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CITY & TOWN

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Bulk Sale of Receivables

Chapter 375 of the Acts of 1996 amended M.G.L. Ch.60, the local tax collection provisions, by adding a new Section 2C. It authorizes cities and towns, through their treasurers and collectors, to assign delinquent tax receivables at public sale or auction. Accounts not yet in tax title would be assigned by the collector; tax titles would be assigned by the treasurer. Before utilizing this mechanism it is critical that there be extensive analysis in consultation with the executive and other members of the municipal finance team. While the use of this tool might well result in accelerated cash flow, there would likely be a concomitant loss of the interest income (i.e., 14 percent on a pre-tax title obligation, 16 percent thereafter) which would ordinarily continue to accrue to the municipality on an overdue tax claim.

Notice Requirements

Before a delinquent tax claim may be assigned, certain notice requirements must be met. In the case of residential properties, the notice, to be published in a local newspaper, must precede any assignment by at least six months. It must specify not only the names of the assessed owners, but the addresses of the relevant parcels as well. In the case of commercial and industrial properties, the published notice must precede the actual assignment by a period of at least three months. At the expiration of the mandated notice period, receivables other than those specifically excluded may be sold to the highest qualified bidder at a public sale or auction.

Bundling Receivables

Which receivables may be assigned? In conducting a sale of outstanding receivables, a collector must bundle the accounts by class (e.g., all delinquent residential accounts, all delinquent commercial accounts). A treasurer, on the other hand, is obliged to bundle and offer for sale in a single transaction all tax title properties in a given class. By way of example, all delinquent residential accounts then in tax title would have to be offered for sale at one time.

The only receivables which *must* be excluded from the bundle at the time of public sale or auction are those which are subject to a payment agreement with which the taxpayer is in compliance. (Such delinquent accounts may not be assigned under any circumstances.) On the other hand, receivables relating to parcels which may be subject to a Chapter 21E lien (on account of oil or other hazardous material), as well as those which are a part of a bankrupt estate, *may* be excluded from the bundle being offered up for sale.

Permissible Discount

May the receivables be discounted or sold for less than the amount due the city or town at the time of sale? If specified in the request for bids or notice of sale or auction, the receivables may be discounted by up to 25 percent of the *interest component only*. There may be no discount of the tax itself, nor of any amount including betterments, water, sewer or utility charges, which have been added to and collected as part of the tax.

Written by Harry M. Grossman

Reporting and Recording

Within 30 days of the date of the receivables' sale, the collector or treasurer who made the assignment must submit to the Bureau of Accounts a detailed report of the assignment on a prescribed form. In addition to this reporting requirement, recording requirements may apply as well. Thus, in the case of an assignment by the collector (i.e., receivables not yet in tax title), the assignee or purchaser must record at the Registry of Deeds a copy of the instrument of assignment together with a list identifying the parcels that will be taken or sold and their owners before the assignee can make any tax takings. In the event that tax claims on registered land are sold, the instrument of assignment must be registered together with a list of parcels, owners and certificate of title numbers. The recording or registration must occur prior to the date of any tax taking by the assignee. In the case of an assignment by the treasurer, the assignee or purchaser must record or register the appropriate documentation within 10 business days of the date of assignment.

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LEGAL

in Our Opinion

Q: A taxpayer paid \$12,000 for a solar heating system for his/her home. Could he/she receive an exemption on the real estate taxes due to the installation of the solar heating system?

A: Yes. M.G.L. Ch.59 Sec.5 Cl.45 provides an exemption from local property taxes for any solar or wind powered system or device which is utilized as a primary or auxiliary power system for the purpose of heating or otherwise supplying the energy needs of property taxable under M.G.L. Ch.59. The exemption is allowed for a period of 20 years from the date of the installation of the system. The taxpayer should file an application for exemption when the system is first installed.

In a letter ruling (LR 81-107), the Commissioner of Revenue wrote that those portions of the addition to a domicile, the sole purpose of which is the transmission or use of solar energy, will be exempt from local property taxes. Components that serve a *dual* purpose, such as those that have a significant structural function, will not be exempt under M.G.L. Ch.59 Sec.5 Cl.45. Specifically, the value of the thermal storage rods and storage box and the duct work, damper and fan system will be exempted. The value of the insulating materials and the windows, floors, gravel base and other structural components of the addition, however, will be included in the taxable value of the parcel.

In the case presented to the Department, the assessors granted a \$7,000 exemption and not a total exemption of the \$12,000 installation cost. If dissatisfied by the amount of the exemption, the taxpayer may file an abatement application with the board of assessors. The burden of proof, however, is on the taxpayer to show which components are utilized exclusively for solar heat purposes.

Q: May a town appropriate money for an anniversary celebration to coincide with the millennium?

