

City & Town

Geoffrey E. Snyder, Commissioner • Sean R. Cronin, Senior Deputy Commissioner of Local Services

February 4th, 2021

A Look at FY2021 Tax Levies, Assessed Values and Tax Rates Tom Guilfoyle - Bureau of Accounts Supervisor



In this edition:

- **A Look at FY2021 Tax Levies, Assessed Values and Tax Rates**
- **Ask DLS: Community Preservation Act - Part 8**

Important Dates & Information

DLS at MMA Annual Meeting

DLS recently joined ANF Secretary Heffernan and DOR Commissioner Snyder for an "Economic and Fiscal Outlook" workshop at the 2021 Massachusetts Municipal Association's Annual Meeting. To view presentations from the

This article reviews property tax levies and assessed values for all 351 communities from FY2010 to FY2020. For 339 communities with FY2021 tax rates approved by the Bureau of Accounts as of December 31, 2020, it compares FY2020 and FY2021 tax levies and assessed values and then provides some quick FY2021 stats. This article then updates the status of several communities that hit their levy ceilings in FY2016 and of several that are close to their levy ceilings in FY2021. Finally, it will report on tax rates and 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 property tax levies for residential and open space (RO) classes as well as commercial, industrial and personal property (CIP) classes for FY2010 to FY2020. Tax levies grew by 50.8% or by \$6.1 billion, from \$12.0 billion to \$18.1 billion, over this time period.

Commissioner, DLS Senior Deputy
Commissioner Sean Cronin and Chief of
the Bureau of Local Assessment Joanne
Graziano, please [click here](#).

New IGR Regarding Betterments and Special Assessments

The Division of Local Services' Bureau of Municipal Finance Law has issued [Informational Guideline Release \(IGR\) 2021-1](#) containing guidance regarding Betterments and Special Assessments.

To review other recent DLS Bulletins and Informational Guideline Releases, please see [this page](#) on the DLS website.

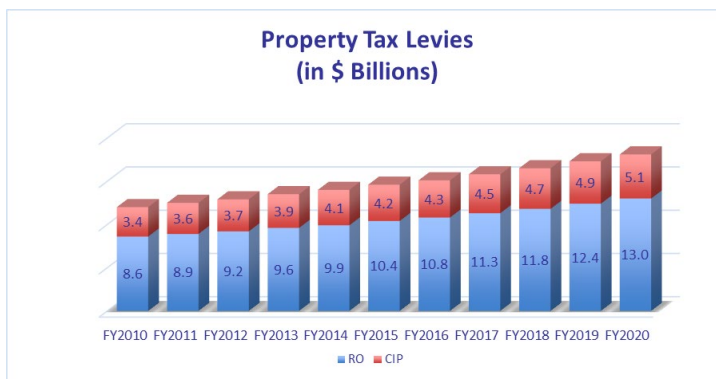
FY2022 Preliminary Cherry Sheet Estimates

The Division of Local Services has posted on its website preliminary cherry sheet estimates based on Governor Baker's FY2022 budget recommendation (House 1).

[Municipal estimates receipts and charges](#)

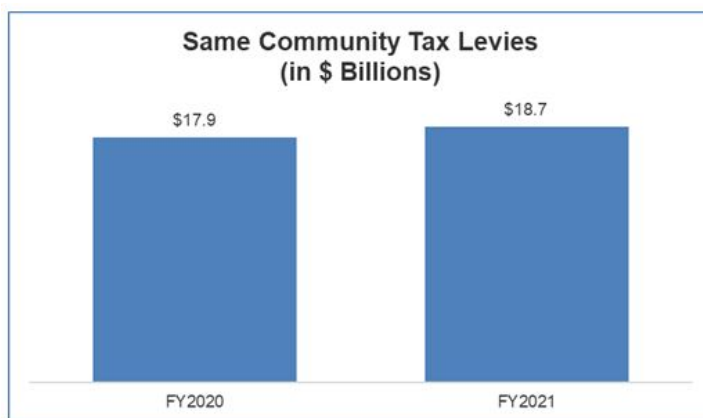
[Regional school estimated receipts and charges](#)

