



A State House Notes Program Update Bill Arrigal - Bureau of Accounts

October 4th, 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: 21

Final Certification: 6 (of
69 total)

First established in 1911, the Massachusetts State House Notes Program is a convenient, no-cost note certification procedure for the issuance of short-term debt and long-term serial and refunding notes by a governmental entity. Administered by the Public Finance Section of the Bureau of Accounts, the program provides an alternative to the certification of notes procedure by commercial banks.

What are State House Notes?

State House Notes are borrowing instruments for local governmental entities for the short-term. They are known by different names and acronyms.

- Revenue Anticipation Notes (RANs)
- Renewal of Revenue Anticipation Notes (RRANs)
- Bond Anticipation Notes (BANs)
- Renewal of Bond Anticipation Notes (RBANs)
- State Aid Anticipation Notes (SAANs)
- Renewal of State Aid Anticipation Notes (RSAANs)
- Federal Aid Anticipation Notes (FAANs)
- Refunding Notes
- Serial Notes

They all, however, must receive certain local approvals and send required supporting documentation to the Bureau of Accounts for certification. Lenders await this certification before forwarding funds to the borrower.

State House Notes by the Numbers: FY2009 to FY2018

Graph 1 shows the dollar amount of State House Notes approved from FY2009 to FY2018.

Graph 1 - State House Notes (\$ approved)

LA4 Approved:
71 (92 submitted)

LA13/ New Growth
Approved:
70 (86 submitted)

Tax Rates Approved: 22

Balance Sheets Approved:
98

Total Aggregate Free
Cash Approved:
\$512,972,189

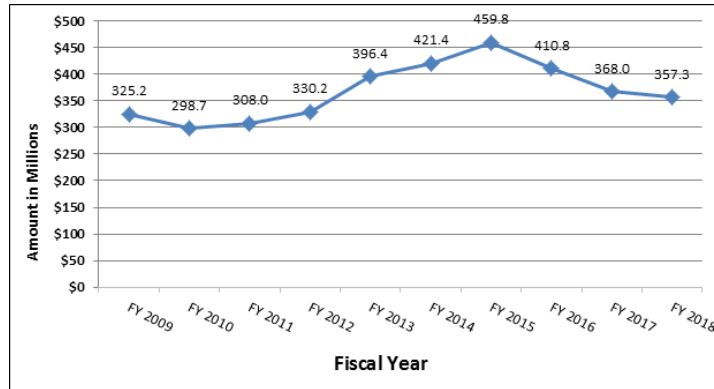
Important Dates & Information

DLS Issues LFO on Local Option Marijuana Sales Tax Revenues & Host Community Agreement Payments

The Division of Local Services has released a Local Finance Opinion (LFO) on the municipal finance treatment of local option marijuana sales tax revenues and host community agreement payments from marijuana establishments and medical marijuana treatment centers. Please note that the LFO does *not* address the nature and treatment of any agreed to payments for purposes of the marijuana host agreement statute. The LFO can be found by [clicking here](#).

All current LFOs are posted on the DLS Guidelines, Opinions and Advisories website. They can be found by [clicking here](#).

DOR Announces Filing



Graph 1 shows that the dollar value of State House Notes certified in FY2009 was \$325.2 million and \$357.3 million in FY2018. This is a \$32.1 million or 9.9% increase for the period shown, but a 2.9% decrease from FY2017 to FY2018. The greatest dollar value approved during this period was in FY2015 and the least approved was in FY2010.

Table 1 shows the number of State House Notes approved each year from FY2009 to FY2018.

Table 1 - State House Notes (# Notes approved)

State House Notes - # of Notes Approved									
FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
443	407	421	494	500	474	476	477	428	392

Table 1 shows that the greatest number of Notes approved for fiscal years FY2009 through FY2018 was in FY2013 and the least approved was in FY2018.

The general decline in the number of State House Notes approved and their dollar value over the last several fiscal years may be explained in terms of the complexity of today's capital market. As a result, a growing trend has moved toward the purchase of notes with full disclosure. Full disclosure includes a full legal opinion, an official statement, a short-term rating by a rating agency (e.g. Moody's, S&P, Fitch), recent audited financial statements and a municipal financial advisor. With full disclosure, notes have a much wider bidding pool than just local banks.

Table 2 shows the number of State House Notes approved in FY2018 by type.

