



January 18th, 2018

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By the Numbers

City & Town provides updates on the progress of the tax rate and certification season 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](#).

Prelim. Certifications Approved: 68

Final Certification: 68 (of 70 total)

\$2M in Community Compact Grants Awarded to Municipalities and Schools

Lieutenant Governor Karyn Polito



As we begin the new year, I want to take a moment to thank you for your continued hard work on behalf of the residents of the Commonwealth and share an update on our efforts to support and assist your communities.

Last week, the Baker-Polito Administration awarded \$2 million in [Community Compact Cabinet grants](#) that will assist 92 municipalities and 8 School Districts. The [Efficiency and Regionalization Grant Program](#) was started by the administration in 2016 to assist municipalities and school districts interested in providing services to their constituents in a more efficient and cost-effective way. In Fiscal Year 2017, the administration awarded \$2 million to over 110 municipalities and 18 school districts.

As former local officials, Governor Baker and I understand the importance of continuing to support our cities and towns through this effective grant program. We are committed to using these grants to work with cities, towns, and school districts to better serve their residents and make Massachusetts a great place to live, work, and raise a family.

The Community Compact Cabinet's Efficiency & Regionalization grant program provides financial support for governmental entities interested in implementing regionalization and other efficiency initiatives that allow for long-term sustainability. The grants will 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. For the full list of grant recipients, please [click here](#).

I want to thank all the communities involved for pursuing these important regionalization and efficiency efforts, best practices, and technology infrastructure upgrades. We look forward to working with you to build upon our mutual success and the lessons we've learned through this program.

LA4 Approved: 349 (349 submitted)

LA13/ New Growth Approved:
349 (349 submitted)

Tax Rates Approved: 342

Balance Sheets Approved: 273

Total Aggregate Free Cash Approved:
\$1,157,823,920

Important Dates & Information

Having Trouble Finding DLS Gateway?

Some DLS Gateway users have experienced difficulties navigating to the application's login page recently. To address this issue, we recommend bookmarking the following URL: <https://dlsgateway.dor.state.ma.us/gateway/Login>

Sewer Rate Relief Fund - FY2018

The Division of Local Services has released Bulletin 2018-1, Sewer Rate Relief Fund - FY2018. It can be found by [clicking here](#).

The Sewer Rate Relief Fund operates under the provisions of Chapter 29 Section 2Z of the General Laws. The Fund was created in 1993 to mitigate escalating costs of sewer service in the Commonwealth. Awards were based on "eligible debt service" and were calculated at up to 20% of debt service. For FY2018, \$1.1 million has been appropriated. Applications must be returned by Friday, January 26, 2018 to the address noted in the Bulletin.

OSD Announcements

Achieve Greater Statewide Contract Savings through the \$ave\$mart Program

The Operational Services Division's \$ave\$mart Program affords Statewide Contractors the opportunity to boost product and service awareness among eligible buyers through limited-time promotional offers. These offers translate

Reviewing DLS Tax Rate Setting Performance for FY18

Sean Cronin - Senior Deputy Commissioner for Local Services

Happy 2018! This is the time of year when we transition away from the holidays and toward the FY19 budget and town meeting seasons. I wish you best for the coming few months, as I know it is a busy time for all involved in municipal finance in city and town halls across the state. I also want to thank you for working with DLS on a very successful FY18 tax rate setting season. As you know, over the past few years changes have been made at DLS that, coupled with your cooperation regarding submitting recaps earlier, made the FY16 tax rate setting process a smooth and successful one. As I wrote last year at this time, the FY17 season was even more successful in terms of getting more tax rates approved earlier.

While we weren't able to duplicate last year's feat of having a record number of tax rates approved by the end of November and a record low for the number of tax rates not yet set by the end of December, the FY18 results were still very favorable. In addition to the data, I heard from many of you and almost all of the feedback was positive, so I know that the hard work of DLS employees paid off.

