



Alan LeBovidge
Commissioner

Gerard D. Perry, Acting
Deputy Commissioner

City and Town

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Considering In-House Revaluation

by Paul Corbett

In-house revaluation is a difficult and time-consuming job that can challenge even an experienced mass appraiser. Any community that considers in-house revaluation must examine its resources, plan carefully and begin this project early. The two goals of a revaluation are to produce fair and accurate assessments and get the tax bills out on time. To achieve these goals, the community must test the quality of its existing property descriptions as early as possible. Then, based on those results, it should develop a realistic revaluation project plan. A good project plan can help a community determine if its resources are adequate for the job.

A revaluation is like a pyramid with the initial tasks becoming the foundation for subsequent tasks. This interdependence of tasks is crucial to understanding the time sequence of the project

plan. A community with no experience developing a revaluation project plan should seek the advice of an experienced mass appraiser, at least to review a proposed plan and make adjustments, if necessary. The more realistic the project plan, the better the chances are the in-house revaluation will succeed. On the other hand, a community that cannot develop a realistic project plan should reconsider its plans for in-house revaluation.

Accurate property descriptions are the foundation of sound mass appraisal. A community considering in-house revaluation must conduct a "data quality study" as early as possible to test the accuracy of its existing property descriptions. Data problems can be very time-consuming and expensive to correct and could have a significant impact on the community's resources.

Communities must examine their resources and consider who will perform the work and whether or not these people have the appropriate appraisal skills to succeed. Are the people who will do the work capable of getting the job done; and, if so, can they finish the job on time? The answers to these questions may be the key to whether in-house revaluation is a viable option for the community.

Qualifying sales is important to the community's project plan. "Sales verification" is an ongoing investigation into the circumstances of each sale under study for the revaluation. It starts at the beginning of the project with a review of the property deeds and continues with a questionnaire mailed to each new owner inquiring about the circumstances of the sale. Using sales in the

[continued on page six](#)

In-House vs. Contracting for Mass Appraisal Services

by David L. Davies

In tight budgetary times, local officials such as assessors, finance committees members, selectmen, mayors and others may be inclined to consider whether they can cut costs and perhaps improve the quality of assessments by bringing some, or all, mass appraisal functions in-house.

There are many questions local officials should try to answer before deciding whether to perform mass appraisal in-house or use a contractor, such as: Will local assessors have the time, training, and experience to undertake and com-

plete in-house work? If they are attempting in-house work for the first time, have they carefully planned the effort, or are they trusting in assumptions and good intentions? Does the appraisal staff have appropriate appraisal and statistical skills? Can they use the computer software effectively, from data quality control to analyzing valuation trends? Can they meet production goals in the field while ensuring that prudent system administration policies are followed back in the office to safeguard all the

[continued on page six](#)

Inside This Issue

[From the Acting Deputy Commissioner](#) 2

Legal

[Business Personal Property](#) 2

Focus

[Chapter 653:](#)

[The New Construction Amendment](#) 3

[Bond Ratings Online](#) 5

DLS Update

[Important Notice](#) 7

[Annual IGRs Online](#) 7

[Municipal Tax Amnesty Program](#) 7

[New Officials Finance Forum](#) 7

[DLS Profile](#) 8

[New Charters Approved](#) 8



From the Acting Deputy Commissioner

The overlay is an amount to be raised to cover abatements and exemptions granted by the assessors. The amount

established for overlay should reflect the expected amount needed to cover abatement and exemption costs for a given year.

In some communities, the abatements and exemptions funded from the overlay account for a particular fiscal year often vary from the actual amount allocated to the account. By adjusting property values in all classes annually, assessors can avoid tying up more money than needed in the overlay account. The most direct way to reduce abatement exposure and potential Appellate Tax Board liabilities is to make sure that assessments reflect market values.