House 1 recommends funding FY2022 Chapter 70 at \$5.481 billion, or \$197.7 million higher than the FY2021 GAA; increases Unrestricted General Government Aid (UGGA) by \$39.5 million to \$1.168 billion and increases Charter Tuition Assessment Reimbursements to \$143.5.0 million, a \$26.1 million increase over the FY202 GAA;



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
RO	71.5	71.3	71.2	71.0	70.9	71.2	71.4	71.4	71.5	71.6	71.9
CIP	28.5	28.7	28.8	29.0	29.1	28.8	28.6	28.6	28.5	28.4	28.1

The graph below shows that in total for the 339 communities with certified FY2021 tax rates, tax levies increased from FY2020 to FY2021 by about 4.5%, or by about \$800 million, from \$17.9 billion to \$18.7 billion. FY2021 statistics do not include the City of Framingham, by far the largest of the 12 communities yet to set an FY2021 tax rate.



Quick FY2021 Tax Levy Stats

# of Communities Where the Tax Levy Increased	319
# of Communities Where the Tax Levy Decreased	20
Median % for Increases Only	3.7%
Greatest % Increase	Merrimac 12.1%
Greatest % Decrease	Clarksburg 5.8%

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

and level funding most other cherry sheet accounts at the FY2021 amounts.

More detailed information regarding Chapter 70 and other school finance related initiatives contained in House 1 and the accompanying legislation can be found on the Department of Elementary and Secondary Education (DESE) [website](#). Information includes the Chapter 70 aid calculations, minimum contributions and net school spending requirements.

Cherry sheet estimates for charter school tuition and reimbursements are based on estimated tuition rates and projected enrollments under charters previously issued by the Board of Elementary and Secondary Education. Please be advised that charter school assessments and reimbursements will change as updated tuition rates and enrollments become available. Estimates for the school choice assessments may also change significantly when updated to reflect final tuition rates and enrollments.

It is important for local officials to remember that these estimates are preliminary and are subject to change as the legislative process unfolds.

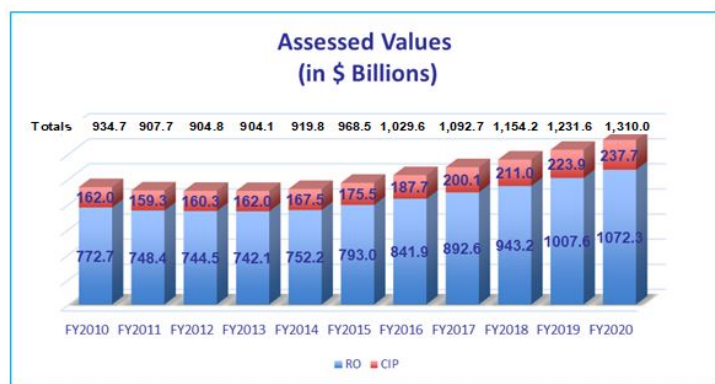
Please contact the DLS Data Analytics and Resources Bureau at databank@dor.state.ma.us with any questions.

Final 2020 Equalized Valuations (EQVs)

The Bureau of Local Assessment issued the final 2020 Equalized Valuations (EQVs), representing the full and fair cash value of all taxable property for each municipality

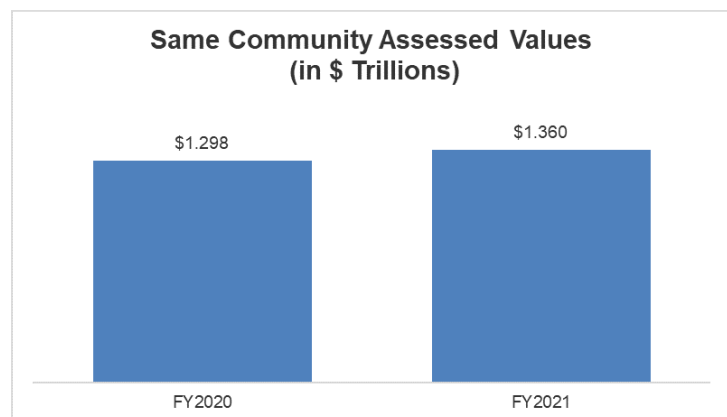
assessment. DLS Bureau of Local Assessment staff review the assessors' estimates to ensure that they comply with these proper standards. This review is conducted every fifth fiscal year.

