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## Municipal Health Insurance Reform Remains Hot Topic

[The Legislature](#) seems likely this session to seriously discuss the need to reform municipal health insurance, with [proposals from Gov. Deval Patrick](#), the [Massachusetts Municipal Association](#), and, at last count, more than two dozen additional municipal health insurance reform bills before the [Public Service Committee](#).

The Massachusetts Taxpayers Foundation weighed in first in February with a [report](#) outlining the prospective cost of municipal health insurance for 50 communities.

Just this week, the Boston Foundation and the Massachusetts Taxpayers Foundation collaborated on an additional [report](#) that compares the health care benefits offered to municipal employees with those offered to workers in the private sector and to state and federal employees. It provides further evidence that municipal health care benefits are unsustainable and that municipalities need the authority to manage their costs.

[DLS data](#) shows that municipal health insurance costs for the Commonwealth's 351 cities and towns rose from \$1.411 billion in FY04 to \$2.049 billion in FY09, an increase of 45.2 percent. The data breaks it down for individual communities as well, for the purpose of comparison.

The bullet halfway down the [DLS webpage](#) titled, "Retiree Health Insurance Cost Shift Local Acceptance," shows that 271 cities and towns have already moved their eligible retirees to Medicare, which is one of the most basic reform recommendations.

The Governor's plan would allow for communities to negotiate with municipal unions, but would also require that the end result of the negotiation produce a health insurance plan no more expensive than that offered by the [Group Insurance Commission](#).

There is no doubt that cities and towns need relief from the overwhelming burden of employee health insurance costs. That said, the question begs to be asked; should the Legislature act, in which direction will they move and what will "relief" look like when it lands on the Governor's desk.

Robert G. Nunes

[Deputy Commissioner & Director of Municipal Affairs](#)

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## The 2011 Corporations Book is Now Available

The latest edition of the [Corporations Subject to Taxation in Massachusetts](#) was published April 12, 2011 and is available on our [website](#). Annually, the [Division of Local Services](#) provides a comprehensive listing of corporations for Massachusetts' assessors to be used for local tax assessment purposes. These corporations include business entities, financial institutions and insurance companies registered to do business in Massachusetts as of January 1, 2011, including corporations that were granted "manufacturing" (M) status or whose manufacturing status was revoked (R).

### **FY 2011 CORPORATIONS SUBJECT TO TAXATION UNDER MASSACHUSETTS GENERAL LAWS CHAPTERS 59, 60A AND 63**

This is the 2011 list of Corporations Subject to Taxation in Massachusetts, issued pursuant to General Laws c. 59, Division of Local Services provides a comprehensive listing of corporations for Massachusetts' assessors to be used for local tax assessment purposes. We publish this list solely on the Internet to facilitate keyword and community based searches.

The 2011 list of Corporations Subject to Taxation in Massachusetts provides a listing of legal entities subject to tax or excise under G.L. c. 59 (local property tax), 60A (motor vehicle excise) or 63 (corporation taxes) as corporations based on their 1) registration as corporations with the Secretary of State or 2) filing returns or other notices with the Department of Revenue (DOR) indicating that they are corporations or will be filing corporate returns in Massachusetts as of January 1, 2011. This listing can provide useful information to cities and towns about the taxable status of business entities located within a community. The contents of the list are drawn from data compiled and maintained by DOR.

This resource is divided into three sections, 1) corporations, 2) financial institutions, and 3) insurance companies. The corporations list includes business corporations that are classified as manufacturing after filing an application for that classification with DOR. The financial institutions and insurance companies are listed separately under their own section headings because they are taxed differently from business corporations. Corporations included in these lists that are not classified as manufacturing have been listed based solely on registrations or returns they filed; such inclusion does not indicate DOR's approval of any applications for classification or other review and determination of their corporate status.

For purposes of local property tax exemptions under G.L. c. 59, § 5, cl. Sixteenth, any unlisted unincorporated business entity that is (1) treated as a corporation for federal income tax purposes as of January 1, 2011 and (2) is treated under G.L. c. 63 as a business corporation subject to tax under G.L. c. 63, § 39 (including manufacturing corporations) is entitled to the applicable local property tax exemption under G.L. c. 59, § 5, cl. Sixteenth (2) or (3) for a business corporation or for a manufacturing corporation (if classified as manufacturing) as of that date. Unincorporated entities that are potentially so treated include those with LLC (Limited Liability Company), LP (Limited Partnership) or LLP (Limited Liability Partnership) in their names. Note that entities that are taxed as financial institutions, insurance companies, or utility corporations, or otherwise under G.L. c. 63, § 2, 2B, 20-29E, 38B, 52A, or 58 are not treated as business corporations subject to tax under G.L. c. 63, § 39 and thus are not entitled to these particular exemptions. See G.L. c. 63, § 68C.

For information on personal property subject to taxation, please refer to the Division of Local Services, Bureau of Municipal Finance Law's [Personal Property Frequently Asked Questions \(FAQs\)](#).