A: Yes. M.G.L. Ch.44 Sec.53I allows a city or town to appropriate money each year during the five years preceding the 200th, 250th, 300th and 350th anniversary of its settlement or incorporation. Under the terms of this statute, a municipality may establish a special fund to deposit appropriated funds and revenues derived from the sale of commemorative items or events. All amounts in this special fund, together with accrued interest, may be spent in the year of the celebration and in the year preceding or succeeding the celebration. Subsequently, any unexpended balance would be transferred to the general fund.

In our view, M.G.L. Ch.44 Sec.53I does not limit appropriations merely to 50th year celebrations. Rather, we believe that a city or town may appropriate money for noteworthy celebrations but may not establish a *special fund* for that purpose in the absence of special legislation.

Q: Is a town required to pay a regional school district assessment even if it is in excess of its minimum contribution under Education Reform?

A: Yes. M.G.L. Ch.70 Sec.6 obligates member communities of a regional school district to pay a minimum contribution toward the district's net school spending notwithstanding whatever would be the assessments under the district agreement. The Education Reform Act can supersede the regional school district agreement only if a member community's minimum required contribution exceeds its assessment under the regional agreement. A member community, however, could owe more under the regional agreement than it owes under the act. The

Legislature therefore has established a floor under a city or town's obligation to fund the district but does not establish a ceiling on assessments.

M.G.L. Ch.70 Sec.6 states in pertinent part that a "district may choose to spend additional amounts; such decisions shall be made and such amounts charged to members according to the district's required agreement." If the approved regional school district budget results in the total amount of assessments being greater than the sum of the members' minimum required contributions, then the excess amount must be allocated to the members in accordance with the regional agreement. These assessments on the member communities are legally binding obligations under M.G.L. Ch.71 Sec.16B as well as the regional school district agreement. ■

Compiled by James Crowley

Data Bank Highlight

State Aid Trend Analysis

Two Data Bank reports are available that provide historical and comparative information on state aid. The first, "State Aid Trend Analysis," looks at a community's estimated receipts by program for a five-year period. "Net State Aid" shows total receipts, total assessments, and the net amount of aid for each fiscal year back to FY81. In addition, the Data Bank produces reports comparing a community with similar communities over a five-year period.

To obtain Municipal Data Bank information contact: John Sanguinet at (617) 626-2355 for printed reports and data files; Burt Lewis at (617) 626-2358 for the On-Line Access System; or use <http://www.state.ma.us/dls> on the World Wide Web.

FOCUS

on Municipal Finance

Municipal Revenue Sources

Massachusetts municipalities have four major sources of revenue: property tax levy, state aid, local receipts and all other revenues. Over the past 15 years, communities have consistently relied most heavily on property taxes and state aid. However, local receipts have played an increasingly important role in the overall mix of municipal revenue sources. The next few paragraphs describe each revenue source and then discuss changes in reliance on each source during the past 15 years.

Property Tax Levy

The property tax levy is the source of revenue raised through real and personal property taxes. Overall it accounts for slightly over half of local revenues (51.5 percent). The amount of revenue raised is limited by Proposition 2½ which went into effect in FY82. This legislation restricts the maximum annual increase of the levy limit to 2½ percent over the previous year's certified levy limit. There are two ways a community may raise its authorized levy limit more than 2½ percent in one year: new growth and referenda. New growth is generated by an improvement to a property or an increase in a property's value independent of market inflation. Certified new growth directly increases the levy limit of a community. There are three types of referenda which can increase the levy limit: overrides, capital outlay exclusions, and debt exclusions. With a successful override referendum a community can increase its levy limit permanently as long as it does not exceed 2½ percent of the full and fair cash value of the property in the community. This limit is called the levy ceiling. Capital outlay and debt exclusion referenda allow a community to increase its levy limit

temporarily. Unlike an override, an exclusion can temporarily bring a levy limit above the levy ceiling.

State Aid

In FY97 state aid accounts for as much as 63 percent to as little as 1 percent of the total revenue of municipalities. The overall state average for FY97 is 25.6 percent. Every year the Department of Revenue sends each city and town a Cherry Sheet. This document lists the estimated amount of state aid the municipality is scheduled to receive during the next fiscal year. While there are 19 separate line items, about 85 percent of the aid is accounted for by three programs: Chapter 70 aid, Lottery aid and Additional Assistance.

Chapter 70 aid, the largest single program, is education aid designed to ensure both equitable and adequate funding of public schools. The amount of aid is based on an assessment of communities' educational needs and their ability to raise enough revenue to meet these needs, with Chapter 70 aid bridging the gap between needs and financial ability.

Lottery aid is a general purpose financial assistance program. The distribution formula is equalizing. This means that municipalities with lower property values and large populations receive proportionately more aid than those with greater property values and smaller populations.

Additional Assistance is another general purpose financial assistance program. It has been level funded since FY92.