The next graph shows total assessed values from FY2010 to FY2020. Values from 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 FY2020 by 44.9% or by about \$405.9 billion from \$904.1 billion to \$1,310.0 trillion. In FY2016, assessed values first grew to over \$1 trillion.



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
RO	82.7	82.4	82.3	82.1	81.8	81.9	81.8	81.7	81.7	81.8	81.9
CIP	17.3	17.6	17.7	17.9	18.2	18.1	18.2	18.3	18.3	18.2	18.1

This next graph shows that in total for the 339 communities, assessed values increased from FY2020 to FY2021 by 4.8% (\$62 billion) from \$1.298.0 trillion to \$1.360.3 trillion.



Assessed Values and the Pandemic

as of January 1, 2020 to the DLS Gateway [website](#).

Access can be made directly from the Gateway landing page, by clicking on [LA19 Equalized Valuation Report](#).

Proposed FY22 State Owned Land Valuation

The Division of Local Services has posted on its website proposed FY2022 state owned land values based on the fair cash value of certain state owned lands (SOL) pursuant to [MGL Ch. 58, §§ 13-17](#). These lands are reimbursed for loss of local tax revenue on the Cherry Sheet’s State-Owned Land line.

Click [here](#) to display the proposed municipal state-owned land values and their share of the total state-owned land. For additional information, please view the [Frequently Asked Questions](#) about this program.

Massachusetts Dredging Program Grants

In February, the Executive Office of Housing and Economic Development will open the 2021 grant round of the [Massachusetts Dredging Program](#), the Commonwealth’s first standalone grant program with focused funding to support saltwater dredging. One-year construction grants will be competitively awarded with a focus on shovel-ready projects that contribute to the economic significance, recreational value, public safety, and/or coastal resilience of Massachusetts’

Massachusetts locally assessed property values for FY2021 were based on calendar 2019 data and were determined as of January 1, 2020. However, the first case of the virus in Massachusetts was not confirmed until after January 1. FY2022 values are based on calendar 2020 data and are determined as of January 1, 2021. These values will reflect market conditions during the first year of the pandemic and how the pandemic has affected the real estate market.

Quick FY2021 Assessed Value Stats

# of Communities Where the Assessed Value Increased		333
# of Communities Where the Assessed Value Decreased		6
Median % for Increases Only		3.6
Greatest % Increase	Taunton	12.5
Greatest % Decrease	Bernardston	0.3

The Levy Limit

[Proposition 2½](#) places limits on the amount of property taxes a community can levy. One limit is a tax levy ceiling where the incremental limit cannot exceed 2.5% of the full and fair cash value of all taxable real and personal property in the community without specific further community action. Once the 2.5% level has been reached, the levy limit is said to have “hit the ceiling.” In FY2016, six communities “hit the ceiling” and the following chart reports on their progress.

	FY2016		FY2020		FY2021	
	Levy		Levy		Levy	
	Limit %	Levy %	Limit %	Levy %	Limit %	Levy %
Holyoke	100	100	100	99	100	99
Pittsfield	100	92	100	97	100	96
Somerset	100	74	98	69	97	68
Springfield	100	100	99	99	97	96
West Springfield	100	88	100	88	100	87
Worcester	100	98	92	86	89	84

The above chart shows that in FY2021, 5 of the six communities continue to find their levy limits at or very close to their levy ceilings (Levy Limit %). However, in only 3 of the 6 communities are their tax levies very close to their levy ceilings (Levy %). For the others, there is more room for the tax levy to increase if needed before the ceiling could be met again.

coastal harbors. All 78 Massachusetts coastal municipalities are eligible to apply. Applications are anticipated to be due in mid-March. Watch for details at [How to Apply](#).