While there may be additional costs for communities associated with reviewing values annually, the Division believes that the benefits of added revenue in an appreciating market and reduced abatement exposure in a declining market will offset much of the additional cost.

For more information regarding valuation adjustments in the years between triennial recertification ("interim year adjustments"), refer to *Guidelines for Development of a Minimum Re-assessment Program*. This booklet is available on our website (www.mass.gov/dls) under "Publications and Forms."

Gerard D. Perry
Acting Deputy Commissioner

Legal

in Our Opinion

Business Personal Property

by James Crowley

The Property Tax Bureau receives many inquiries concerning what items of business personal property are taxable. Invariably, we receive more questions around the March 1 filing deadline for forms of list (Form 2). We always state that the tax status of personal property is determined by the form of ownership, and whether the item is tangible personal property.

Let's take the example of a business that does both legal and accounting work. In the office are computers, calculators, photocopiers, telephones, fax machines, tables, desks, chairs, an air conditioner and a coffee urn. If the business is conducted as a sole proprietorship or partnership, then all tangible personal property owned by the firm is taxable. A professional corporation or an incorporated business, however, would be taxable only on machinery used in the conduct of the business, with certain exceptions. M.G.L. Ch. 59 Sec. 5 Cl. 16(2) exempts any corporation's machinery that is "stock in trade or any personal property directly used in connection with dry cleaning or laundering processes or in the refrigeration of goods or in the air-conditioning of premises or in any purchasing, selling, accounting or administrative function."

Are computers and computer software taxable locally? A corporation would be exempt from local tax on its software since it does not come within the definition of machinery used in the conduct of the business. However, an unincorporated business would be taxable on tangible personal property, and exempt on intangible personal property pursuant to M.G.L. Ch. 59 Sec. 5 Cl. 24. We have advised assessors that custom software is intangible personal

property. Canned software, however, is tangible property that is taxable locally unless owned by a corporation. The Property Tax Bureau made reference to the sales tax treatment of computer software. M.G.L. Ch. 64H Sec. 2 imposes a sales tax on tangible personal property. Certain sales of printed matter and commercial films are exempt in accordance with M.G.L. Ch. 64H Sec. 6(m). This explicit sales tax exemption strengthens the conclusion that such items are tangible personal property since the exemption would otherwise be superfluous.

Commercial films are similar to computer software since their value is primarily a function of their information content rather than the medium in which they are contained. In letter rulings and directives, the Department of Revenue (DOR) has held that the sale of canned software is subject to sales excise (LR 93-2, LR 99-2 and DD 00-1).

Only computers owned by a corporation could possibly be exempt from local tax. As stated above, Clause 16(2) exempts machinery used in a purchasing, selling, accounting or administrative function. A computer would be exempt if it were used for administrative purposes such as storing payroll, inventory and accounting data of the business entity. If the computers were used to produce reports for clients, then this activity would render the computer taxable as machinery used in the conduct of the business. It would be a more difficult scenario if the computer were used both for administrative purposes and for client work. In several opinions, the Property Tax Bureau has written that the primary use of the computer would determine whether it is taxable or exempt.

Let's look again at our list of business personal property. An incorporated business would be exempt on its calcu-

continued on page six

Focus

on Municipal Finance

Chapter 653: The New Construction Amendment

by Linda Bradley

The assessment of new construction within a municipality is performed annually in accordance with M.G.L. Ch. 59 Sec. 2A(a). Assessment efforts focus on physical changes to existing real estate parcels or parcels taxed for the first time, such as newly subdivided lots.

Traditionally, the assessment of new construction follows specific guidelines. The values are determined as of an assessment date of January 1. In order to be assessed as new construction, the physical change or the newly taxable parcel must have occurred in the 12-month period prior to the assessment date. This period is based on the calendar year, beginning January 1 and ending December 31. For example, in fiscal year 2003, the assessment of new construction was based on a January 1, 2002 assessment date and included all changes to properties that occurred from January 1, 2001 to December 31, 2001.

