above.

FY13-FY17 Growth by County

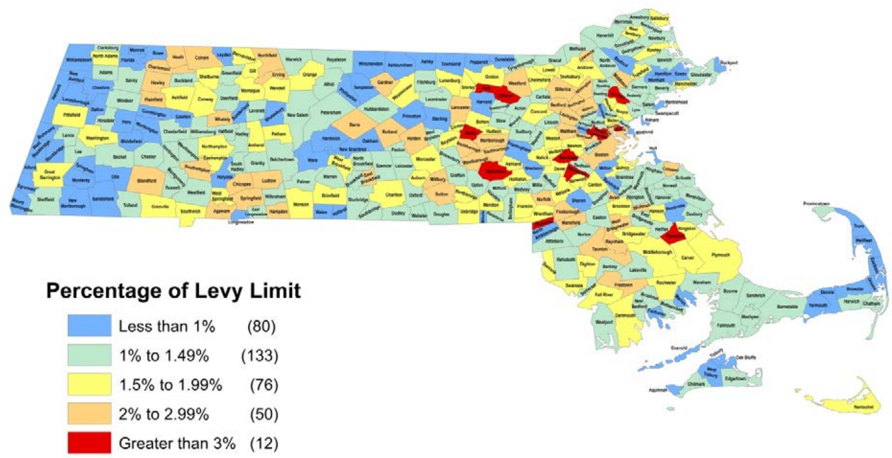


The above chart shows growth by county across the state. The two municipalities with the most new growth, Boston and Cambridge, have been combined and removed from the Suffolk and Middlesex columns, respectively, to demonstrate how they compare to the rest state by county. Boston and Cambridge together contributed 26% of the state's total growth from FY13-FY17. Also, these two had the biggest combined increase from FY13-FY17, $37 million to $93 million. Middlesex County had the highest total growth even with Cambridge taken out of the total. Dukes County (Martha's Vineyard) had the lowest total, which can be partially attributed to very low tax rates on the island. Hampden County is the only county that had a decrease in growth dollars every year since FY13. Berkshire and Hampshire counties were the most stable over the five year period.



The above chart shows that the five-year average residential growth of $104.3 million makes up approximately 41% of the total levy growth, while the CIP levy growth of $152.7 million makes up approximately 59%. Fifty percent of that amount is attributed to communities that have split tax rates. As previously stated, 110 communities utilized split rates from FY13 to FY17. These 110 communities had an average growth of $128 million, which made up approximately 84% of the total five-year CIP average ($152.7 million).

New Growth as Percentage of Levy Limit FY13 - FY17



(To view the full map, click here.)

The average percentage increase in the levy limit due to new growth from FY13 to FY17 was 1.48%. The lowest percentage was 0.16% (Gosnold), while the highest was 6.43% (Plympton). After Plympton, the largest percentage increases were in Plainville, Chelsea, Cambridge, Littleton, and Lynnfield.

Some of the communities with a greater than 3% increase *shown in red on the map* had a single new property that influenced the growth. Plympton's growth (6.43% average) is due entirely to Sysco opening a state-of- the-art food distribution warehouse. This caused significant growth for FY13 and FY14, but growth since FY14 has been minimal. Plainville's second highest average (at 3.9%) was due to Plainridge Park Casino in FY15 and FY16. Lynnfield's growth is attributed to the Market Street development, Cabela's built a store in Berlin, and a large mixed-use development was built at University Station in Westwood. Growth in Cambridge, Chelsea, Somerville and Needham is very consistent, without any single new property causing their increases. Hopkinton, which utilizes a single rate, is the only one of these communities (in red) where the RO growth had a bigger impact than the CIP growth. Only five communities that had split tax rates east of Worcester had less than 1% growth as percentages of their levy limits. These were Fairhaven, Milton, Framingham, Stoneham, and Randolph.

Gosnold came in with the lowest growth total at only 0.16%, and in two of the past five years the town reported zero growth. The smallest increases besides Gosnold occurred in Hancock, Princeton, Florida, West Stockbridge, and Longmeadow.

We hope you found this comprehensive overview of new growth helpful and interesting. To explore the source data used to compile this analysis, please click here.

Ask DLS: Changes to Veteran Exemptions and Other Benefits

This month's *Ask DLS* features questions relating to changes in exemptions and other benefits for veterans and service members under the Housing, Operations, Military Service and Enrichment (HOME) Act, Chapter 141 of the Acts of 2016. 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 are the eligibility requirements for a Clause 22D exemption?

Under MGL c. 59, sec. 5, cl. 22D, the surviving spouse of a member of the military or National Guard who suffered an injury or disease during active duty that was the proximate cause of death, or is missing in action with a presumptive finding of death, is eligible for a total exemption of the real estate taxes assessed on the spouse’s domicile. The exemption continues until the death or remarriage of the surviving spouse. Beginning in fiscal year 2018, the service-connected injury or disease that is the proximate cause of death no longer needs to have occurred in a combat zone and the surviving spouse of a veteran whose service-connected injury or disease was the proximate cause of the veteran’s death is now also eligible for the exemption. In addition, the determination of the United States Department of Veterans Affairs (VA) or branch of the Armed Forces about the proximate cause of death of the servicemember, guardsman or veteran is conclusive. Previously, that determination was made solely by the assessors. Surviving spouses can be granted the Clause 22D total exemption in fiscal year 2018 and later years regardless of the date of death. The HOME Act repealed a provision that appeared to limit eligibility to the surviving spouses of active duty personnel who died in post September 11, 2001 military action. Sections 9 and 25 of Chapter 141 of the Acts of 2016.