Housing Choice Initiative: Preliminary Guidance for MBTA Communities

Preliminary Guidance for MBTA Communities is posted [here](#) in response to changes in the Zoning Enabling statute (chapter 40A) enacted as part of the Economic Development Bond Bill and briefly described below.

The new section 3A of the Zoning Act states that an MBTA community shall have at least one zoning district of reasonable size in which multi-family housing is permitted as of right and meets other criteria set forth in the statute:

- Minimum gross density of 15 units per acre
- Not more than ½ miles from a commuter rail station, subway station, ferry terminal or bus station, if applicable
- No age restrictions
- Suitable for families with children.

The statute requires DHCD to issue guidelines that define compliance with this new section of the Zoning Act. Compliance criteria will be developed in consultation with affected MBTA communities and

As seen in the following chart, 15 additional communities “approached the ceiling” in FY2021 (were within 90% to 99% of levy ceiling).

Communities Where Levy Limit "Approached the Ceiling" in FY2021					
	Levy			Levy	
	Limit %	Levy %		Limit %	Levy %
Adams	92	94	North Adams	96	95
Agawam	98	81	Pelham	94	86
Avon	94	94	Russell	92	87
Chicopee	92	87	Shutesbury	100	90
Greenfield	93	93	Warwick	93	79
Lanesborough	90	81	Westfield	96	88
Longmeadow	90	99	Wilbraham	90	92
Marlborough	92	68			

The above chart shows that although the levy limits are near or at their ceiling for these communities, in only seven cases are their tax levies at or about 90% of their levy ceiling (Levy %).

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 of the above charts 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.

other stakeholders.

For purposes of EOHED and DHCD grant programs, MBTA communities will be deemed to be in compliance with this new section until more detailed compliance criteria have been established.

All communities are eligible to apply for MassWorks or the Housing Choice Capital Grants Program in the upcoming 2021 grant cycle.

CvRF-MP Reconciliation Period Extension

DLS has posted on its [Covid-19 Resources and Guidance page](#), "Guidance for Massachusetts municipalities on the Reconciliation Round of the Coronavirus Relief Fund Municipal Program (CvRF-MP)." The federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") includes funds for Massachusetts governments to use to pay costs incurred in responding to the COVID-19 outbreak. This memo describes the Reconciliation Round (updated 1/19/21). [Please click here](#) to view the memo.

Cybersecurity Awareness Training Program Deadline Extended, FY21 Muni and School Grants and Free Health-check Programs

The Office of Municipal and School Technology has announced the following programs available to Massachusetts municipalities and schools. If you have any questions, please contact Catherine.Marques@mass.gov

By the Percentages

Most communities do not shift the tax burden from the Residential and Open Space classes to the other classes of Real and Personal property. Generally, the communities that do so have done so for many years. The chart below shows that among the 339 communities, this multiple tax rate pattern has continued. For the 12 tax rates yet to be certified, 3 have traditionally shifted the burden.

	Shifting the Burden							Communities Reporting
	No Shift	>100% to 110%	>110% to 130%	>130% to 150%	>150% to 174%	>174% to <175%	175%	
FY2017	242	4	21	17	36	5	26	351
FY2018	243	6	18	18	37	3	26	351
FY2019	241	8	17	18	37	6	24	351
FY2020	238	7	17	17	36	9	21	345
FY2021	234	7	14	19	35	3	27	339