We had 7 fewer recaps submitted by the end of November, which played a role in having fewer approved by the end of November. As the data in the table below shows, the FY18 numbers fall in the more recent experience of having more than 160 approved by the end of November rather than the much lower figures realized in FY15 and prior years. In terms of turnaround time, the number of tax rates approved within 3 working days remained constant at 62%, which is above the FY16 rate of 56%. The average approval time stayed at 3.4, down from FY16's 4.1 days.

	TAX RATES		
	Approved by end of Nov.	Approved in Dec.	Approvals Remaining
FY18	161	177	13
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

into savings opportunities for buyers over and above existing Statewide Contract pricing and/or benefits.

Presently, there are six \$ave\$mart opportunities posted on [OSD's website](#). Buyers are encouraged to check the current offers by visiting mass.gov/osd and entering \$ave\$mart Program in the search bar.

Here are the current \$ave\$mart offers. Use these links to determine if any match your organization's needs. Information to contact the vendor or the OSD Strategic Sourcing Services Lead is provided for your questions.

[CLT08 – Clothing, Uniforms, Footwear, Accessories, and Personal Care Hygiene Supplies: Bob Barker Company](#)

[FAC96 – Records Management, Storage and Archiving Services and Moving Services: New England Archives Center](#)

[FAC100 – Building Maintenance Repair and Operation Product and Supplies: Carr Hardware & Supply](#)

[ITC66 – Copiers, Printers, Scanners and Related Devices and Services: New England Archives Center](#)

[ITT46 – Network Services: Cellco Partnership DBA Verizon Wireless](#)

[OFF36 – Office Supplies, Recycled Paper and Envelopes: Veritiv Corporation](#)

We're considering a name change for the \$ave\$mart Program. [Send us your ideas](#).

Emergency Suppliers on Statewide Contract

As recent events have made clear, we're in the dead of winter and preparedness is essential. One great resource is OSD's index of Statewide Contract vendors who are designated as emergency suppliers. These contractors are able to expedite Statewide Contract orders to meet buyers' urgent needs.

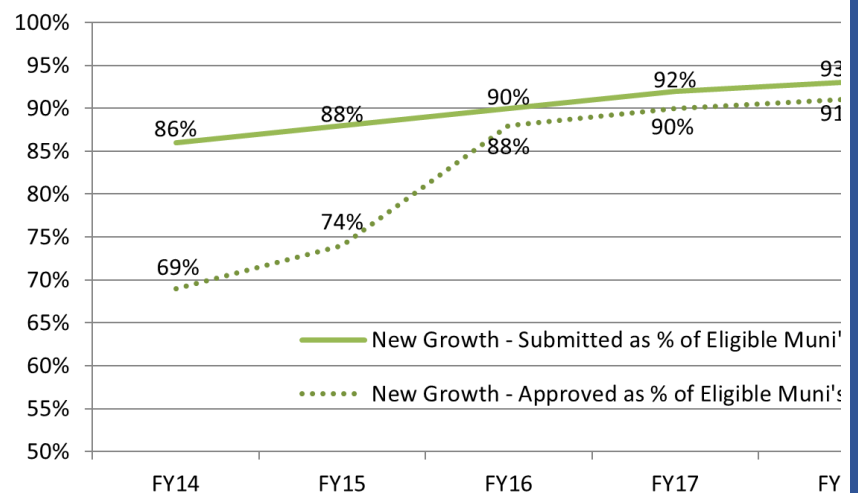
The [Emergency Response Supplies, Services, and Equipment Contact Information](#) currently includes more than 450 emergency suppliers on contract.

Among the many products and services available are snow removal ([FAC77](#)); propane ([ENE46](#)); lawn and grounds

The improved experience in FY's16-18 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
- 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
- A modernized Gateway. 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 want to highlight one data point to augment the third bullet above regarding new growth approval. As shown in the graph below, in FY18 91% of municipalities had their new growth approved by the end of November. Just a few years ago, this figure was 69% (FY14) and 74% (FY15). Over the past three years, the figure has been approximately 90%, a fact that has played a key role in the increase to historical highs in the number of tax rates set by the end of November.