### **Reading Each Entry**

Each entry in the listing includes the name and primary location of a company, and also indicates whether the business has been classified as a manufacturing corporation. The "location" listing is based on the corporation's own reporting to DOR, and identifies the community, state or foreign country (FC) in which the company is headquartered. Please note that businesses may own taxable property in one or more

## **Complete April 2011 Edition**

Massachusetts communities, but only the "location" of the headquarters will appear in this listing.

A corporation classified as a "manufacturing corporation" is designated by the letter "M" to the left of the corporation name. A corporation whose manufacturing status has been revoked during a given year is identified by the letter "R" to the left of the corporation name. See 830 CMR 58.2.1 explaining the application procedure for classification as a manufacturing corporation.

### **M/R Updates**

The list of Corporations Subject to Taxation in Massachusetts is forwarded to assessors in April each year. In meeting this distribution objective, DOR's Manufacturing Unit makes every effort to render its manufacturing (M) and revocation (R) decisions in order that all are included in the annual list. However, some decisions are made after publication and are retroactive to January 1 of the current year. It is DOR's policy to notify assessors of the subsequent decisions by letter, based on information requested and received from the applicants as to the locations of corporation property in the communities. Toward that end, a compilation of subsequent manufacturing and revocation decisions applicable in the current calendar year will be posted throughout the year until the next list is issued. Assessors should periodically check the website for these updates.

### **Appeals**

Boards of assessors or corporations aggrieved by classifications made by DOR under G.L. c. 59 or 63, or by action taken by DOR under G.L. c. 58, § 2, may, in order to preserve any rights to be correctly classified, object by applying to the Appellate Tax Board (ATB) and stating the classification or action claimed. The appeal must be received by the ATB on or before April 30 of the year for which classification is sought, or within 30 days after the date DOR sends the corporations list to local assessors (the release date shown below), whichever is later.

**Effective January 1, 2011 – Release date April 12, 2011**

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## New Legal Bulletin: 2010 Legislation

The [Division of Local Services](#) has issued [Bulletin 2011-04B, 2010 Legislation](#). The Bulletin is our annual summary of new laws that impact local tax administration and municipal budgets.

### 2010 LEGISLATION

#### **Ch. 26 COLLECTION OF MUNICIPAL FINES**

**An Act Relative to the Collection of Unpaid Municipal Fines.** *Effective May 11, 2010.*

Adds a new local option statute, G.L. c. 40U, that if accepted, allows a municipality to enforce fines imposed for violations of municipal housing, sanitary or snow and ice removal requirements. After acceptance, a city or town must adopt procedures for the payment of the fines and appoint a hearings officer to hear appeals of any fines imposed. It may also use the non-criminal disposition procedures under G.L. c. 40, § 21D for the fines. The statute sets out certain standards for violation notices, fine amounts and appeals. It also provides that if a fine remains unpaid after 21 days and the alleged violator has not requested a hearing, a non-payment notice is to be issued with a processing fee of up to \$10. The notice is to advise the alleged violator that the fine must be paid within 30 days unless a hearing is requested within 14 days and the alleged violator swears under the pains and penalties of perjury that the original notice was not received. Under § 12 of the new G.L. c. 40U, the municipality may make an unpaid fine, and any interest and costs that accrue, a lien on the property based on the number or dollar amounts of the violations on the property. The lien arises and terminates as provided in local acceptance G.L. c. 40, § 42B for unpaid water charges. All fines, interest, costs and penalties collected under G.L. c. 40U belong to the general fund.

#### **Ch. 131 FISCAL YEAR 2011 STATE BUDGET**

**An Act Making Appropriations for the Fiscal Year 2011 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements.** *Effective July 1, 2010, unless otherwise noted.*

**§ 3 Local Aid Advances.** Authorizes the State Treasurer to advance payments of FY11 local aid distributions to a city, town, regional school district or independent agricultural and technical school that demonstrates an emergency cash shortfall, as certified by the Commissioner of Revenue and approved by the Secretary of Administration and Finance.

**§ 132 Pension Charges to Federal Education Grants.** Waives for federal grants distributed to municipal and regional schools during FY11 through the State Fiscal Stabilization Fund under the federal ARRA, the usual nine percent pension chargeback requirements of G.L. c. 40, § 5D when salaries are funded by the grants. **See Informational Guideline Release (IGR) 90-106, Pension Charges to Federal Grants, issued March 1990.** Districts must still make their regular contributions to local retirement systems for personnel not included within the state Teachers' Retirement System.

**§ 157 Education Reform Waivers.** Permits cities, towns and regional school districts to apply for various adjustments in their FY11 minimum required contributions to schools under the Education Reform Act. Municipalities may seek adjustments if (1) non-recurring revenues were used to support FY10 operating budgets and those revenues are not available in FY11, (2) they have extraordinary non-school related expenses in FY11, or (3) their FY11 municipal revenue growth factor is at least 1.5 times the statewide average and is deemed to be excessive. Regional school districts that used non-recurring revenues in FY10 that are unavailable for FY11 must seek waivers if a majority of the selectmen in a town, the city council in a Plan E city or the mayor in all other cities in a majority of the member municipalities requests them. If a regional school budget has already been approved by the members and a waiver is granted of any member's minimum required local contribution to the district, the use of that waiver must be approved by the selectmen, the city council in a Plan E city or the mayor in all other cities of a majority of the member municipalities. Requests for waivers must be made by October 1, 2010. **See IGR 10-303, Fiscal Year 2011 Waivers to Education Reform Spending Requirements and Minimum Required Local Contributions, issued July 2010.**

**Ch. 188 MUNICIPAL RELIEF**

**An Act Relative to Municipal Relief.** *Effective July 27, 2010 unless otherwise noted.*

**§ 1 Special Education Tuition Rates.** Amends G.L. c. 7, § 22N to require that the Operational Services Division notify school superintendents of the estimated rate of inflation in the prices of special education and other social service programs by October 1. Previously, the notification deadline was December 1.