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 FY2021 Tax Rate Stats

FY2021 Highest Res. Tax Rate	\$24.74	Longmeadow
FY2021 Highest Commercial Tax Rate	\$40.63	Holyoke
Greatest \$ Inc. from FY2020 in Res. Tax Rate	\$1.66	Hawley
Greatest \$ Dec. from FY2020 in Res. Tax Rate	\$2.08	Carlisle
FY2021 Lowest Res. Tax Rate	\$2.91	Chilmark
FY2021 Lowest Commercial Tax Rate	\$2.91	Chilmark
Greatest \$ Inc. from FY2020 in Commercial Tax Rate	\$1.66	Hawley
Greatest \$ Dec. from FY2020 in Commercial Tax Rate	\$4.31	Taunton

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

Ask DLS: Community Preservation Act - Part 8

This month's Ask DLS features Part 8 of frequently asked

[Cybersecurity Awareness Training Program](#) - Application Deadline Extended!

The 2021 Cybersecurity Awareness Grant Program is a competitive grant program that will help local government to improve overall cybersecurity posture through end-user training, evaluation and threat simulation.

The application period for the FY21 Cybersecurity Awareness Grant program currently open and the deadline has been extended to Friday, February 12th at 5pm.

[Cybersecurity Health Check](#)

The Cybersecurity Health Check Program provides opportunities for local government to access basic cyber security services at no cost.

These services can be a good first step in discovering, assessing and identifying cybersecurity gaps that could impact IT systems that support essential business functions. This is a rolling application.

[IT Health Check](#)

An IT Health Check is a high-level assessment of current IT assets. A Health Check can be a good first step in discovering, assessing and identifying gaps that could impact IT systems that support essential business functions.

The discovery will result in a completed score card that will identify the current state of critical IT systems, and platform

questions concerning the Community Preservation Act (CPA) and CPA funding for eligible open space projects. Additional questions about the CPA will be featured in future editions of *City & Town*. For Part 7 of the series, see the [January 7, 2021 edition of City & Town](#). For additional information on the Community Preservation Act see [Informational Guideline Release \(IGR\) 19-14](#). 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.

In general, what community preservation projects are eligible for funding under the CPA?

There are three community preservation project or asset categories: (1) open space (including land for recreational use); (2) historic resources; and (3) community housing. These FAQs will discuss CPA funding for projects relating to open space.

What is the definition of “open space?”

“Open space” is defined in [G.L. c. 44B, § 2](#) to “include, but not be limited to, land to protect existing and future well fields, aquifers and recharge areas, watershed land, agricultural land, grasslands, fields, forest land, fresh and salt water marshes and other wetlands, ocean, river, stream, lake and pond frontage, beaches, dunes and other coastal lands, lands to protect scenic vistas, land for wildlife or nature preserve and land for recreational use.”

For what purposes may CPA funds be spent regarding open space?

The CPA clarifies allowable community preservation project expenditures through its definitions which are found in [G.L. c. 44B, § 2](#). As a result, the CPA definitions should always be reviewed when determining if an expenditure is allowable.

Acquisition, creation, and preservation - CPA funds may be spent for the acquisition, creation, and preservation of open space.

and vendor agnostic suggestions. This is a rolling application.

DLS Links:

[COVID-19 Resources and Guidance for Municipal Officials](#)

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial Calculators](#)



“Acquisition” is defined in [G.L. c. 44B, § 2](#) as “obtain[ing] by gift, purchase, devise, grant, rental, rental purchase, lease or otherwise.” “Acquire” does not include a taking by eminent domain, except as provided under [c. 44B](#).

“Creation” - There is not a specific definition of “creation” under the CPA; however, “creation” was defined by the court for CPA purposes in the case of [Seideman v. City of Newton, 452 Mass. 472 \(2008\)](#) to mean “to bring into being or to cause to exist.”

“Preservation” is defined under [G.L. c. 44B, § 2](#) as “protection of personal or real property from injury, harm or destruction.”

Rehabilitation or restoration of open space - CPA funds may also be spent for the rehabilitation or restoration of open space; provided the open space was acquired or created with community preservation funds.