These three major types of local aid distributions are intended to support expenses budgeted for the current fiscal year. In addition, local aid includes reimbursements for all or part of costs incurred in prior years, and offset items that must be spent for specific programs. Reimbursements include funds for school transportation; school construction; tuition of state wards; highway maintenance; property tax exemptions for veterans, blind persons, surviving spouses, and elderly; reimbursement for certain types of state-owned land exempt from property

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Table 1

Local Revenue Components, FY82–FY97 State Totals, Massachusetts Cities and Towns									
	Property Tax Levy	Pct of Total	State Aid	Pct of Total	Local Receipts	Pct of Total	All Other	Pct of Total	Total Revenues
FY82	3,035,539,705	54.5	1,386,565,427	24.9	717,990,289	12.9	434,291,415	7.8	5,574,386,836
FY83	2,959,071,151	51.0	1,564,872,670	26.9	797,903,902	13.7	485,301,314	8.4	5,807,149,037
FY84	2,994,902,334	49.8	1,672,868,509	27.8	875,163,471	14.6	468,819,084	7.8	6,011,753,398
FY85	3,126,007,886	48.4	1,868,191,161	28.9	1,010,045,960	15.6	452,034,123	7.0	6,456,279,130
FY86	3,309,379,108	47.6	2,028,539,402	29.2	1,098,291,807	15.8	513,956,419	7.4	6,950,166,736
FY87	3,536,290,776	46.2	2,380,796,816	31.1	1,234,186,851	16.1	507,524,161	6.6	7,658,798,604
FY88	3,804,782,026	46.0	2,582,268,195	31.2	1,357,345,020	16.4	524,420,147	6.3	8,268,815,388
FY89	4,122,104,932	46.2	2,693,778,428	30.2	1,551,799,001	17.4	562,753,952	6.3	8,930,436,313
FY90	4,464,634,291	47.8	2,464,643,603	26.4	1,832,061,154	19.6	577,706,585	6.2	9,339,045,633
FY91	4,775,254,916	49.7	2,342,154,458	24.4	1,917,673,486	20.0	568,675,283	5.9	9,603,758,143
FY92	5,017,705,745	52.4	2,057,507,189	21.5	2,045,127,785	21.3	464,175,959	4.8	9,584,516,678
FY93	5,249,675,623	52.9	2,191,009,153	22.1	2,035,899,378	20.5	452,635,275	4.6	9,929,219,429
FY94	5,464,414,052	52.6	2,349,182,814	22.6	2,074,559,533	20.0	505,777,669	4.9	10,393,934,068
FY95	5,701,066,408	52.1	2,551,580,915	23.3	2,193,878,042	20.1	489,846,880	4.5	10,936,372,223
FY96	5,919,239,677	51.4	2,794,675,858	24.3	2,303,539,257	20.0	551,927,473	4.8	11,521,699,110
FY97*	6,126,124,010	51.5	3,044,449,356	25.6	2,098,121,778	17.7	617,911,617	5.2	11,886,606,759

*345 communities have finalized their FY97 data; for the remaining six, FY96 is used as an estimate.

State aid does not reflect aid to regional school districts.

Source: Tax Rate Recapitulation Sheets, budgeted revenues. Actual revenues will differ slightly.