With the assessments reflecting the January 1 assessment date, and the fiscal year for which assessments are determined ending on June 30, what happens if there are substantial physical changes made to a property after the assessment date but during the remainder of the current fiscal year? Under M.G.L. Ch. 59 Sec. 2A(a), the change would not be accounted for in the current fiscal year. New construction occurring after January 1 and before June 30 could not be assessed in the current fiscal year. Therefore, the assessment of the new construction and the accompanying increase to the municipality's tax base would be delayed to the subsequent fiscal year.

Chapter 653 of the Acts of 1989, however, amended M.G.L. Ch. 59 Sec. 2A(a). The amendment was presented as a local option to communities and requires adoption by a majority vote of town meeting, town council, or city council. The focus of the amendment was to reduce the delay occurring between actual new construction and its assessment, thereby immediately maximizing potential tax base growth. The amendment provides an additional period to make changes to the assessment rolls by extending the time frame allowed for the determination of new construction and redefining the definition of allowable new construction of real estate in the year the provision is adopted.

Under Chapter 653, the basic principles of assessment were not changed. All properties are appraised as of the traditional January 1 assessment date. The assessment of new construction, therefore, must reflect the fair market conditions in existence on the January 1 assessment date. This ensures that new construction, whether occurring in the traditional 12-month assessment period or occurring in the extended time frame under Chapter 653, are valued the same. The determination of ownership of the taxable entity and the determination of the parcel's use classification are unchanged reflecting the January 1 assessment date.

Though the assessment date remains unchanged under Chapter 653, the time frame for the assessment of new construction is extended. This extension addresses the delay seen in new construction, its assessment, and its inclusion in the community's tax base. By adopting Chapter 653, local officials are able to extend the assessment time period from the traditional 12-month period to an 18-month period in the first year the law is adopted. This allows for the assessment of new construction

occurring after the January 1 assessment date up to June 30. Physical changes to real estate, whether construction, or demolition, are determined as of June 30 rather than the traditional January 1 date.

The definition of new construction is redefined under Chapter 653. The new definitions apply only to assessments of new construction occurring in the extended six-month assessment time period. Allowable new construction focuses only on construction activity to existing taxable parcels: new buildings, additions, and renovations. The focus is purely physical improvements. It is important to note that assessments under Chapter 653 can be adjusted to reflect increases but can also address decreases in the assessments of properties where structures are removed, destroyed or damaged.

New construction that is not allowable under the extended assessment period are any increases based on lot splits, subdivisions, or condominium conversions occurring after the January 1 assessment date. Given the fact that these newly taxable entities were not in existence as of the January 1 assessment date, they are not allowable additions until the following year. If, however, a subdivision created after the January 1 date is built upon, the new construction, not the subdivided lots, can be assessed.

Chapter 653 necessitates other adjustments in local assessing procedures. Assessing procedures and schedules must be adjusted to ensure that all property descriptions reflect the extended date of June 30. This involves adjustments to data collection efforts and assessment procedures. Another vital administrative process affected by the extended assessment period is the

[continued on page five](#)