“Rehabilitation” is defined under [G.L. c. 44B, § 2](#) as “capital improvements, or the making of extraordinary repairs, to historic resources, open spaces, lands for recreational use and community housing for the purpose of making such historic resources, open spaces, lands for recreational use and community housing functional for their intended uses including, but not limited to, improvements to comply with the Americans with Disabilities Act and other federal, state or local building or access codes; provided, that with respect to historic resources, “rehabilitation” shall comply with the Standards for Rehabilitation stated in the United States Secretary of the Interior’s Standards for the Treatment of Historic Properties codified in 36 C.P.R. Part 68; and provided further, that with respect to land for recreational use, “rehabilitation” shall include the replacement of playground equipment and other capital improvements to the land or the facilities thereon which make the land or the related facilities more functional for the intended recreational use.

“Restoration” is not defined under the CPA and we are not

aware of any cases defining "restoration" in the CPA context. In the absence of such an interpretation, we look to the usual and generally understood meaning of words from sources known to the legislature, such as use in other legal contexts and dictionary definitions. See [Seideman v. Newton, 452 Mass. 472, 477-478 \(2008\)](#). At [webster-dictionary.org](#), "restoration" is defined as "the act of restoring or bringing back to a former place, station, or condition."

What are some examples of allowable CPA open space projects?

Acquisition of open space - Acquisition of real property or an interest in real property is allowable for open space purposes, including the acquisition of agricultural land, grasslands, fields, forest land, watershed land, fresh and salt water marshes and other wetlands, ocean, river, stream, lake and pond frontage, beaches, dunes and other coastal lands, land to protect scenic vistas, land for wildlife or a nature preserve, land for recreational use and land to protect existing and future well fields, aquifers and recharge areas. Again, one must look to [G.L. c. 44B, § 2](#), to determine the definitions of "real property" and "real property interest" for CPA expenditure purposes. Under [G.L. c. 44B, § 5\(f\)](#), the price of an acquisition must not exceed the value of the property as determined through "procedures customarily accepted by the appraising profession as valid." And, under [G.L. c. 44B, § 12](#), real property interests financed in whole or in part with CP Fund monies must be bound by a permanent restriction which conforms to the requirements of [G.L. c. 184, §§ 31-34](#) and the city or town must own any real property interest acquired with community preservation monies. Management of the properties may be delegated by the legislative body to the conservation commission, park commission or to a nonprofit corporation created under [G.L. c. 180](#) or nonprofit trust created under [G.L. c. 203](#).

Acquisition of open space - Appropriation of CP funds to a conservation fund established by [G.L. c. 40 § 8C](#) is allowable; however, any expenditure of such funds remains subject to the restrictions imposed by the CPA, including the requirement that any land acquired must be bound by the

restriction described in [G.L. c. 44B, § 12](#). Therefore, the conservation commission may spend CPA funds only for those purposes that are authorized by both [G.L. c. 40 § 8C](#) and the CPA, for example, acquisition of land for open space purposes. To ensure that these requirements are carried out, the CPC recommendation and any legislative body appropriation vote should expressly include these conditions.

Rehabilitation of open space - Expenditures for rehabilitation and restoration of open space (not including lands for recreational use) are not allowable unless the open space was acquired or created using CPA funds pursuant to [G.L. c. 44B, § 5\(b\)\(2\)](#). For example, funding is allowable for “rehabilitation” of municipal forest land only if the forest land was acquired with community preservation funds. CP funds cannot be used, however, to fund any expenditure that would fall within the CPA definition of “maintenance,” even if the expenditure is required by a forest management plan. [G.L. c. 44B, §§ 2 and 5\(b\)\(2\)](#). See Part 6 of these FAQs for more information on prohibited CPA expenditures, published in the [December 3, 2020 edition of *City & Town*](#).

Stay tuned for next month’s *City & Town* for Part 9 in our FAQ series on the CPA when we will discuss allowable CPA land for recreational use projects. For more information, see [Informational Guideline Release \(IGR\) 19-14](#).

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