Local Revenue Components FY97

Municipality	Tax levy	State aid	Local receipts	All other	Total receipts	Municipality	Tax levy	State aid	Local receipts	All other	Total receipts	Municipality	Tax levy	State aid	Local receipts	All other	Total receipts
Abington	12,204,753	6,435,372	3,382,689	1,648,568	23,572,382	Chicopee	35,387,812	36,915,478	16,506,073	168,197	88,976,660	Hancock	502,653	167,387	195,675	150,600	1,016,315
Acton	29,777,946	2,486,595	4,864,716	2,315,827	39,445,084	Chilmark	2,565,114	7,417	591,768	189,352	3,653,651	Hansover	15,259,275	4,603,618	2,568,977	2,568,977	26,377,878
Acustnet	5,886,578	4,979,319	1,876,196	688,982	13,431,075	Clarksburg	810,387	1,215,641	206,420	2,232,448	3,946,008	Hanson	7,726,655	1,364,235	1,781,048	830,146	11,702,804
Adams	5,313,102	1,642,940	950,532	1,151,689	9,058,263	Clinon	8,102,695	8,466,757	2,654,795	160,000	19,364,247	Hardwick	1,789,131	400,078	570,527	338,556	3,088,332
Agawam	22,988,876	11,372,208	7,174,498	1,950,311	43,395,693	Cohasset	12,600,594	1,480,808	2,832,638	172,577	18,486,617	Harvard	7,049,989	3,260,473	892,530	245,768	11,456,760
Alford	628,552	24,506	69,117	60,246	782,421	Colrain	1,456,882	228,782	142,000	233,672	2,061,346	Harwich	18,549,041	1,947,385	4,202,360	3,035,471	27,761,257
Amesbury	14,250,077	8,865,803	5,747,502	1,186,444	30,049,826	Concord	29,197,224	2,875,838	3,080,960	1,132,330	37,286,352	Hatfield	3,076,431	1,008,633	893,168	1,116,128	6,098,360
Amherst	15,839,253	10,481,770	11,129,926	2,453,572	42,604,521	Conway	1,965,385	825,134	137,133	345,466	3,273,118	Haverhill	39,668,806	36,440,273	55,566,273	4,464,257	136,139,609
Andover	52,685,286	5,752,761	13,784,620	2,684,967	74,761,593	Cumington	860,350	122,572	114,208	207,150	1,294,280	Hawley	33,681,081	98,133	29,000	51,200	101,414
Arlington	48,986,578	13,217,017	12,711,452	746,546	74,761,593	Dallou	5,310,014	1,059,972	1,174,308	1,215,894	8,768,188	Heath	820,518	82,203	255,684	126,833	1,285,238
Asburyham						Danvers	31,588,938	5,195,203	14,318,817	2,370,113	53,473,071	Hingham	30,813,843	3,976,788	6,037,175	3,672,469	44,500,275
Ashtab	2,275,201	346,021	270,850	580,728	3,472,800	Dartmouth	22,433,510	7,808,136	8,577,166	2,494,577	41,313,389	Hingsdale	1,457,678	238,600	420,980	2,349,071	2,349,071
Ashfield	1,741,266	221,395	292,821	120,350	2,375,832	Dedham	29,541,415	5,955,660	7,413,417	1,931,022	44,841,514	Hobrook	10,520,906	5,500,328	2,520,898	854,837	18,660,969
Ashland	15,479,715	2,502,510	4,665,506	1,043,276	23,691,007	Deerfield	4,460,483	1,447,681	1,165,500	1,848,675	8,922,339	Holden	13,572,401	1,641,912	4,359,595	1,191,147	20,765,055
Attol	4,635,137	1,657,834	1,984,179	694,107	8,971,257	Dennis	16,922,326	495,574	6,297,400	1,728,201	25,443,501	Holland	2,415,089	513,382	263,747	265,221	3,457,419
Attleboro	27,218,256	23,419,471	15,392,400	1,736,229	67,766,356	Dighton	4,890,407	566,609	975,500	517,724	6,950,240	Holliston	15,454,210	5,268,235	2,879,944	1,047,958	24,650,347
Auburn	13,985,050	4,410,792	3,864,043	1,895,165	24,155,056	Douglas	4,976,568	3,982,907	1,121,243	723,462	10,804,180	Holyoke	28,100,711	59,650,446	9,874,250	3,762,504	101,407,911
Avon	6,585,720	1,271,227	940,100	240,278	9,037,325	Dover	8,360,844	329,537	1,360,800	2,496,770	12,547,351	Hopedale	5,342,567	3,335,555	1,451,018	433,430	10,562,570
Ayer	7,877,022	4,576,363	2,396,000	2,421,000	17,270,405	Dracut	18,743,971	13,475,378	4,603,503	2,112,357	38,935,409	Hopkinton	15,583,443	2,844,542	3,964,832	1,498,075	23,890,882
Barnstable	55,296,829	6,630,205	24,534,315	6,882,386	93,343,735	Dudley	3,993,109	1,143,041	2,566,358	490,462	8,192,970	Hubbardston	2,333,010	272,502	601,736	287,357	3,494,605
Barre	2,807,421	657,139	1,482,452	851,951	5,798,963	Dunstable	2,656,003	187,111	227,500	389,198	3,639,812	Hudson	17,970,142	6,503,724	5,758,065	2,272,011	32,503,942
Becket	2,019,602	138,061	226,000	372,460	2,756,123	Duxbury	22,583,151	2,784,100	5,487,460	2,416,016	33,270,727	Hull	12,173,274	6,105,107	3,249,024	1,424,792	22,952,197
Bedford	23,358,621	2,746,301	4,810,000	5,166,952	36,081,874	E Bridgewater	9,952,209	7,646,456	2,097,146	2,234,553	21,930,364	Huntington	1,440,005	253,721	358,300	115,720	2,167,746
Belchertown	9,375,306	8,213,486	1,850,000	2,817,751	22,256,543	E Brookfield	924,859	243,507	383,525	353,168	2,085,059	Ipswich	13,053,968	3,475,264	3,555,800	1,917,083	22,002,055
Bellingham	14,541,623	7,525,249	3,642,000	2,350,646	28,059,518	E Longmeadow	16,528,748	4,086,003	3,269,153	2,368,317	26,252,221	Kingston	5,806,957	2,513,340	2,653,560	3,375,246	19,093,509
Belmont	34,116,954	6,583,476	10,974,291	3,459,617	55,134,338	Eastham	9,365,147	631,084	1,236,200	723,472	11,955,903	Lakeville	7,160,927	2,260,412	3,571,326	479,405	13,472,070