What are the eligibility requirements for a Clause 22F exemption?

Under MGL c. 59, sec. 5, cl. 22F, a veteran who, according to the records of the VA or branch of the Armed Forces, is a paraplegic because of a service-connected injury is eligible for a total exemption of the real estate taxes assessed on the veteran’s domicile. Beginning in fiscal year 2018, a veteran with a 100% disability rating due to service-connected blindness is also eligible for a Clause 22F exemption. Section 10 of Chapter 141 of the Acts of 2016. Clause 22F also exempts the taxes assessed on the domicile if owned by the veteran’s spouse or surviving spouse (even if remarried).

Is there a motor vehicle excise exemption for Massachusetts residents who are on active military duty?

Yes. Beginning with excise calendar year 2017, Massachusetts residents on active and full-time military service and deployed outside the Commonwealth for 180 continuous days of the calendar year are exempt from motor vehicle excise for the same calendar year. This exemption applies to one motor vehicle owned and registered by or leased to the service member. MGL c. 60A, sec. 1, as amended by the HOME Act, Section 13 of Chapter 141 of the Acts of 2016. Previously, this excise exemption required local acceptance and the required period of deployment outside Massachusetts was 45 days.

What is a Veterans Assistance Fund?

The HOME Act added local acceptance statute, MGL c. 60, sec. 3F, which permits a city or town to use a property tax or motor vehicle excise bill check-off for taxpayer donations to a Veterans Assistance Fund. Section 12 of Chapter 141 of the Acts of 2016. The fund is to be used to assist veterans and their families with immediate needs for food, transportation and heat. The Veterans Service Department of the city or town that accepts MGL c. 60, sec. 3F is responsible for establishing the application procedure, the documentation required to establish veteran or dependent status and the financial eligibility criteria for determining the need and amount of assistance. It is also responsible for reviewing applications from veterans for assistance and applying the established eligibility criteria.

Bulletin 2017-05B: FY2018 Budget Issues and Other Related Matters

This Bulletin addresses several issues that cities, towns, regional school and other districts should consider for FY2018 budget issues and other related matters including:

- **Municipal Modernization**
- **Parking Meter or Other Parking Receipts**
- **Borrowing Premiums Received When Issuing Debt and Surplus of Bond Proceeds**
- **Borrowing Premiums, Surplus Proceeds, and Debt Exclusions**
- **Year End Transfers**
- **Departmental Revolving Funds**
- **Betterment Reserve**
- **Court Judgments**
- **PEG Access**
- **911 Reimbursements**
- **Accountant's Manual**
- **Gateway**
- **Snow and Ice**
- **Community Preservation Fund**
- **Estimating FY2018 Medicaid Receipts**
- **Estimating FY2018 Enterprise Revenues**

- **Appropriating Enterprise Retained Earnings**
- **Expenditure Budgeting for FY2018**
- **Certification of Notes and Receipts of Audit Reports**
- **Host Agreement Funds Received from Medical Marijuana Dispensaries**
- **Internal Borrowing**
- **Expenditure of Federal Funds Threshold**
- **Energy PILOTs**
- **Energy Generating Facilities Enterprise Fund**
- **Balance Sheets as of 6/30/2017 and Revenue Recognition**
- **Free Cash Update and Non-Recurrent Distributions to Cities and Towns**
- **MGL Chapter 44, § 31 Emergencies**
- **School Finance**

May Municipal Calendar

1	**Taxpayer**	**Deadline to Pay Second Half and Fourth Quarter Tax Bill without Interest** This is the deadline to pay the second half tax bill in semiannual communities and the fourth quarter tax in quarterly communities.
1	**Treasurer**	**Deadline to Pay the Second Half of the County Tax**
1	**Accountant or Treasurer**	**Notification of Amount of Debt Due in Next Fiscal Year** As required by M.G.L. c. 44, Ä 16, the Accountant or Treasurer must notify the Assessors of all debt due in the next fiscal year. The community is required to pay its debts, appropriated or not. Any debt service not covered by appropriations is added to the ñOther Local Expenditures" category found on page 2 of the recap. It is important the Assessors have this information to avoid setting a tax rate that will raise insufficient revenue to cover the communityôs expenditures.
1	**Collector**	**Mail Second Half Semiannual Tax Bills** By this date, collectors in communities using the regular semiannual billing system mail the second half actual tax bills or, if using optional preliminary bills, mail the actual tax bills.
1	**Collector**	**Mail Fourth Quarter Tax Bills** Collector mails these bills if the fourth quarter bills were not included in the December mailings.
1	**Taxpayer**	**Deadline to Pay Semiannual Bill** M.G.L. c. 59, Ä 57C sets this as the deadline to pay the actual tax without interest in communities using the annual preliminary tax billing system on a semiannual basis, unless the bills were mailed after December 31. If mailed after December 31, payment is due either May 1 or 30 days from the date of the mailing, whichever is later.
1	**Taxpayer**	**Deadline to Apply for Property Tax Exemptions for Persons, Residential Exemptions, and Small Commercial Exemptions** This is the deadline to apply to the assessors if actual tax bills are mailed on or before January 1. If mailed after January 1, taxpayers have 3 months from the mailing date to file exemption applications.

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

To unsubscribe to *City & Town* and all DLS alerts, email dls_alerts@dor.state.ma.us.