Table 2 - State House Notes (# Notes by Type)

Type of Notes	Refunding								Serial Notes
	BANs	RBANs	Notes	RANs	RRANs	FAANs	SAANs	RSANs	
# of Notes - FY2018	171	160	6	13	1	1	15	5	20
# of Notes - FY2017	172	180	8	11	1	0	17	7	32

Table 2 shows that for the 392 Notes approved for FY2018, the greatest number of Notes approved by type was for Bond Anticipation Notes followed by Renewal of Bond Anticipation Notes and then for Serial Notes. In FY2017, the number of

and Payment Information for Taxpayers Affected by the Recent Merrimack Valley Gas Explosions

The Department of Revenue has announced it is taking steps to address the concerns of taxpayers in Lawrence, Andover, and North Andover who have been affected by the recent gas explosions.

The Department recognizes that taxpayers in these areas might be unable to comply with their tax filing or payment due dates that occurred on or after the date of the explosions, and would like to assist those taxpayers as much as possible.

The Department is announcing that it will waive any penalties associated with any late-filed return or payment that was due on or after September 12th, and before October 1st. The Department will waive penalties for one month, and will later revisit whether any further extensions should be granted.

If any taxpayer in the affected areas receives notice of a penalty for this period they should reach out to the Department of Revenue at (617) 887-6367.

Sewer Rate Relief Fund - FY2019

The Division of Local Services has released Bulletin BUL-2018-6: Sewer Rate Relief Fund - FY2019. It can be found by [clicking here](#).

Bond Anticipation Note Renewals certified by the Director of Accounts was greater than the number of Bond Anticipation Notes certified.

Chart 1 shows the percentage of FY 2018 State House Notes approved for each note type.

Chart 1 - State House Notes (Notes by Percentage)

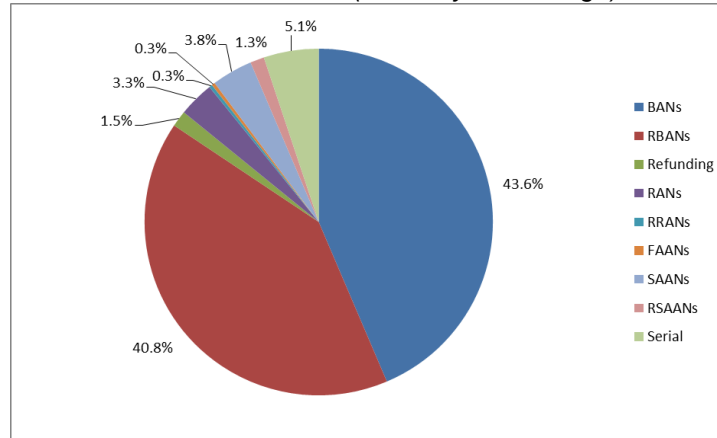


Chart 1 shows that by percentage, RBANs and BANS amounted to 84.3% of notes approved by the program.

Table 3 shows the number of State House Notes approved in FY2017 and FY2018 by purpose.

Table 3 - State House Notes (# Notes by Purpose)

	FY2017	FY2018		FY2017	FY2018
Airport	0	3	Land Acq	14	11
Bridge	1	0	Landfill	1	2
Building	17	17	Library	0	0
Building Repair	13	13	Medical Payments	0	0
Cable	4	9	Municipal Purpose Loan	121	131
Capital Projects	1	1	Public Way	5	8
Computer Hardware	6	2	Recreation	9	10
Conservation Land	0	1	Revenue	12	14
Court Judgment	1	0	School	17	13
Dam Repair	2	2	School Building	7	5
Deficit	3	2	School Feasibility	6	7
Dept'l Equip	70	49	School Remodeling	21	19
Emergency	10	8	Sewer	16	11
Energy Conservation	3	4	Sewer Treatment Plant	5	3
Eng & Arch	6	8	Solid Waste Transfer	2	1
Environmental	1	0	Street	12	6
Harbor	1	0	Water	29	23
Highway	12	9			

Table 3 shows that for the 392 Notes approved for FY2018, the greatest number of notes approved was for Municipal Purpose Loans (MPLs), followed by Departmental Equipment and then for Water. MPLs are loans in which there are two or more separate authorizations for separate purposes. If taken as a group, however, there were 48 notes borrowed for school-related purposes that included building, remodeling and school equipment. MPLs, Departmental Equipment and Water also led in number of Notes certified in FY2017.

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 FY2019, \$1.1 million has been appropriated.