**§§ 2-3, 70 State Cultural Districts.** Amend G.L. c. 10, § 52 and add a new section 58A to c. 10 to facilitate the development of state-designated cultural districts under guidelines established by the Massachusetts Cultural Council. The council is to establish criteria for the districts, develop an application process for municipalities seeking to create districts and identify state incentives and resources to support the development of the districts.

**§§ 4-15, 62-63 Sound Bidding Practices and Flexibility.** Amend G.L. c. 30B and c. 149, which govern local procurement of supplies, services, real property and public construction. In some cases, local governments will be able to purchase goods and services specified under United States General Services Administration (GSA) federal supply schedules from authorized GSA vendors, conduct a "reverse" auction bidding process and engage in intergovernmental cooperative purchasing under contracts let by the federal government, another state, or any political subdivision of the Commonwealth or another state. Also define sound business practices for c. 30B purposes. For construction contracts, the dollar thresholds applicable to payment bonds and use of sound business practices were increased.

**See Office of the Inspector General, Changes to Municipal Procurement Laws, (July 27, 2010) and Charts on Local Public Procurement Procedures (August 2010).**

**§§ 16-19, 71 Pension Funding Relief.** Add a new section 22F to G.L. c. 32, to allow local retirement systems to extend their funding schedules to 2040 subject to the approval of PERAC and certain minimum payment requirements. Payments for any year under the revised schedule cannot be less than the payment in a prior year under the current schedule. Any increase in the amortization component required by the schedule cannot be more than four percent. Amends G.L. c. 32, § 21 to require actuarial valuations at least once every two years rather than every three years. Amends G.L. c. 32, § 22D to require that any yearly payment under a funding schedule established under that section shall be no less than 95 percent of the amount appropriated in the prior fiscal year. Also amends G.L. c. 32, § 103 to add a local option subsection (j) that allows retirement systems to increase in multiples of \$1,000 the maximum base for calculating cost of living adjustments on pension payments. Currently, that base is \$12,000. **See Public Employee Retirement Administration Commission (PERAC) Memorandum 2010-33 (August 12, 2010).**

**§ 20-21 Municipal Life Insurance.** Amend G.L. c. 32B, § 11A, to eliminate restrictions on the maximum amount of optional life and accidental death insurance benefits for municipal employees based on salary. The maximum amount is \$150,000. Previously, it was \$74,000.

**§ 22 Municipal Leases.** Amends G.L. c. 40, § 3 regarding the leasing of public buildings under certain procedures. Those leases may now be up to 30 years. Previously, the maximum term was 10 years.

**§ 23 Intermunicipal Agreements.** Amends G.L. c. 40, § 4A, which authorizes agreements among governmental entities to jointly perform governmental services and functions, to limit approval of the agreements, i.e., the decision to enter, to the entities' elected officials.

**§ 24 Mutual Aid Agreements.** Adds sections 4J and 4K to G.L. c. 40, to establish statewide mutual aid agreements that allow municipalities to share fire, police, emergency medical services, public works and other local services in the case of a public safety incident (G.L. c. 40, § 4J) and public works personnel, equipment, supplies and facilities in the case of a public works incident (G.L. c. 40, § 4K).

**§ 25 Triennial Certification Schedule.** Amends G.L. c. 40, § 56, which requires the Department of Revenue (DOR) to certify that a municipality's local assessments are at full and fair cash valuation every three years as a prerequisite to use of a classified tax system. The amendment allows DOR to revise the three-year schedule to balance the number of certifications each year, facilitate or implement regional or other cooperative assessing agreements and improve assessment performance. **See DLS Certification Reallocation Maps and Schedules.**

**§ 26 Joint or Regional Assessing Agreements.** Amends G.L. c. 41, § 30B, which permits joint or cooperative assessing agreements, to allow cities and towns to share assessors as well as assessing department staff. Municipalities will now be able to form a single assessing department to share all departmental staff and perform all administrative functions or designate one person, one of their boards of assessors, or a regional board of assessors, to act as the assessors for all of them. The other boards would then terminate for the duration of the agreement. Parties to an agreement are responsible for sharing the costs of benefits provided personnel who serve during its term.