On the Free Cash front, BOA approved 93% of the balance sheets that came in by the end of the calendar year, an improvement from the 89% of the previous year. This is shown in the table below.

equipment ([FAC88](#)); fence rental ([FAC93](#)); equipment rental, including generators ([FAC97](#)); an array of Maintenance Repair, and Operations products, such as roofing, lumber, HVAC, plumbing, and heating products ([FAC100](#)); public safety equipment ([FIR04](#)); and bottled water ([GRO34](#)).

Access the complete, recently updated [index](#) to view emergency vendor businesses, contact names, telephone numbers, and email addresses, organized by Statewide Contract. As always, if you have contract questions, get in touch with the designated OSD Contract Manager, specified on page one of each [Contract User Guide](#).

In addition to this handy resource, buyers also may find useful preparedness information on the Massachusetts Emergency Management Agency (MEMA) [website](#). OSD wishes everyone a safe winter season!

MUNICIPAL Databank



Other DLS Links:

[Local Officials Directory](#)

BALANCE SHEETS

	Received by end of Dec.	Approved by end of Dec.	% Approved
FY18	276	256	92.8%
FY17	286	253	88.5%
FY16	274	260	94.9%
FY15	281	253	90.0%

In terms of turnaround time, the average approval time increased slightly from 10.2 working days to 10.9. I know that improvements can be made that will simplify the overall free cash certification process, and we will be exploring all options.

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

1. The 2018 Massachusetts Municipal Association Annual Meeting is set for tomorrow, January 19th and DLS will have its booth and offer its annual workshop "Developments and Initiatives in Municipal Finance". We are thrilled to have A&F Secretary Heffernan lead a discussion on the state budget. The agenda also includes a presentation on moving Course 101 online, the creation of a Municipal Finance Trend Dashboard, and a legislative update. I hope you choose to attend the workshop; either way, I hope to see you at our booth!
2. DLS is committed to working with our stakeholders to improve its processes. BLA is sending their annual surveys to FY2018 Certification and Interim Year Communities soon. Information gathered from this survey will help DLS to review this process and to suggest improvements which will be considered as we review our goals for FY2019. Your responses will be recorded anonymously.
3. As Lieutenant Governor Polito noted above, the FY18 CCC IT Grant program is now open. Your community is eligible if it has applied for a Compact through the Best Practice program and did not receive an IT Grant in FY17. Applications will be accepted until noon on February 15th. Visit www.mass.gov/CCC for information on all components of the Community Compact program. 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.

FY18 Tax Levies, Assessed Values and Tax Rates

[Information Guideline Releases \(IGRs\)](#)

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial Calculators](#)

Tom Guilfoyle - Bureau of Accounts Supervisor

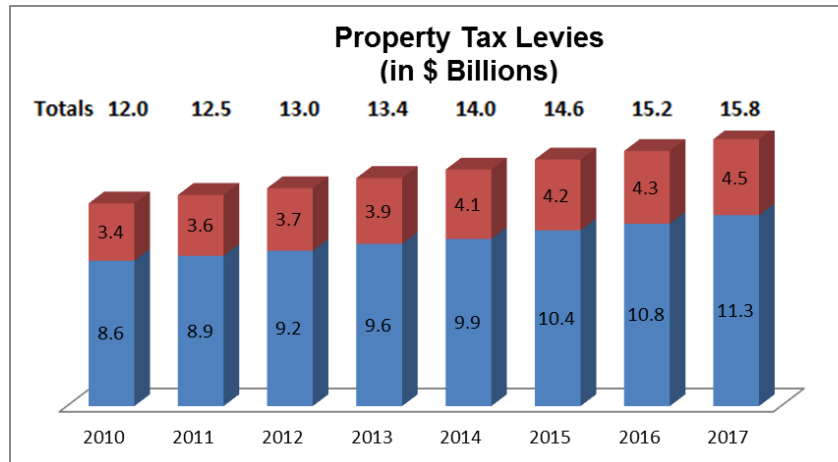
This article reviews property tax levies and assessed values for all 351 communities from FY2010 to FY2017. For 340 communities with FY2018 tax rates certified by the Bureau of **Accounts as of January 12, 2018**, it compares FY2018 tax rates with those of FY2017. This article then updates the status of several communities that either hit or were approaching their levy ceilings in FY2017. Finally, it will report 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 the 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 balance the spending needs voted in the omnibus budget. Since FY1982, the property tax levy has been subject to the limits of Prop 2½.