Please complete this year's application by using the required form that is being provided. It should be completed and e-mailed to Gerry Cole at coleg@dor.state.ma.us. Applications must be submitted by Friday, October 19, 2018.

New Signature Requirements for Tax Rate Submission

The DLS Bureau of Accounts (BOA) now requires a majority of the Board of Assessors to electronically sign both the LA-5 form and the Tax Rate Recap form. *Attaching a scanned copy of the paper form is no longer permitted.*

Please contact your local Gateway Administrator or [DLS Gateway Support](#) to open a Gateway account. Contact your BOA Field Representative with questions about the form submission requirements. To view the DLS Staff Directory, please [click here](#).

OSD: Latest Issue of *Buy the Way Now* Available

Additional FY2018 Statistics

For the 392 Notes approved in FY2018, 12 were for cities, 159 for towns, 22 for special purpose districts, 29 for regional school districts and two for counties. Other statistics showed:

- Highest dollar amount (\$4.404 million), lowest (\$800) and median (\$512,950)
- Highest interest rate for a Serial Note (3.50%), lowest (2.35%)
- Highest interest rate for a non-Serial Note (2.9%), lowest (0.85%), and median (1.52%)
- Highest number of days to maturity for non-serial (421 days), lowest (28 days), and median (364 days)
- The three top purchasers of Notes were Eastern Bank, Easthampton Savings Bank and UniBank for Savings
- Monthly notes processed showed the highest amount in June (93), lowest total in April (18)
- Longest term for Serial Note (5 years)
- Shortest term for non-Serial Note (28 days)

To learn more about State House Notes, please visit the Bureau of Accounts' Public Finance Section's [website](#).

Ask DLS: Betterments and Special Assessments - Part 2

This month's *Ask DLS* features frequently asked questions about the authority to assess betterments and special assessments for particular types of improvements. Additional questions about betterments and special assessments 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 is the procedure for authorizing special assessments for water infrastructure?

Cities, towns and districts may assess all or a portion of the cost of installing water distribution system plants in public and private ways. This includes the cost of pipes, other materials and labor and other incidental expenses. [M.G.L. c. 40, § 42G](#). In order to make the assessments, the city council, town meeting or district meeting must first accept [M.G.L. c. 40 §§ 42G, 42H and 42I](#). It must also accept [§ 42K](#) to use the uniform unit method of allocating the costs. It must then also authorize the assessments for the project by vote, ordinance

Don't miss the September 2018 edition of [Buy the Way](#), the monthly newsletter of the Operational Services Division (OSD). [Click here](#) to get news and updates from OSD delivered to your inbox.



Other DLS Links:

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial Calculators](#)

or by-law before construction on the water improvements begins. See [Berriault v. Wareham Fire District](#), 360 Mass 160, 164 (1971).

What is the procedure for authorizing special assessments for sewer infrastructure?

Cities and towns may assess all or a portion of the costs of sewer system plants and facilities. This includes the cost of general benefit facilities, such as pumping stations, trunk and force mains, and special benefit facilities, such as mains serving adjacent properties and grinder pumps. [M.G.L. c. 83, § 15.](#)

City council or town meeting authorization by vote, ordinance or by-law is required to make the assessments. Assessments are made after the construction of the improvements on all properties abutting sewered streets that have the potential to be served by the sewer system, not just those actually connecting to it. See [M.G.L. c. 83, §§ 14-15.](#) See also [Stepan Chemical Co. v. Wilmington](#), 8 Mass. App. Ct. 870 (1979). The reason is that abutting landowners generally have a right to connect under [M.G.L. c. 83, § 3](#), which means the property will not be rendered undevelopable or uninhabitable.

What is a permanent privilege assessment?

Cities and towns may assess a charge “for the permanent privilege” of using the common sewer system instead of a special assessment. [M.G.L. c. 83, §§ 17-24.](#) See [Exeter Realty Corp. v. Bedford](#), 356 Mass. 399, 403 (1969). Permanent privilege charges are in the nature of special property taxes, like special assessments, and are imposed to recapture a share of the costs of constructing the improvements. However, these charges are typically assessed when a parcel is connected to the sewer system rather than when construction of the improvement is completed. They are usually authorized by ordinance or by-law.

The amount assessed as a permanent privilege is secured by a lien on the parcel in the same way as a sewer special assessment. The property owner may apply for abatement and ask to apportion the assessment and pay it in installments over a period of years as the owner of a parcel assessed a sewer special assessment. Capital costs recovered through a permanent privilege assessment are allocated among benefited properties using the same allocation method as the original sewer special assessment.