**§§ 27, 29, 30-33, 56 and 57 Flexibility in Municipal, Improvement District and Regional School District Borrowing.** Amend G.L. c. 44, § 7 to allow municipalities and improvement districts to borrow within their debt limits for: (1) other public works, improvements or assets not specifically described in that section, for up to five years; (2) the dredging of rivers, streams, harbors, channels and tide waters, for up to 10 years; (3) the construction or reconstruction of seawalls, revetments, breakwaters and other related structures, for up to 20 years; (4) the funding of loans to property owners for renewable energy and energy conservation projects on their property under a local program created under G.L. c. 44, § 53E¾ for up to 20 years; and (5) the cleanup or prevention activities at municipal facilities under G.L. c. 21E relating to the release of oil and hazardous materials, or G.L. c. 21H relating to solid waste, for up to 10 years. Cleanup and prevention plans must be approved by the Department of Environmental Protection (DEP). Also amend G.L. c. 44, §§ 7 and 8 (outside debt limit), c. 70B, § 6(d) (School Building Authority approved projects) and c. 71, § 16(d) (regional school districts) to allow municipalities, improvement districts and regional school districts to borrow for some projects over a term matching the useful life of the asset being financed, not to exceed 30 years, as determined under guidelines issued by the Division of Local Services (DLS) within DOR. Approval of emergency borrowings under G.L. c. 44, § 8(9) will now be approved by the municipal finance oversight board (MFOB), not the emergency board. Municipalities and districts may now use level debt service, or a schedule providing for more repaid amortization of principal, under G.L. c. 44, § 19. **See IGR 10-101, City, Town and District Debt Purposes, Terms and Payment, issued October 2010; DLS Asset Useful Life Schedules – Maximum Borrowing Terms, effective October 18, 2010.**

**§§ 28, 36, and 64 Renewable Energy Revolving Fund and Betterment Loan Program.** Amend G.L. c. 44, § 7, to allow cities, towns and other governmental entities, to borrow for up to 20 years to fund loans to property owners for renewable energy and energy conservation projects on their property under a local program. Also add a new section 53E¾ to G.L. c. 44 that authorizes creation of local energy loan programs, creates a special revenue fund for the borrowed monies and provides for the loans to be treated as betterments and repaid over 20 years as part of the property owners' annual property tax bills. The loans are secured by municipal liens, which have priority over mortgages and other liens. **See Department of Energy Resources Green**

**Communities Division Advisory (November 12, 2010) about uncertainty in implementing these loan programs in Massachusetts (and other states) due to Federal Housing Finance Agency statement about the status of the liens under mortgages it holds.**

**§ 35 Elimination of Fee for State House Notes.** Repeals G.L. c. 44, § 26 and eliminates the fee charged cities, towns and districts for the processing of state house notes by the Director of Accounts.

**§ 37 Voter Information.** Adds a new local option section 18B to G.L. c. 53, which governs elections. If accepted, municipalities may send information on local binding and non-binding referenda questions to voters before local elections. Binding referenda questions would include Proposition 2½ overrides, underrides, debt exclusions or capital exclusions. The information to be provided is similar to that provided by the Secretary of State before each biennial state election, *i.e.*, a fair summary of the question prepared by municipal counsel and arguments by proponents and opponents.

**§ 38 Expedited Abatement Authority.** Amends G.L. c. 58, § 8, which allows the DOR to authorize the board of assessors, or other board or officer, to abate taxes or charges where they no longer have the legal power to abate because the taxpayer did not timely apply for abatement. The DOR will now be able to issue guidelines authorizing local officials to abate in some circumstances on an expedited basis without having to obtain prior approval of each individual abatement. The delegation is subject to annual reporting and audit requirements and may be withdrawn.

**§ 39 Interest Rate on Financial Hardship Deferral.** Amends G.L. c. 59, § 5(18A), which authorizes a board of assessors to grant temporary property tax deferrals to taxpayers experiencing financial hardships, to allow cities and towns to reduce the interest rate that accrues on the deferred taxes. The statutory rate is eight percent, but the legislative body will now be able to set a rate as low as zero percent. Any change in rate must be voted no later than July 1 of the fiscal year to which the tax relates.

**See IGR 11-209, Temporary Financial Hardship Property Tax Deferral, issued February 2011.**

**§§ 40-42 Property Tax Exemptions.** Amend two clauses in G.L. c. 59, § 5, which sets out the real and personal property exempt from local taxes. Section 40 amends Clause 22E, which provides a \$1000 exemption for veterans, or their spouses and surviving spouses, who have a 100 percent disability rating as determined by the United States Department of Veteran Affairs (VA) and are incapable of working as determined by assessors. The amendment eliminates the incapable of working requirement for veterans applying for Clause 22E exemptions beginning in fiscal year 2012. Section 41 amends Clause 41C½, which is one of the local option variations of the Clause 41 exemption for seniors. Under the amendment, beginning in fiscal year 2012, the combined gross receipts of married applicants and their spouses must meet the limit found in the statute. Previously, the limit applied to just the applicant's income. **See IGR 11-208, Clause 41C½ Property Tax Exemption for Seniors, issued February 2011.**