Berkley	3,169,325	330,185	375,981	325,947	4,171,438	Easthampton	9,356,575	8,937,295	3,067,073	797,397	22,958,340	Lancaster	4,325,532	738,196	1,217,408	489,369	6,780,155
Berlin	3,772,149	539,598	325,650	310,962	4,448,359	Easton	20,023,626	6,481,873	5,097,541	1,736,130	33,339,140	Lanesborough	3,627,821	838,130	484,453	226,789	5,177,133
Bernardston	1,604,185	218,548	232,940	125,676	2,181,349	Eggleston	9,591,320	790,014	2,843,549	1,043,100	14,267,983	Lawrence	27,586,441	92,546,728	19,020,296	5,988,271	145,145,736
Beverly	39,412,332	10,991,753	15,228,435	2,840,650	66,473,167	Egmont	1,653,127	100,187	288,500	231,721	2,255,535	Lee	5,806,957	1,890,953	2,119,657	626,306	16,206,843
Billerica	43,124,008	16,695,636	9,475,000	3,307,350	72,601,994	Eving	2,537,548	272,973	628,256	531,724	3,970,550	Leicester	5,926,640	7,238,500	1,077,000	1,964,203	16,346,343
Blackstone	5,067,947	991,891	1,221,490	657,177	7,938,505	Essex	3,902,359	565,509	1,164,392	314,409	5,946,669	Lenox	5,960,319	1,867,076	3,531,013	1,761,145	13,219,553
Blackford	6,192,339	174,187	516,500	574,222	7,457,248	Everett	43,725,429	16,022,835	11,055,799	2,808,373	73,612,436	Leominster	27,749,383	23,993,951	8,149,584	9,437,730	69,329,707
Bolton	748,950,514	441,281,107	210,237,454	23,441,924	1,423,910,999	Fairhaven	12,188,132	7,213,178	4,826,145	17,34,715	25,962,169	Levett	2,146,133	297,750	195,000	10,534	2,649,417
Bourne	18,110,840	4,861,392	3,872,149	1,192,827	28,037,208	Fall River	37,029,219	87,441,680	19,688,934	6,206,694	150,346,527	Lexington	54,713,901	6,074,250	19,231,043	2,743,228	82,762,422
Boxborough	6,722,887	406,845	885,100	370,519	8,385,351	Falmouth	39,781,354	5,438,225	10,318,800	4,822,807	60,359,186	Leyden	692,832	72,277	69,000	24,272	858,381
Boxford	10,244,206	1,548,636	1,224,435	1,441,396	14,458,673	Fitchburg	21,047,511	30,666,264	15,364,901	1,237,516	68,316,192	Lincoln	11,276,192	1,672,687	1,677,536	2,032,440	17,090,855
Boxton	4,005,254	570,660	832,000	150,382	5,558,236	Florida	1,086,874	4,92,956	117,750	62,251	1,709,831	Littleton	10,316,162	1,425,133	2,116,898	1,908,930	15,767,123
Briantree	38,118,244	10,950,526	18,336,585	4,425,116	68,930,471	Foxborough	16,477,711	5,972,768	5,972,298	1,960,568	30,383,345	Longmeadow	21,308,795	4,287,319	4,563,183	2,244,818	32,404,115
Brewster	14,136,568	921,445	3,925,000	3,683,043	22,566,056	Frammingham	79,596,724	16,811,360	29,209,607	8,577,254	134,197,945	Lowell	60,572,982	108,974,041	28,582,000	8,035,457	206,164,480
Bridgewater	14,444,731	3,460,236	4,916,949	1,833,226	24,655,142	Franklin	25,039,272	12,705,039	8,320,900	4,680,692	50,745,903	Ludlow	14,296,456	9,735,134	5,193,866	1,945,188	31,770,644
Brimfield	2,491,327	1,441,130	707,150	864,209	5,523,816	Freetown	6,579,259	1,622,951	1,312,624	2,481,727	11,996,561	Lunenburg	9,082,657	3,422,843	1,167,400	408,608	14,081,508
Brookton	61,076,003	85,958,436	32,141,076	11,820,842	190,996,357	Gardner	10,022,822	13,264,917	7,848,074	1,473,480	32,609,293	Lynn	48,303,731	82,952,875	16,769,776	3,375,834	151,402,216
Brookfield	1,921,815	2,043,558	535,431	372,463	4,873,267	Gay Head	1,197,899	6,137	244,293	29,332	1,477,661	Lynnfield	14,002,551	2,380,919	2,264,000	1,505,619	20,152,989
Brookline	84,086,279	11,773,311	28,751,977	4,272,997	128,884,564	Georgetown	6,830,613	2,574,822	1,805,773	1,498,218	12,709,426	Malden	37,296,941	27,919,236	18,274,375	600,000	84,900,552
Buckland	1,688,915	225,625	298,601	194,766	2,407,907	Gill	946,009	190,652	85,000	224,911	1,446,572	Manchester	9,379,148	672,011	2,259,000	1,131,612	13,441,771
Burlington	38,809,575	5,368,840	9,800,958	3,705,956	57,557,329	Gloucester	32,906,831	8,323,051	12,790,483	3,472,873	53,493,248	Mansfield	22,005,663	7,271,321	7,630,355	4,291,628	41,988,967
Cambridge	148,070,000	37,337,739	68,932,036	25,858,597	280,198,372	Goshen	976,487	83,659	108,970	152,258	1,321,284	Marblehead	25,957,573	2,686,307	4,441,935	7,325,647	40,104,462
Canton	26,176,997	3,914,470	9,881,721	1,971,741	41,944,929	Gosnold	232,299	15,156	238,820	149,078	635,353	Marion	7,209,204	379,774	1,413,499	9,910,235	9,910,235
Carlisle	8,804,165	1,165,034	793,000	572,102	11,334,301	Grafton	10,307,586	4,579,088	1,632,564	2,730,676	19,250,114	Marlborough	42,280,927	8,912,143	13,940,667	662,142	65,695,879
Carver	9,256,424	8,509,179	1,690,900	1,150,135	21,066,638	Granby	4,020,688	2,705,671	967,361	293,333	7,987,553	Marshallfield	24,108,439	9,703,467	8,207,618	2,239,691	44,259,215
Charlton	6,155,469	959,704	1,300,016	704,280	9,119,469	Granville	1,311,579	869,349	260,813	98,494	2,560,253	Mashpee	17,950,6				