Chapter 653 Communities

Table 1

Municipality	Billing cycle	Year Ch. 653 adopted	Certification fiscal year	Municipality	Billing cycle	Year Ch. 653 adopted	Certification fiscal year
Acton	Quarterly	1991	2004	Methuen	Quarterly	1991	2003
Adams	Semi-annual	1991	2003	Middlefield	Quarterly	1991	2002
Agawam	Semi-annual	1991	2003	Middleton	Quarterly	1991	2002
Amesbury	Quarterly	1991	2002	Millville	Quarterly	1991	2002
Amherst	Quarterly	1991	2003	Monson	Quarterly	1991	2002
Andover	Quarterly	1991	2003	Montgomery	Quarterly	1991	2004
Arlington	Quarterly	1991	2004	Mt. Washington	Semi-annual	1991	2004
Ashby	Semi-annual	1991	2003	Nahant	Semi-annual	rescinded	2002
Ayer	Semi-annual	1992	2002	Newbury	Quarterly	1992	2004
Bedford	Quarterly	1992	2002	Newburyport	Quarterly	1991	2002
Bellingham	Quarterly	1995	2004	Norfolk	Quarterly	1994	2004
Berkley	Quarterly	1992	2004	N. Adams	Quarterly	1994	2004
Berlin	Semi-annual	1993	2004	N. Andover	Quarterly	1991	2004
Beverly	Quarterly	1991	2002	N. Attleboro	Quarterly	2003	2002
Blackstone	Semi-annual	1991	2004	N. Brookfield	Quarterly	rescinded	2004
Boxborough	Quarterly	2000	2003	N. Reading	Quarterly	1991	2002
Boxford	Quarterly	1999	2003	Northampton	Semi-annual	2000	2004
Brimfield	Quarterly	1991	2002	Northborough	Quarterly	1991	2004
Brockton	Quarterly	1991	2002	Northbridge	Quarterly	1993	2002
Carlisle	Semi-annual	1997	2004	Norwood	Semi-annual	1991	2003
Carver	Semi-annual	1991	2003	Orleans	Semi-annual	rescinded	2002
Chelmsford	Quarterly	1991	2004	Otis	Quarterly	1992	2004
Chester	Quarterly	2000	2003	Palmer	Quarterly	1991	2002
Chilmark	Semi-annual	1991	2003	Pelham	Quarterly	1991	2002
Cohasset	Quarterly	1991	2002	Pittsfield	Quarterly	1996	2002
Danvers	Quarterly	1991	2004	Plainville	Semi-annual	1991	2003
Deerfield	Semi-annual	1995	2002	Quincy	Quarterly	2000	2002
Dighton	Semi-annual	1991	2004	Raynham	Quarterly	1993	2004
Douglas	Quarterly	rescinded	2002	Reading	Quarterly	1991	2002
Dover	Quarterly	1993	2002	Rochester	Semi-annual	1991	2002
Dracut	Quarterly	1991	2003	Rowe	Semi-annual	1992	2003
Dudley	Quarterly	2003	2002	Rowley	Quarterly	2001	2002
Everett	Semi-annual	1991	2003	Russell	Semi-annual	1991	2004
Fitchburg	Semi-annual	1991	2004	Salem	Quarterly	1991	2004
Foxborough	Semi-annual	1991	2004	Sandisfield	Semi-annual	1991	2004
Framingham	Quarterly	1991	2003	Sandwich	Quarterly	1992	2002
Groveland	Quarterly	1991	2004	Saugus	Quarterly	1991	2002
Hadley	Quarterly	1992	2002	Scituate	Quarterly	1992	2003
Hamilton	Quarterly	1995	2003	Shrewsbury	Quarterly	1991	2004
Harvard	Quarterly	1993	2002	Shutesbury	Semi-annual	1991	2002
Harwich	Semi-annual	1991	2004	Somerville	Quarterly	1991	2004
Hatfield	Semi-annual	1991	2004	S. Hadley	Quarterly	1991	2004
Haverhill	Quarterly	2003	2002	Southampton	Quarterly	1991	2002
Hawley	Semi-annual	1991	2003	Southbridge	Quarterly	1994	2004
Heath	Semi-annual	1995	2002	Southwick	Semi-annual	1991	2004
Holbrook	Quarterly	1991	2004	Spencer	Quarterly	1991	2004
Holden	Quarterly	1991	2004	Springfield	Quarterly	1995	2002
Holliston	Quarterly	1992	2004	Stoneham	Quarterly	1997	2003
Hopedale	Quarterly	1991	2003	Sturbridge	Semi-annual	1991	2002
Hopkinton	Quarterly	2000	2004	Sudbury	Quarterly	1991	2004
Hudson	Quarterly	1994	2004	Swansea	Quarterly	1991	2002
Hull	Semi-annual	1992	2004	Taunton	Semi-annual	1993	2004
Ipswich	Quarterly	1991	2004	Truro	Semi-annual	rescinded	2002
Lancaster	Semi-annual	2000	2002	Upton	Quarterly	1991	2002
Lee	Semi-annual	1991	2002	Wakefield	Quarterly	1991	2002
Leominster	Quarterly	1995	2003	Walpole	Quarterly	1997	2002
Leverett	Semi-annual	1991	2003	Ware	Semi-annual	1991	2003
Lexington	Quarterly	1991	2002	Watertown	Quarterly	1991	2004
Leyden	Quarterly	1991	2002	Wayland	Quarterly	1991	2003
Lincoln	Semi-annual	1996	2004	Wellesley	Quarterly	1991	2003
Longmeadow	Quarterly	1991	2003	W. Boylston	Quarterly	1991	2002
Lowell	Quarterly	1991	2002	W. Bridgewater	Quarterly	1991	2003
Lynn	Quarterly	1992	2002	W. Newbury	Quarterly	1993	2004
Lynnfield	Quarterly	1991	2002	Westborough	Quarterly	1998	2003
Malden	Quarterly	1994	2004	Westfield	Semi-annual	1991	2004
Manchester	Quarterly	1998	2004	Westford	Quarterly	1997	2002
Mansfield	Semi-annual	1993	2002	Westwood	Quarterly	1992	2003
Marshfield	Quarterly	1992	2002	Wilmington	Quarterly	1991	2004
Maynard	Quarterly	1991	2004	Worcester	Quarterly	1993	2002
Medfield	Quarterly	1995	2004	Wrentham	Quarterly	1993	2004