The graph below shows that total tax levies for fiscal years 2010 to 2017 grew by about 4% annually or in total by \$3.8 billion, from \$12.0 billion to \$15.8 billion, over this time period.

In actual dollars and in percentage terms, the residential and open space (RO) classes increased the greatest between FY2015 and FY2016, by \$476,993,248 or 4.6%. The commercial, industrial and personal property (CIP) classes increased the greatest in actual dollars between FY2016 and FY2017, by \$181,036,378, but in percentage terms between FY2013 and FY2014 by 4.5%.

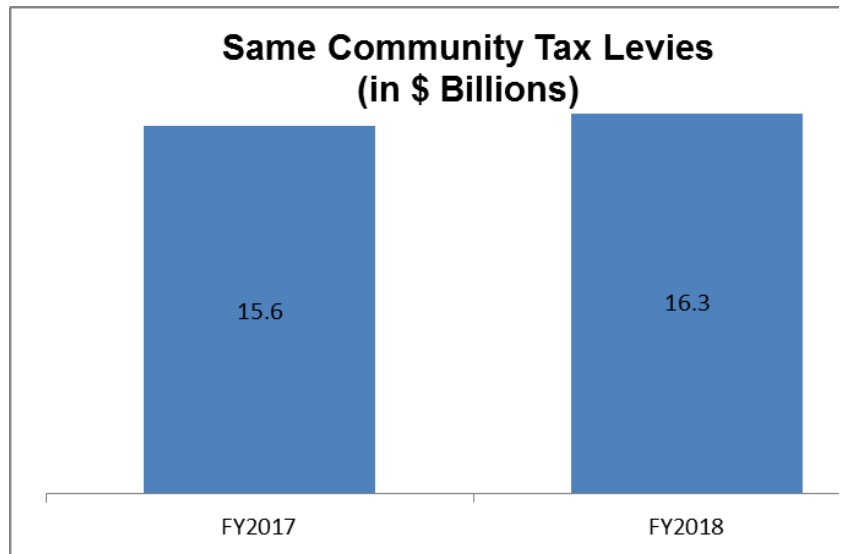


In proportion, as seen in the chart below, property taxes owed by the respective class groupings remained about the same from FY2010 to FY2017.

	Percentages of the Tax Levy							
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
RO	71.5	71.3	71.2	71.0	70.9	71.2	71.4	71.4
CIP	28.5	28.7	28.8	29.0	29.1	28.8	28.6	28.6

The graph below shows that in total for the 340 communities with

certified FY2018 tax rates, tax levies increased from FY2017 to FY2018 by about 4.5%, or by \$700.7 million, from \$15.6 billion to \$16.3 billion.