Permanent privilege assessments should operate to recover capital costs of system improvements that have not already been recovered through sewer assessments, i.e., the overall design of assessments should be to allocate a reasonable and proportionate share of the costs of the sewer system against all benefited properties.

What is the procedure for authorizing special assessments for sidewalks?

Sidewalks in public ways may be established by the legislative body in a city and the selectboard or road commissioners in a town. [M.G.L. c. 83, § 25](#). The order may provide for the assessment of abutting properties of no more than 50% of the cost of the original construction or reconstruction of the sidewalks with a material of a more permanent character. An ordinance or by-law may limit the amount assessed on each parcel to no more than one percent of the preceding year's assessed valuation. [M.G.L. c. 83, § 26](#).

What is the procedure for authoring betterments for repairs to private ways?

A city or town may repair private roads that are open to the public. [M.G.L. c. 40, § 6N](#). An ordinance or bylaw is required and can provide for the assessment of betterments on abutters. A community has considerable latitude in determining the scope of repairs to private ways and the amount of costs to be assessed.

Data Highlight of the Month: **[Stabilization Fund](#)**

Anthonia Bakare - DLS Municipal Databank

In FY2017, there was a total stabilization fund balance of \$1,179,796,371 (4.51% of total state-wide municipal budget). In FY2016, that amount was \$1,070,169,502 (4.26% of total state-wide municipal budget). The total state-wide municipal operating budget was \$26,128,663,437 in FY2017 and \$25,083,462,109 in FY2016.

From FY2016 to FY2017, 244 communities experienced growth (an increase of 10.24%) in their total stabilization fund balance. Total budget data comes from the tax rate recap. Click on this [link](#) for stabilization fund balance and operating budget data. This information is also available on the DLS [website](#) under [Municipal Databank \(Data Analytics\)](#).

Databank reports feature the [Municipal Finance Trend Dashboard](#) which includes trends in certified free cash, stabilization fund balances, overlay reserves, general fund unassigned fund balances, self-insured health insurance trust fund balances and uncollected real estate taxes data under [Category One](#) – Operating Position. This data is presented through several charts that can be exported to 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.

October Municipal Calendar

1	Collector	Mail Semiannual Tax Bills Communities using the regular semiannual billing system should mail actual tax bills or optional preliminary tax bills by this date.
1	Collector	Mail Preliminary Tax Bills for 2nd Quarter Collector mails these bills if the 2nd quarter bills were not included in the July mailings.
1	Taxpayer	Deadline to Pay the Semiannual Preliminary Tax Bill Without Interest Per M.G.L. c. 59, § 57C , this deadline applies in semiannual communities using the annual preliminary tax billing system unless the bills were mailed after August 1. If mailed after August 1, the payment is due either November 1 or 30 days after the bills were mailed, whichever is later.
1	Taxpayer	Deadline for Applying to Have Land Classified as Agricultural/ Horticultural Land or Recreational Land Under M.G.L. c. 61A, §§ 6 and 8 and c. 61B, §§ 3 and 5 , this is the deadline to apply to the Assessors to have land valued, taxed, and classified as agricultural/horticultural or recreational land in the next fiscal year. Taxpayers who miss this deadline have until 30 days after the mailing of the actual tax bills to apply to the Assessors.
1	Taxpayer	Deadline for Submitting Forest Land Certification and Management Plan As set by M.G.L. c. 61, § 2 , this is the deadline to submit to the Assessors the State Forester's certification and approved management plan to have land classified as forest land for 10 years beginning in the next fiscal year.
15	Assessors & Accountant	Begin Working on the Tax Rate Recapitulation

Sheet (the recap)

Assessors in communities that issue quarterly or annual semiannual preliminary tax bills should begin gathering data for the following tax recap pages in order to have enough time for the tax rate to be set and actual tax bills mailed by December 31.

15 Assessors

Submit New Growth, Amended Tax Base Levy Growth, and Final Valuations Reports to BLA
(recommended date)

31 Accountant

Deadline to Submit the CPA Fund Balance Report (Form CP-2)
[See July 15.]

31 State Treasurer

Notification of Monthly Local Aid Distributions
See monthly breakdown by program is available [here](#).

Editor: Dan Bertrand

Editorial Board: Sean Cronin, Anthonia Bakare, Linda Bradley, Paul Corbett, Theo Kalivas, 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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