Chapter 653

continued from page three

assessment cycle as it relates to the tax rate process. The time frame for the completion of the administrative functions required for the setting of a timely tax rate is shortened.

The overall magnitude of administrative adjustments required by Chapter 653 is dependent upon whether a municipality has adopted a semi-annual billing cycle or a quarterly billing cycle. In the case of a semi-annual billing cycle, the effect is perhaps the greatest with assessors having from July 1 to approximately September 1 to finalize assessments and complete the tax rate setting process. This is in contrast to communities where the local option is not adopted. In these communities the time frame for the entire tax rate setting process begins in January and ends in September, an approximate eight-month period to complete assessments and set the tax rate.

In municipalities where a quarterly billing cycle has been adopted as well as Chapter 653, the determination of final assessments and the tax rate setting process begins in July and ends in November. The assessor's office has approximately five months to complete all assessment work and set a timely tax rate. This is in contrast to communities that have not adopted the amendment yet adopted the quarterly billing cycle. For these communities, the assessment cycle can begin in January and culminate in November, with the setting of a December tax rate. This affords a greater time to determine assessments and set a timely tax rate.

Since the enactment of Chapter 653, 140 communities have adopted the amendment. There have been a few communities that have rescinded the adoption of this local option (*see Table 1*). Interestingly, the majority of these communities are in a semi-annual billing cycle. These communities experienced a marked decrease in time to complete the assessment cycle. When asked the basis for rescinding the statute, the consensus cited that it was simply too difficult to have the assessment process continue until June 30 and still set a timely tax rate.

However, Chapter 653 offers certain benefits to adopting communities. Chief among these is that it enables cities and towns to account for new construction without a delay in achieving the associated tax base growth. Another benefit is that this law enables communities to more accurately assess physical changes to properties. These benefits are directly related to the extension of the assessment cycle under the Chapter.