Section 42 adds two new local option exemptions, Clauses 56 and 57. If accepted, Clause 56 allows assessors to exempt up to 100 percent of the real and personal property taxes assessed to Massachusetts national guardsmen and reservists for any fiscal year they are deployed overseas. Assessors may establish eligibility criteria for the exemption and the exemption expires two years after acceptance unless extended by vote of the legislative body subject to charter. If accepted, Clause 57 will allow assessors to grant exemptions to seniors who qualify for the state circuit breaker income tax credit for their domicile. Exemptions would be up to the amount of the credit, but are subject to an annual allocation ("appropriation") of overlay to the exemption. **See Bulletin 2011-02B, Local Option Personal Exemptions, issued March 2011.**

**§ 43 Senior Work Abatements.** Amends G.L. c. 59, § 5K, which authorizes communities to establish senior work-off abatement programs where seniors provide services to the community at an hourly rate no higher than the state minimum wage and their earnings are credited to reduce their property tax bills. The maximum reduction is \$1,000. Under the amendment, however, that maximum may be based on 125 hours of service, rather than \$1,000. In addition, a proxy may now perform the services on behalf of a senior who is physically unable to perform them.

**§§ 44-46, 49-53 Audit of Personal Property.** Add a new section 31A to G.L. c. 59 that allows local assessors to subpoena and audit the records of taxpayers required to file annual returns of their taxable personal property in order to verify that the returns are complete and accurate. The assessors will have three years after the return was due or was filed, whichever is later, to audit the records. If taxable property is discovered, they will have three years and six months after the return was due or was filed, whichever is later, to make an omitted or revised assessment under G.L. c. 59, §§ 75 or 76. Previously, assessors could only make additional assessments for certain unintentional clerical or data processing errors by June of the same fiscal year. Also add section 42A to G.L. c. 59 to give the DOR the same power to subpoena and audit the records of pipeline and telephone or telegraph companies subject to central valuation. If taxable personal property is discovered, the Commissioner can make an amended certification. The assessors will have two months to make the additional assessment and the companies will then have one month to appeal to the appellate tax board in the same manner as the original certification. Also amends G.L. c. 59, § 29 to make the last date for granting an extension to file local returns the same as the due date for abatement applications, amends G.L. c. 59, § 32 to allow companies hired by the assessors or commissioner to value or audit personal property to review the returns, which are otherwise confidential, and amends G.L. c. 59, § 61 to make compliance with audit requests a condition for obtaining an abatement.

**§ 47 and 48 Pre-assessment Information Returns.** Amend G.L. c. 59, § 38D, which requires property owners to provide the assessors with requested information to help determine the fair cash value of real property. Commercial and industrial property owners who fail to comply with the requests will now be subject to a penalty of \$250. Previously, that penalty was \$50. In addition, if the property owner appeals the assessors'

denial of an application for abatement on the property to the appellate tax board, or county commissioners if applicable, the owner's non-compliance with the request will be grounds for automatic dismissal. The appeal may still proceed, however, if the owner was unable to comply for reasons beyond the owner's control or had made a good faith attempt to respond.

**§ 54 Electronic Billing and Joint Bills.** Amends G.L. c. 60, § 3A, which governs the form, content and mailing of the annual property tax bill. Under the amendments, local tax collectors may now display on the actual tax bill certain personal exemptions granted to seniors, blind persons, veterans, surviving spouses and minors with deceased parents, as well as the amount of net tax due. In addition, collectors may implement voluntary e-billing programs subject to the approval of the selectboard or mayor. Bills for other municipal charges, such as those for water, sewer, solid waste and light plant services, may be included in the same envelope or e-billing as the tax bill, if authorized by by-law or ordinance and the bills for the other charges are separate and distinct. The by-law or ordinance may also provide that bills for an independent water and sewer commission operating in the municipality may be included as well. **See Fiscal Year 2012 Tax Bill IGRs 11-201, *Semi-annual Payment System*, 11-202, *Semi-annual Payment System* – Optional Preliminary Bills, 11-203, *Semi-annual Payment System* – Annual Preliminary Bills, and 11-204, *Quarterly Payment System*, issued February 2011.**

**§ 55 Motor Vehicle Excise Bills.** Amends G.L. c. 60A, § 2 to require that motor vehicle excise bills display the date the excise is due. **See IGR 10-209, *Motor Vehicle Excise Bills*, issued December 2010.**

**§ 58 Regional School District Stabilization Funds.** Amends G.L. c. 71, § 16G½, which governs regional school district stabilization funds. Under the amendment, districts may spend stabilization funds by a two-thirds vote of all members of the district school committee. Previously, districts wanting to make expenditures from the fund could not do so until after complying with the debt approval procedure applicable in the district under G.L. c. 71, § 16(d) or (n). In addition, use of stabilization funds for a purpose other than a purpose for which the district may borrow must now be approved by the director of accounts, rather than the emergency finance board which was abolished in 2003.

**§ 59 Shared School Superintendents.** Amends G.L. c. 71, § 37 to allow municipal and regional school districts to share superintendents.

**§ 60 Special Education Mileage Reimbursement for Parents.** Amends G.L. c. 71B, § 8 to allow school committees to adopt a program to reimburse parents who voluntarily choose to transport their disabled child to an approved out of district placement, provided the municipality can demonstrate savings in transportation costs.