Municipality	Tax levy	State aid	Local receipts	All other	Total receipts	Municipality	Tax levy	State aid	Local receipts	All other	Total receipts
Methuen	32,697,842	20,980,642	1,378,936	531,749	67,999,169	Princeton	3,719,323	733,528	522,729	139,796	5,115,376
Middleborough	14,219,954	14,063,524	5,122,536	2,501,636	35,907,650	Provincetown	7,054,665	574,469	5,680,888	2,792,252	16,132,274
Middlefield	486,196	68,496	51,450	12,893	629,025	Quincy	81,109,774	33,105,774	36,660,000	10,576,167	161,451,403
Middletown	7,460,074	787,003	1,263,500	1,019,013	10,529,590	Randolph	24,339,668	12,159,484	7,791,680	2,882,380	47,173,212
Milford	25,165,919	12,982,970	6,092,531	2,107,762	46,329,202	Raynham	9,123,917	1,352,052	2,508,360	2,888,969	13,273,198
Milbury	7,367,206	5,212,720	1,619,208	3,106,241	17,305,375	Reading	26,623,550	7,334,566	11,005,403	2,151,005	47,114,524
Millis	7,926,862	2,590,750	1,940,352	1,414,994	13,872,958	Rehoboth	7,796,186	823,577	1,227,500	360,963	10,208,226
Millville	1,917,778	275,974	234,000	368,655	2,790,407	Revere	33,757,105	26,381,721	12,348,007	3,610,953	74,602,933
Milton	30,631,156	5,688,875	9,430,236	2,610,719	48,361,419	Richmond	2,216,022	393,448	256,000	476,170	3,341,640
Monroe	221,307	64,925	31,575	140,031	457,838	Rochester	3,787,719	1,405,494	2,402,300	935,010	8,530,523
Monson	5,673,966	6,206,383	1,647,044	680,740	14,208,143	Rockland	13,051,282	9,961,636	2,866,405	4,994,242	30,873,565
Monterey	6,528,290	1,019,706	1,885,388	470,469	9,903,863	Rockport	10,488,092	2,114,251	3,612,000	10,930,873	27,146,216
Monterey Park	1,412,447	100,206	139,400	104,510	1,756,563	Roxbury	1,659,091	41,170	53,050	886,160	2,639,471
Montgomery	671,969	81,856	80,000	143,285	977,110	Roxbury	4,736,054	896,054	1,186,915	597,222	7,416,245
Mt Washington	190,889	92,809	31,080	21,450	336,079	Royalston	1,141,831	174,089	942,951	92,841	2,351,712
Nahant	4,046,046	652,594	2,130,400	194,701	7,023,731	Russell	3,650,567	606,065	1,161,436	1,416,375	6,834,443
Nantucket	22,934,851	3,378,364	16,347,283	4,170,829	46,831,328	Rutland	4,194,532	17,779,771	13,758,041	1,474,801	74,827,145
Natick	39,211,030	7,725,665	12,234,625	3,563,332	62,534,652	Salem	6,136,295	606,381	2,889,455	651,084	10,885,215
Needham	43,331,156	5,231,562	13,435,951	2,559,000	64,556,689	Salisbury	21,506,557	4,543,385	5,456,097	1,979,799	33,485,838
New Bedford	190,889	53,409	51,547	81,586	377,431	Sandwich	1,059,067	99,783	90,000	96,610	1,344,460
New Bedford	50,390,773	91,171,641	35,771,163	1,123,650	178,997,227	Saugus	23,013,182	5,864,952	2,632,000	2,180,482	33,690,616
New Braintree	737,030	128,624	88,200	243,404	1,197,258	Saugus	27,912,629	6,861,187	8,437,510	2,097,753	45,109,079
New Marlboro	1,918,839	117,082	150,000	185,286	2,271,207	Savoy	462,324	465,729	59,000	54,507	1,041,560
New Salem	700,599	139,743	342,216	45,240	1,227,798	Schuttale	21,506,557	4,543,385	5,456,097	1,979,799	33,485,838
Newbury	6,404,398	1,290,834	949,758	386,903	9,031,893	Seekonk	15,094,525	3,705,262	2,775,442	1,280,052	22,855,281
Newburyport	19,149,967	5,517,837	5,943,031	178,542	30,789,377	Sharon	21,809,094	4,789,299	3,672,906	2,698,735	32,970,035
Newton	134,982,167	13,202,742	38,723,369	13,044,698	196,052,977	Shelford	3,948,515	256,403	577,928	12,102	4,694,948
Norfolk	9,293,926	2,862,438	2,139,968	1,201,712	15,634,045	Shelburne	1,556,887	238,948	278,792	342,932	2,417,560
Norfolk	7,517,852	15,190,086	4,585,020	1,905,854	29,178,812	Shelburne	9,062,150	408,675	659,976	91,212	11,043,012
N Andover	25,675,454	4,734,655	11,227,764	380,000	42,017,873	Shirley	3,301,449	3,396,608	720,737	75,400	7,496,194