FY2018 Tax Levy Stats

of Communities Where the Tax Levy Increased

of Communities Where the Tax Levy Decreased

Median % for Increases Only

Greatest % Increase

Greatest % Decrease

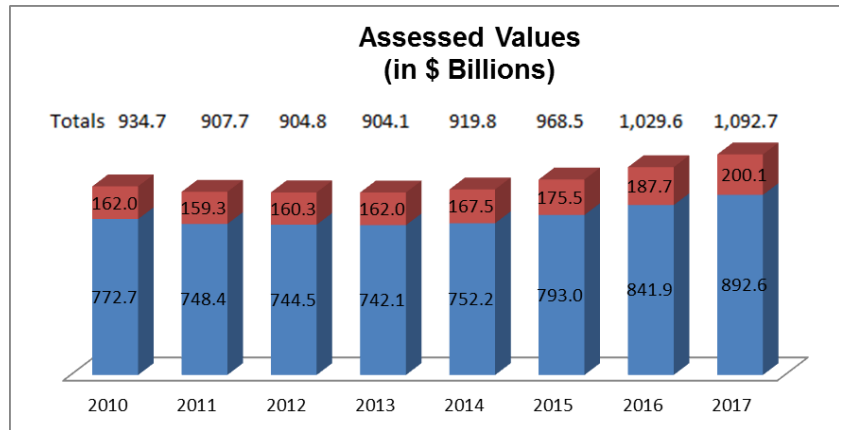
Edgartown
Savoy

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. DOR'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 [G.L. c. 40, § 56](#).

The next graphic shows that total assessed values for FY2010 to FY2013 fell by 3.3% or by about \$30.6 billion from \$934.7 billion to \$904.1 billion. Values then rose from FY2013 to FY2017 by 20.9% or by about \$188.6 billion from \$904.1 billion to \$1.093 trillion. Note that in FY2016 assessed values grew to over \$1 trillion.

In actual dollars and in percentage terms, the RO classes decreased in this graph between FY2010 and FY2013 by 4.0%, but CIP classes remained at about the same dollar value. From FY2013 to FY2017, however, the RO classes increased by 20.3% and the CIP classes increased by 23.5%.

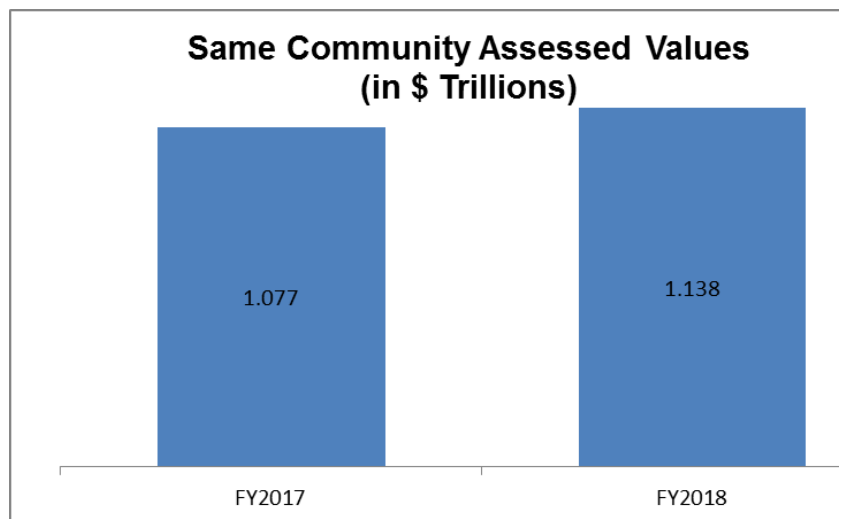


In proportion, as seen in the chart below, total assessed value of the CIP classes gained more share of the total over the time period shown.

Percentages of Assessed Values

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
RO	82.7	82.5	82.3	82.1	81.8	81.9	81.8	81.8
CIP	17.3	17.5	17.7	17.9	18.2	18.1	18.2	18.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

This next graph shows that in total for the 340 communities, assessed values increased from FY2017 to FY2018 by about 5.6%, or by \$60.7 billion from \$1.077 trillion to \$1.138 trillion.



FY2018 Assessed Values Stats

of Communities Where the Assessed Values Increased

of Communities Where the Assessed Values Decreased

Median % for Increases Only

Greatest % Increase

Greatest % Decrease

Rockport

Rowe

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” (were within 90% to 99% of their levy ceilings). The charts below present how the levy limits for these communities fared in FY2017 and FY2018.