**§ 61 Ambulance Staffing.** Adds a new section 25 to G.L. c. 111C that modifies current requirements regarding staffing of ambulances with licensed emergency medical technicians.

**§ 65 Abandoned and Unclaimed Checks.** Amends G.L. c. 200A, § 9A, the alternative procedure for municipal treasurers to follow in order to retain uncashed and abandoned checks (tailings) for the municipal treasury. The local procedure is now a local option statute. If accepted, it allows cities and towns to print a one year expiration date on checks it issues. Previously, checks had to remain uncashed for three years to be considered abandoned. Treasurers will still notify apparent owners of the checks of the procedure for claiming them by mail and by posting on the municipality's web site, if any. If unclaimed within 60 days, the treasurer must still publish a list in a newspaper of general circulation. However, an additional publication must be made for those checks of \$100 or more that are not claimed within 60 days. Claims must still be made within one year of publication.

**§ 66 Optional Early Retirement Program.** Creates a local option early retirement program for municipal employees. If accepted, the chief executive of the city, town or light plant will have to limit the total number of employees who can participate and submit a plan to PERAC by September 28, 2010 (two months after effective date of act). The plan may include a grant of years and service up to 3 years. The municipality must demonstrate the value of its plan to PERAC. If approved, the plan must be submitted to the legislative body at the next meeting. Eligible employees must have at least 20 years of service and be members of a municipal, regional or county system. Participants must give up the right to accrued sick and vacation time and the monies saved must be used to offset the increased pension liabilities under the program. The increased pension liabilities must be amortized over 10 years and there are limits on filling the positions vacated. **See PERAC Memorandum 2010-32 (August 2, 2010) and Memorandum (July 30, 2010).**

**§ 67 Massachusetts Water Resources Authority (MWRA) Water Supply.** Exempts the three Chicopee Valley Aqueduct (CVA) communities, which receive their water supply from the MWRA, from the standard MWRA application process for certain types of expansions or extensions of water service.

**§ 68 Local Option Tax Amnesty Program.** Allows cities and towns to establish temporary tax amnesty programs, which must end by June 30, 2011. If accepted, municipalities may waive a uniform percentage up to 100 percent of collection costs and accrued interest due on outstanding property taxes, motor vehicle excises and boat excises, with some exceptions. The taxpayer must pay the principal amount owed and cannot have been subject of a criminal investigation for failure to pay taxes.

**See IGR 10-208, Municipal Tax Amnesty Program, issued September 2010.**

**§ 69 School District Reporting Requirements.** Requires the Department of Elementary and Secondary Education to revise and consolidate reporting requirements imposed on local school districts.

**§ 72 School District Regionalization Commission.** Creates a 16 member special commission to study efficient and effective strategies for collaboration and regionalization among school districts. The commission is to report to the legislature by March 31, 2011.

**Ch. 240 ECONOMIC DEVELOPMENT**

**An Act Relative to Economic Development Reorganization.** *Effective August 1, 2010 unless noted.*

**§§ 75-78, 109 & 206 Tax Increment Financing Exemptions.** Allow a municipality and property owner to negotiate the property tax exemption percentage for personal property located on a parcel covered by a tax increment financing (TIF) agreement. Under prior TIF agreements, the parties specified the exemption percentage for the real property and then all tangible personal property on the site was exempt even if owned by lessees. Sections 75, 77, and 78 amend the three TIF statutes (G.L. c. 40, § 59 to promote economic development; c. 40, § 60 to promote urban center affordable housing; and c. 40, § 60A to promote manufacturing workforce training) to require the personal property exemption percentage to be specified in the agreement. Section 109 amends Clause 51 of G.L. c. 59, § 5, which provides the property tax exemption for TIF parcels, to include the exemption of the percentage of personal property valuation specified in the agreement.

**§§ 99-104 & 198 District Improvement Financing Increment.** Sections 99-104 amend G.L. c. 40Q, which allows cities and towns to create districts to develop infrastructure, housing and other capital projects and improve the area. Municipalities may borrow to fund the projects by issuing general obligation or revenue bonds for up to 30 years. If they issue revenue bonds, they can dedicate a "tax increment" from future property taxes to secure the bonds. The amendments will let municipalities calculate that tax increment without adjusting the base year assessed value of property in the district for inflation. To do so, they must affirmatively elect that option when they create the district. Section 198 makes these amendments applicable to districts created after August 1, 2010.

**§§ 108 & 200 Optional Disregarded Limited Liability Company Exemption.** Section 108 amends G.L. c. 59, § 5(16)(3) to add a new local acceptance exemption for some disregarded limited liability companies (LLCs) whose sole members are manufacturing or research and development corporations. If accepted, the LLCs would get the same local property tax exemption for their personal property as those corporations. Unlike manufacturing corporations (and by local option, research and development corporations), which are exempt for almost all of their personal property, these disregarded LLCs are now taxed locally for all of their personal property. Section 200 makes this option effective January 1, 2011. **See Section II of Technical Information Release 10-15, *Certain Local Property Tax, Personal Income Tax, Corporate Excise, and Tax Administration Changes in "An Act Relative to Economic Development Reorganization,"* issued November 15, 2010.**