Under Chapter 653, the key is to achieve the optimal balance between its effect on the assessment cycle, tax rate setting process, and the billing cycle. Ideally, the adoption of Chapter 653 should coincide with the adoption of a quarterly billing cycle. All 140 municipalities that have adopted Chapter 653 also have adopted a quarterly billing cycle. ■

Bond Ratings Online

A bond rating is a credit rating to help investors determine the risk of losing money on a given fixed-income investment. Agencies specializing in municipal bonds assign a rating, designated by letters or a combination of letters and numerals, based on their opinion of the future ability, legal obligation and willingness of a bond issuer to make timely debt service payments.

One of the most important factors in rating a community is its financial management team. According to Standard and Poor's, "there must be strong, interactive relations with elected officials, favorable budgeting results, and a proven track record of managing through good as well as bad times."

Another major factor bond rating agencies consider is whether a community has developed sufficient levels of reserves that can be used for contingencies. Local governments that have developed healthy reserves will be better able to deal with slowing economic conditions than those that have not. Standard & Poor's also cites "conservative and accurate budgeting" as another attribute of highly rated communities.

The Division of Local Services' Municipal Data Bank has listed both Standard & Poor's and Moody's bond ratings on the Web. This information is available at www.dls.state.ma.us/allfiles.htm#indicators. These spreadsheets also provide definitions of each agency's long-term bond ratings. ■

Business Personal Property

lators, photocopiers, telephones and fax machines if used primarily for internal bookkeeping and administrative purposes. On the other hand, the photocopier of an incorporated copying business, the fax machine of a corporation that faxes documents for a fee, and the telephones of a polling or answering service would not be used for administrative purposes and are therefore taxable.

A corporation would be exempt on tables, desks, and chairs since they are not machinery. The air-conditioner would also be exempt. The Clause 16(2) exemption for machinery directly used in the air-conditioning of premises would apply even if this equipment would generally be considered part of the real estate for assessment purposes. *Rudnick Realty v. Board of Assessors of Westborough*, 373 Mass. 586 (1977). The coffee urn would be exempt since it is not machinery used in the conduct of the business. Such was the ruling of the Supreme Judicial Court in *Assessors of Haverhill v. J.J. Newberry Co.*, 330 Mass. 469 (1953).

An unincorporated business or partnership could be exempt on personal property that is leased. As a general matter, leased equipment is exempt if it is stock in trade of a corporation regularly engaged in the business of leasing. For example, leased computer equipment of such a corporation is taxable neither to the lessor nor to the lessee. Any local personal property tax would be double taxation since the value of the stock in trade is included as a measure of the corporate excise of the lessor corporation under M.G.L. Ch. 63 Sec. 30. *New England Mutual Life Insurance Company v. Boston*, 321 Mass. 683 (1947). Yet, DOR has informed assessors that an installment sale or conditional sale agreement is considered a sale for local tax purposes in the Commonwealth, even if the agreement

states that title to the personal property is retained by the lessor until the end of the agreement. The Uniform Commercial Code views such a retention of title as merely a security interest. In that situation, the assessors would consider the unincorporated "lessee" as owner

Corbett

analysis that were conducted under unusual or extenuating circumstances or sales that are not representative of the real estate market can skew the statistics and result in inaccurate and unfair property assessments. Only sales representative of the market or "arms-length" sales should be included in the statistical analysis.

A large part of any revaluation project entails gathering and processing information from the Registry of Deeds and from new, personal and investment property owners. The purpose of gathering all this information is to have accurate property descriptions and as much

Davies

data and analyses? Who will handle the day-to-day work in the office? Is the in-house appraisal staff prepared to take responsibility for the values they generate and explain them to regulatory officials and concerned taxpayers? Finally, having considered all of the above and more, will the in-house appraisal staff have the continuing support of the community's financial management team?