Levy Limits that "Hit the Ceiling" in FY2016			
	FY2016 %	FY2017 %	FY2018 %
Holyoke	100	100	
Pittsfield	100	100	100
Somerset	100	100	100
Springfield	100	100	100
West Springfield	100	100	100
Worcester	100	96	96

For communities with levy limits that “hit the ceiling” in FY2016, the above chart shows that all communities except Worcester thus far find themselves in the same circumstances.

Levy Limits that "Approached the Ceiling" in FY2016						
	FY2016 %	FY2017 %	FY2018 %		FY2016 %	FY2017 %
Agawam	94	95	96	Longmeadow	90	87
Avon	92	94	95	Marlborough	99	100
Chester	86	89	92	Monroe	93	95
Chicopee	88	91	93	North Adams	89	91
Everett	92	88	83	Russell	95	97
Fitchburg	90	90	87	Shutesbury	89	92
Framingham	93	91	89	Warwick	87	88
Greenfield	89	90	93	Wendell	97	100
Heath	97	100	100	Westfield	90	92

For communities with levy limits that “approached the ceiling” in FY2016, the above chart shows that some have since backed off, some have since continued their approach and new entrants (shown in **bold**) have since arrived.

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 the annual classification hearing, 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

[The April 7, 2016 issue of *City & Town*](#) 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 340 communities, this multiple tax rate pattern has generally continued. For the 11 tax rates yet to be certified, five have traditionally shifted the burden.

	No Shift	Up to 110%	Between 111% to 130%	Between 131% to 150%	Between 151% to 174%	175%	Comr Rep
FY2017	242	5	20	17	36	31	3
FY2018	236	6	18	16	37	27	3

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.

FY2018 Tax Rate Stats

FY2018 Highest Res. Tax Rate	\$24.34	Longm
FY2018 Highest Commercial Tax Rate	\$39.98	Pittsfi
Greatest \$ Inc. from FY2017 in Res. Tax Rate	\$1.83	Granby
Greatest \$ Dec. from FY2017 in Res. Tax Rate	\$1.58	Savoy
FY2018 Lowest Res. Tax Rate	\$2.75	Chilma
FY2018 Lowest Commercial Tax Rate	\$2.75	Chilma
Greatest \$ Inc. from FY2017 in Commercial Tax Rate	\$2.16	Chicop
Greatest \$ Dec. from FY2017 in Commercial Tax Rate	\$3.77	New S

For More Information

For more information on tax rates, assessed values, shifts and levy limits, please visit the [DLS Databank](#).

Ask DLS: Personal Property Taxes

This month's *Ask DLS* features frequently asked questions regarding the local taxation of personal property. Additional questions about personal property taxes will be featured in future editions of *City & Town*. 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 procedures exist for contesting the assessed valuation or tax on personal property?

For locally valued and assessed personal property, the taxpayer generally must apply for abatement with the local board of assessors within a relatively short period of time after the actual tax bill is issued. The actual tax bill is issued after the tax rate has been set for the fiscal year and will state the assessed valuation of the property, the tax rate and tax due for the year.

An abatement application is made on [State Tax Form 128](#) which must be filed with the assessors by the due date of the first installment payment of the actual tax bill. [M.G.L. c. 59, § 59](#). In a community issuing quarterly tax bills, the first installment of the actual bill is usually due February 1. In a community issuing semi-annual bills, the payment due date for the actual bill is usually 30 days after that bill is issued. The due date should be specifically stated on the front of the bill. An extended deadline applies for omitted and revised assessments. See [State Tax Form 128](#) for a more detailed description of the abatement process.

The assessors have three months to act on the application by granting or denying the abatement. If they do not act on the application within three months of the date the application was filed, the application is deemed denied. If the taxpayer is still aggrieved by the assessors' action on the application, or the deemed denial, the taxpayer may appeal to the Appellate Tax Board (ATB). The appeal must be filed with the ATB within three months of the date the application was granted, denied or deemed denied. At least half the personal property tax must be paid for the ATB to act on the appeal. See [M.G.L. c. 59, § 64](#).