**§§ 105, 110 & 199 Gateway Community Housing Incentive Program Exemption.** Section 110 adds G.L. c. 59, § 5M, which provides a property tax exemption of between 10-100 percent of the incremental value of market rate units in certified housing projects approved by the Department of Housing and Community Development (DHCD) under the Gateway Community Housing Development Incentive Program established by G.L. c. 40V. Section 105 adds the new G.L. c. 40V. Under c. 40v, DHCD may designate housing development zones within gateway municipalities based on a need for multi-unit market rate residential properties, which is defined as housing priced for households above 110 per cent of the area's household median. The exemption is similar to a TIF exemption in that it is negotiated with each developer within statutory parameters. Exemption agreements must be approved by the municipality's legislative body and DHCD. Exemptions must last at least five years and no more than 20 years. Under Section 199, G.L. c. 40V, § 3, which authorizes DHCD to approve these exemption agreements, takes effect on January 1, 2011.

#### **Ch. 258 MORTGAGE FORECLOSURES**

**An Act to Stabilize Neighborhoods.** *Effective August 7, 2010 unless noted.*

**§ 1 Optional Charitable Exemption for Affordable Housing Development.** Adds a new local acceptance option to G.L. c. 59, § 5(3) in order to exempt real property owned by or held in trust by a charitable organization where the property (1) is held to create community housing, as defined for Community Preservation Act (CPA) purposes in G.L. c. 44B, § 2, and (2) was purchased from an entity that acquired it by a mortgage foreclosure sale. The CPA defines community housing as housing for low income individuals and families (annual income less than 80 percent of the United States Department of Housing and Urban Development (HUD) area-wide median income) or low and moderate income seniors 60 or older (annual income less than 100 percent of HUD area-wide median income). The exemption would end when the property is rented or sold, but no more than seven years from acquisition. As a result, charities would be able to hold the property tax-exempt, even if development cannot begin due to financing or other issues, for at least seven years. Ordinarily, they would not be entitled to exemption under G.L. c. 59, § 5(3) for land passively held for future development.

Last Act: Chapter 476 signed by the Governor on January 14, 2011.

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## **New Bulletin: Early Retiree Reinsurance Program (ERRP)**

The newest [Bureau of Accounts Bulletin 2011-05B](#) details the accounting treatment of early retiree reinsurance program reimbursements.

### **Early Retiree Reinsurance Program (ERRP)**

TO: City/Town/Regional School District Officials via DLS Alerts

FROM: Gerard D. Perry, Director of Accounts

DATE: April 2011

SUBJECT: Accounting Treatment of Early Retiree Reinsurance Program Reimbursements

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Enacted in March of 2010, the federal Patient Protection and Affordable Care Act includes a temporary reimbursement to employers, unions and state and local governments for eligible health care costs of certain early retirees. Public Law 111-148, § 1102 (2010). Application is through the U.S. Department of Health and Human Services and currently over 60 Massachusetts cities and towns participate in the program. See the [ERRP website](#) or contact your local health insurance administrator for details.

Program regulations require that these proceeds be used for specified employer or employee health benefit costs, not as general revenue to the city or town. 45 Code of Federal Regulations § 149.200. Therefore, the Bureau advises the following:

These proceeds are a federal grant restricted to use by the terms and conditions of the program. The grant must be appropriated for its intended use by the legislative body of the city or town, or by the regional school committee as part of the annual budget submitted to members of a regional school district, and must be available at the time of appropriation. Cities, towns and districts may not borrow in anticipation of these proceeds under the State House Note Program.

Cities and towns must report appropriations of these proceeds to the Bureau on Schedule B-2, Sources and Uses of Other Available Funds and on page 4, column (d) of the next Tax Rate Recapitulation. Report proceeds under Other Federal Grants on the next Schedule A and any unappropriated balance on the balance sheet as of June 30. If you have any further questions, please contact your Bureau of Accounts field representative.

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## **FY2012 Local Aid Proposals Based On HWM Budget**

The FY2012 local aid estimates based on the House Ways & Means Committee (HWM) budget proposal have been posted to the Division of Local Services' website at the following link:  
<http://1.usa.gov/elXk6L>

If you have questions about these estimates please call Lisa Juskiewicz at (617) 626-2386, or Jared Curtis at (617) 626-2320.

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## **Senate Approves Local Aid Resolution**

On April 14, 2011, the Senate approved a resolution declaring its intent to fund Chapter 70 and Unrestricted General Government Aid at levels not less than the amounts appearing in the House Ways and Means Committee's budget.

*Originally published as a DLS Alert on April 15, 2011.*

## Municipal Calendar

**May 1: Taxpayer Deadline for Payment of Semi-Annual and 4th Quarterly Tax Bill Without Interest** According to M.G.L. Ch. 59, Sec. 57, this is the deadline for receipt of the 2nd half actual tax payment, or the actual tax payment if an optional preliminary bill was issued. According to M.G.L. Ch. 59, Sec. 57C, this is the deadline for the 4<sup>th</sup> Quarter tax payment.