Many communities that have organized their assessment and tax administration functions around in-house mass appraisal have done high quality work at very low cost. Other communities that misunderstood the staffing commitment have been far less successful, and have often needed to contract with outside firms. The simple, but difficult secret for success, is in hiring and retaining the right people. Quali-

continued from page two

for assessment purposes and there would be no exemption. Given the various terms that can be written into an agreement, we advise assessors to obtain a copy of the lease to determine the tax status of the personal property. ■

continued from page one

"market data" as is available. A revaluation project needs someone with real estate appraisal skills to analyze this "market data" and accurately identify the trends in the market. Computer-assisted mass appraisal systems and statistics do not eliminate the need for good appraisal judgement: rather, they are tools in the hands of the appraiser.

With adequate resources, a good project plan, accurate data and qualified sales, hard-working people with the necessary skills can conduct a successful in-house revaluation that produces fair and accurate assessments and results in timely tax bills. ■

continued from page one

fied and motivated staff, with sufficient support and a reasonable schedule, can achieve the savings that municipal executive and legislative leaders seek, and the accurate, equitable values that taxpayers demand. In the absence of such staff or other necessary resources, boards of assessors should focus on obtaining assistance early from experienced and reputable firms and consultants.

To help in making the decision for your community, the Division of Local Services has updated its guide *Cost Benefit Analysis for In-house Mass Appraisal* for analyzing the sufficiency of staff and resources for conducting in-house revaluation and comparing the costs with contracted alternatives. This guide is available under "Publications and Forms" at www.mass.gov/dls. ■

DLS Update

Important Notice

As of July 1, 2003, the Division of Local Services (DLS) will discontinue mailing Informational Guideline Releases (IGRs), Bulletins, levy limit worksheets, farmland value notices and certain other letters and forms. These documents will be posted on the DLS website at www.mass.gov/dls. They are also available by e-mail subscriptions. DLS has implemented this policy not only as a cost-saving measure, but also to make these publications easily accessible to everyone with an interest in local government and municipal finance. Previously, only local officials received these mailings.

The forms and letters that will be available by e-mail only as of July 1, 2003 include:

- the annual year-end requirements letters (and accompanying forms) for treasurers, collectors, accountants and auditors, and clerks;
- the Tax Rate Recap, Pro Forma Recap booklet that contains supporting instructions and forms to be submitted to the Bureau of Local Assessment and the Bureau of Accounts; and
- the annual letter to regional school districts.

Please note that DLS will continue to mail the automated recap diskette to the assessors in each city and town annually.

To receive these publications by e-mail, simply click on the subscription links on the DLS website. Subscribers may also choose to receive the *City & Town* newsletter and/or Cherry Sheets. You may cancel your subscriptions at any time.

Annual IGRs Online

Annual Informational Guideline Releases (IGR) regarding tax bills and cost of living adjustments for personal

exemption and land of low value foreclosure purposes will no longer be mailed. They will be disseminated through our website at www.mass.gov/dls. This year's IGRs (listed below) are now available there.

- *IGR 03-201, Fiscal Year 2004 Quarterly Tax Payments* — tax bill reverse-side notice references new Clause 18A hardship deferral
- *IGR 03-202, Fiscal Year 2004 Tax Bills* (regular semiannual schedule) — tax bill reverse-side notice references new Clause 18A hardship deferral
- *IGR 03-203, Fiscal Year 2004 Guidelines for Issuing Preliminary Tax Bills* (semiannual with first-half preliminary schedule) — tax bill reverse-side notice references new Clause 18A hardship deferral
- *IGR 03-204, Social Security Deduction for Fiscal Year 2004* — deductions increase by 1.3 percent
- *IGR 03-205, Optional Cost of Living Adjustment for Fiscal Year 2004 Exemptions* — COLA is 3.58 percent
- *IGR 03-206, 2003 Adjustment in Land of Low Value Foreclosure Valuation Limit* — new valuation limit is \$15,537

Municipal Tax Amnesty Program

Chapter 4 Sec. 73 of the Acts of 2003, enacted on March 5, 2003, allows cities and towns to adopt and implement a temporary tax amnesty program during 2003.