N Attleboro	20,378,168	11,428,312	8,553,648	3,669,149	44,029,277	Shrewsbury	25,166,059	6,804,128	7,310,900	4,275,652	43,356,739
N Brookfield	2,313,954	3,619,948	1,401,084	421,504	7,356,489	Shutesbury	2,246,197	645,516	255,793	166,149	3,313,655
N Reading	16,439,295	4,171,090	5,819,675	2,238,020	28,668,080	Somerset	24,910,881	2,795,984	4,668,530	1,790,070	34,168,435
Northampton	12,305,441	12,787,381	13,710,147	1,686,279	49,489,344	Somerville	46,489,344	48,468,285	19,764,000	5,997,200	120,718,815
Northborough	15,314,436	2,668,736	3,146,900	931,910	22,061,982	South Hadley	11,471,850	6,927,931	3,978,605	1,719,831	24,098,217
Northbridge	7,480,304	9,756,921	2,254,173	1,044,701	20,536,099	Southampton	3,896,418	1,936,040	1,232,031	518,196	7,582,685
Northfield	2,519,784	448,928	467,700	72,849	3,509,261	Southborough	10,725,281	885,486	2,505,094	1,343,161	15,459,022
Norton	12,135,741	8,072,482	3,361,225	4,720,113	28,289,561	Southbridge	8,196,003	14,755,053	5,072,366	1,109,494	29,131,916
Norwell	14,703,153	2,519,562	2,777,234	1,460,465	21,460,414	Southwick	6,310,023	909,308	1,434,500	1,239,729	9,893,110
Norwood	29,098,705	7,920,123	40,483,328	4,795,310	82,217,516	Spencer	5,021,067	1,663,038	2,176,082	749,477	9,629,664
Oak Bluffs	8,353,897	858,227	2,191,978	2,093,504	13,497,606	Springfield	95,158,490	175,735,383	49,926,288	412,000	321,232,161
Oakham	1,098,769	201,610	220,000	308,966	1,827,345	Stearling	6,577,869	556,244	1,524,000	997,389	9,655,502
Orange	4,368,927	5,752,067	1,771,069	749,402	12,641,465	Stockbridge	3,647,490	112,737	737,294	1,161,680	5,679,211
Orleans	11,139,009	460,787	3,408,261	1,696,841	16,704,897	Stoughton	22,764,027	6,081,110	9,328,979	2,583,307	40,757,423
Otis	2,057,259	89,223	116,350	97,569	2,360,401	Stoughton	26,750,658	9,476,805	10,344,830	1,979,344	48,551,637
Oxford	8,320,087	8,082,320	856,740	1,145,982	18,405,129	Stow	8,292,599	338,583	808,900	625,427	10,085,509
Palmer	8,687,281	9,837,927	1,897,617	1,072,708	21,495,533	Sturbridge	8,128,695	1,560,824	2,568,628	1,334,833	13,592,980
Paxton	3,742,570	383,225	720,000	414,686	5,260,481	Subury	28,670,586	3,220,018	3,547,966	2,056,989	37,495,559
Peabody	39,538,604	17,216,574	23,997,500	8,527,839	89,280,517	Sunderland	6,354,559	1,214,685	432,500	229,729	4,231,473
Pelham	1,476,193	178,111	271,160	137,923	2,063,387	Sutton	6,411,890	4,050,780	1,012,390	918,271	12,393,331
Pembroke	14,456,274	4,551,521	3,300,808	3,164,107	25,472,710	Swampscott	19,970,648	2,589,945	5,226,536	697,719	28,484,848
Pepperell	7,792,773	962,432	2,518,181	1,150,131	12,423,517	Swansea	12,448,418	5,942,636	4,488,985	20,278,436	20,278,436
Peru	684,116	164,591	67,000	113,666	1,009,373	Taunton	32,923,308	32,360,146	20,638,457	12,210,326	98,132,237
Peterham	882,553	248,912	319,500	346,959	1,815,924	Templeton	2,417,297	996,822	2,587,020	946,212	6,949,351
Phillipston	889,452	148,357	169,098	110,158	1,317,065	Tewksbury	28,656,940	10,420,617	8,115,000	3,267,132	50,459,689
Pittsfield	34,982,430	30,031,677	11,950,000	1,820,244	78,794,351	Tisbury	8,734,065	419,605	1,592,000	2,180,141	12,925,811
Plainfield	700,954	87,610	50,989	223,163	1,062,736	Tolland	414,587	59,814	39,700	27,082	541,183
Plainville	5,883,133	1,522,366	2,115,400	762,177	10,263,030	Topsheld	7,393,191	984,839	1,445,049	856,141	10,679,220
Plymouth	63,082,579	18,927,236	13,001,326	7,074,229	102,085,370	Townsend	7,172,148	914,415	1,024,197	585,969	9,696,329
Plympton	2,728,432	659,408	328,500	283,518	4,009,858	Turo	4,157,697	329,345	777,761	918,193	6,183,016