What property is exempt from personal property tax?

Several exemptions from personal property tax may apply depending on a number of factors, including the legal form of the owner, the type of property, and in some cases the use of the property. Most of the exemptions are set forth in several clauses of [M.G.L. c. 59, § 5](#). See, e.g., Clause Sixteenth. Other exemptions may be found in other statutes and special acts. In some cases the exemptions from personal property tax are offset by another form of exaction, e.g. an excise or fee. For example, an exemption for non-commercial airplanes paying a state regulatory fee appears in [M.G.L. c. 90, § 49\(b\)](#). A good explanation of what personal property is taxable based on the form of ownership (e.g. individual, partnership, or corporation) may be found in Part 3 of the personal property return, known as the Form of List or [State Tax Form 2](#).

What personal property tax exemptions apply generally to all taxpayers, regardless of the form of entity of the owner?

Most exemptions that apply generally are those that are offset by other taxes, excises or fees. These exemptions include motor vehicles and trailers subject to or exempt from a motor vehicle

excise; boats subject to or exempt from a boat excise; ships and vessels assessed a ship excise; farm animals, machinery and equipment subject to a farm animal excise; non-commercial airplanes for which a registration fee is paid; and manufactured homes in licensed parks for which a fee is charged. Exemptions may also apply to the owner of certain pollution control devices certified by the state as effective in eliminating or reducing pollution; or for solar or wind powered systems. See [M.G.L. c. 59, § 5, Clauses 36, 44 and 45; § 8, and § 8A; M.G.L. c. 60A and M.G.L. c. 60B.](#)

Goods in transit temporarily located at a licensed public storage warehouse are generally exempt, provided the owner has no domicile or place of business in Massachusetts. See [M.G.L. c. 59, § 2.](#)

In addition, by local option, cities and towns may exempt personal property from tax if the value of the personal property account does not exceed a minimum threshold established by the municipality. That threshold cannot exceed \$10,000 in value. See [M.G.L. c. 59, § 5, Clause 54.](#)

Data Highlight of the Month: [Average Single-Family Tax Bills](#)

Anthonia Bakare - Municipal Databank

Average single-family tax bills are calculated by dividing the total value of all single-family (property class type 101) parcels by the total number of single-family parcels and then multiplying the average value by the residential tax rate per one \$1,000 of value.

Average single-family tax bill data is located in the Municipal Databank (Data Analytics) section under [Reports relating to Property Tax Data](#) on the Databank website. This data (FY1988 to present) is collected from city and town LA4 forms. The average single-family tax bill report also includes a graph and a state totals tab. The graph tab displays annual trends per community, FY2017's Top 10 and Bottom 10 Average Single-Family Tax charts. The state totals tab displays assessed value, parcel count, average value, single-family tax bill, and the number of cities and towns included from fiscal years 2002 to present. In the state totals tab, there is also a state average single-family tax bill chart, which is calculated by multiplying each community average tax bill by the community's parcel count, then dividing the sum of that product by the state total parcel count. All charts can be exported to PDF, and the table can be exported to Excel.

(Also note that communities that grant residential exemptions are not part of [this](#) calculation.)

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.

January Municipal Calendar

331 DESE	Notify Communities and Districts of Estimated NSS Requirements As soon as the Governor releases the ensuing year's budget, DESE notifies communities and districts of that next year's NSS estimates, which are subject to change once the final state budget is approved.
331 Pipeline Company	Deadline for Pipeline Company to File Form of List with BLA
331 State Treasurer	Notification of Monthly Local Aid Distributions , see IGR 17-17 for more cherry sheet payment information, monthly breakdown by program is available here .

Editor: Dan Bertrand

Editorial Board: Sean Cronin, Anthonia Bakare, 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.

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