The amnesty program must be enacted by town meeting, city council or city council with the approval of the mayor. It may provide for the waiver of all or a uniform percentage of all interest, penalties and collection costs accrued on delinquent property taxes, motor vehicle excises or boat excises, but not on

the underlying tax or excise. The taxpayer must pay the tax or excise within the amnesty period established under the program. That period may begin any time after the effective date of the vote and must end no later than December 31, 2003.

For more information on this program, Informational Guideline Release No. 03-207 is available on the Division of Local Services' website at www.mass.gov/dls under "IGRs" in the Quick Links box.

New Officials Finance Forum

The Division of Local Services (DLS) is presenting a seminar for recently elected officials on Friday, June 6 at the Ramada Inn in Auburn. Selectmen, mayors, city/town council members, accountants, auditors, assessors, collectors, treasurers, clerks, finance directors, city/town managers and finance committee members and their staffs are invited to participate. New officials will gain a basic understanding of Proposition 2½, budgeting, setting the tax rate, free cash and reserve and debt policies.

After a presentation by DLS staff, participants will have the opportunity to work with other local officials to calculate a levy limit and to complete a tax recapitulation sheet.

Participants will return to their communities with knowledge and understanding that should enable them to be effective and efficient members of their local financial management teams. A registration bulletin containing further information is available on our website at www.dls.state.ma.us/PUBL/BULL/2003/2003_08B.pdf. ■

DLS Profile: Boston Staff

Camille Gradozzi and **Angela Franklin** are two staff members who happen to reside in the same community — East Boston.

Camille is an administrative assistant in the Bureau of Accounts (BOA). During her 19-year tenure with the Division of Local Services, she has worked for four bureau chiefs — Lou Hayward, Marilyn Browne, Mariellen Murphy and currently, James R. Johnson. More than likely, Camille has communicated with at least one official from every community and is well known by many local officials statewide. It is apparent from the remarks of G. Richard Bordeaux, treasurer for the City of Pittsfield, that Camille especially enjoys communicating with local officials and does a good job in this regard.

According to Bordeaux, "During the last two years while the city has been recovering from a fiscal crisis, I have spoken to Camille practically every day. On each and every occasion, she has been diligent, professional and always cheerful. When matters have been urgent, she has done everything in her power to deliver my message. Knowing that I can rely on Camille to convey my message quickly and accurately has been extremely reassuring to me."

Although Angela has worked for the Division for just two years, she is a nine-year veteran of the Department of Revenue. She works in the Property Tax Bureau preparing recommendations on abatement requests for real estate and personal property taxes and processing applications for abatement of motor vehicle and boat excises. Angela notes that "each abatement request has its own issues and therefore is like a puzzle." She holds a bachelor's and a master's degree from Suffolk University and also has a master's degree from Northeastern University.

James Pettengill, assessor in Westfield, has been more than satisfied with Angela's work on processing abatement requests. He said that "Angela is exactly the type of person I need on the other end of the phone when I call Boston for assistance. Her knowledge, kind manner and willingness to go the extra mile always make it a pleasure to work with her." ■



Camille Gradozzi and Angela Franklin

New Charters Approved

The Board of Education voted on February 25, 2003 to approve applications for five public charter schools to open over the next two years.

The five schools that were granted charters are: Berkshire Arts and Technology Charter School (North Adams); Boston Preparatory Charter School (Boston); Excel Academy Charter School (Boston); Hill View Montessori Charter School of Haverhill; and Salem Academy Charter School (Salem).

The charter school statute allows for a total of 120 charter schools, 48 Horace Mann charters and 72 Commonwealth charters. Seven Horace Mann charter schools are in operation and 41 Horace Mann charters remain available. Forty-one charter schools are currently in operation, six are already chartered to open in the fall of 2003, and 25 Commonwealth charters remain available.

For more information on charter schools, visit the Department of Education website at www.doe.mass.edu/charter/. ■

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Joan E. Grouke, Editor

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