### **May 1: Treasurer Deadline for Payment of 2nd Half of County Tax**

**May 1: Accountant/Treasurer Notification of Amount of Debt Due in Next Fiscal Year** As required by M.G.L. Ch. 44, Sec. 28, the Accountant or Treasurer must notify the Assessors of all debt due in the next fiscal year because the municipality is required to pay its debts, appropriated or not.

Since all debt service must be paid, any debt service not covered by appropriations is added to the "Other Local Expenditures" category, found on page 2 of the Tax Recapitulation Sheet. It is important that the Assessors have this information in order to avoid setting a tax rate lower than required and raising insufficient revenue to cover the municipality's expenditures.

### **May 15: Treasurer 3rd Quarterly Reconciliation of Cash**

**May 15: DOR/BLA Commissioner Determines and Certifies Telephone and Telegraph Company Valuations**

**June 1: Clerk Certification of Appropriations** This is done after City/Town Council or Town Meeting so the Accountant may set up accounts for each department in the municipality.

**June 1: Assessors Determine Valuation of Other Municipal or District Land** In certain communities where land is owned by another community or district, the value of the land is determined by the Assessors in the year following a revaluation year, for in-lieu-of-tax payments.

### **June 15: Commissioner Determines and Certifies Pipeline Valuations**

### **June 15: Assessors Deadline for Appealing Commissioner's Telephone & Telegraph Valuations**

**June 15: Assessors Make Annual Preliminary Tax Commitment** The preliminary tax commitment must be based on the prior year's net tax on the property and may not exceed, with limited exceptions, 50% of that amount. This should be done early enough for the annual preliminary quarterly or semi-annual bills to be mailed by July 1.

**June 20: Assessors Final Date to Make Omitted or Revised Assessments** As required by M.G.L. Ch. 59, Sections 75 and 76, if a property is inadvertently excluded or mistakenly under-assessed on the warrant for property taxes, it is the Assessors' role to correct the mistake and assess the property correctly. Such an assessment may not be made later than June 20 of the taxable year or 90 days after the date the tax bills are mailed, whichever is later.

### **June 30: State Treasurer Notification of Quarterly Local Aid Payments Before June 30**

**June 30: Assessors Overlay Surplus Closes to Surplus Revenue** Each year, any balance in the overlay reserve accounts in excess of the remaining amount of the warrant to be collected or abated in that year, is certified by the Assessors. The transfer from overlay reserves to the overlay surplus is done on the Assessors' initiative or within 10 days of a written request by the chief executive officer. Once in overlay surplus, these funds may be appropriated for any lawful purpose. Any balance in the overlay surplus at the end of the fiscal year shall be closed to surplus revenue and, eventually, free cash.

### **June 30: Assessors Physical Inventory of all Parcels for Communities that Accepted M.G.L. Ch. 59, Sec. 2A(a)**

**June 30: Taxpayer Deadline for Applying to Have Land Classified as Forest Land, M.G.L. Ch. 61** According to M.G.L. Ch. 61, Section 6, this is the deadline to apply to the State Forester to have land classified as forest land.

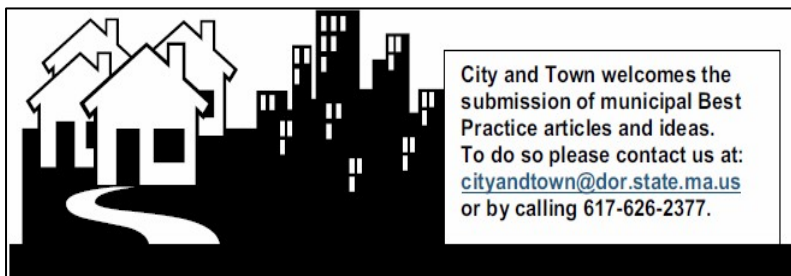
## Municipal Calendar

### June 30: Assessors Submit Annual Report of Omitted or Revised Assessments

**June 30: Assessors Last Day to Submit Requests for Current Fiscal Year Reimbursements of Exemptions Granted Under the Various Clauses of Ch. 59, Sec. 5** If an exemption is granted to a residential property owner, the property tax is lowered, and the city or town collects fewer tax revenues than anticipated. These exemptions are partially reimbursed by the state as indicated under "Payments for Loss of Taxes," section B of the Cherry Sheet. It is the responsibility of the Assessors to submit all exemptions to DOR so that the community may be reimbursed for statutory exemptions. If the Assessors fail to submit a request, the town's loss of tax revenues will not be offset by exemption reimbursements from the state. These reimbursements may not be filed retroactively for any year. If tax bills are mailed late, assessors may submit requests for reimbursement until August 20.



**Please remember to update the online Local Officials Directory so that both municipal and state officials have accurate contact information.**



#### City & Town

City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

**S.J. Port**, Editor

**Marilyn Browne**, Editor Emeritus

Editorial Board: **Robert Nunes**, **Robert Bliss**, **Zachary Blake** and **Amy Janusklewicz**

To obtain information or publications, contact the Division of Local Services via:

- website: [www.mass.gov/dls](http://www.mass.gov/dls)
- e-mail: [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us)
- telephone: 617-626-2377
- mail: PO Box 9569, Boston, MA 02114-9569