State Totals 6,126,124,010 3,044,449,356 2,098,121,778 617,911,617 11,886,006,759

Notes: 345 communities have finalized their data for 1997.
State aid to cities and towns does not include aid to regional school districts.

Source: Tax rate recapitulation sheets, budgeted revenues.

Table 2

Municipal Revenue Sources

→ continued from page three

taxes; police career incentives; and urban renewal projects. Offset items include funds for local public libraries, racial equality and school lunch.

Local Receipts

Local receipts vary greatly from municipality to municipality depending on the types of services and fees offered and collected. The most common local receipts are motor vehicle excise; fines, licenses and permits; charges for water, sewer, and trash services; departmental revenues; and investment income. Depending on the accounting options chosen at the local level, local receipts are either paid into the community's general fund or reserved for a specific departmental use.

All Other Revenues

This category includes all revenues which do not fit into one of the other three categories. Usually the largest portion of these revenues is composed of available funds which are balances from legally allowable accounts. These include: free cash, overlay surplus, and funds designated for future expenses including stabilization funds and other reserves, funds from a municipal electric utility, trust funds, gifts and bequests.

More detailed information is shown in *Tables 1* and *2*. *Table 1* shows the amount of revenue contributed by each component over the past 15 years. *Table 2* shows the FY97 figures for Massachusetts municipalities. These figures do not include state aid for regional school districts

Findings

Over the past 15 years there has been a shift in reliance on different revenue components. Proposition 2½, which

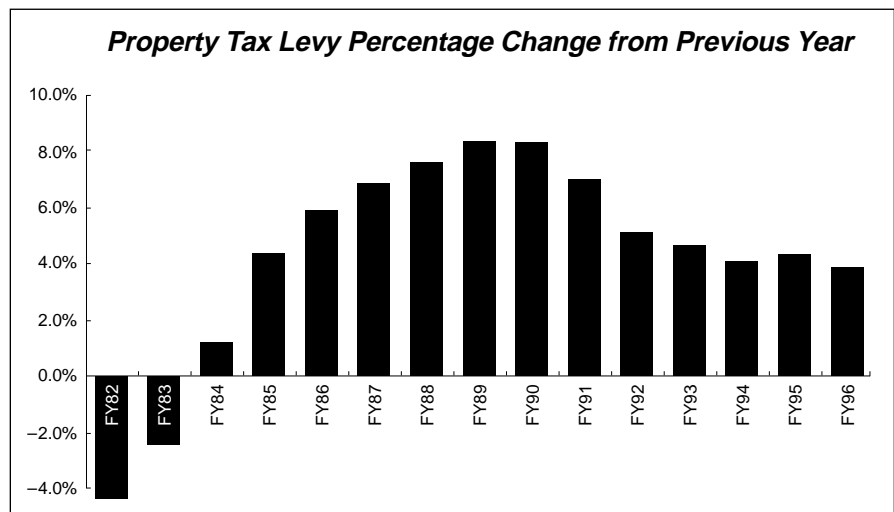


Figure 1

went into effect in FY82, restricted cities' and towns' ability to rely on the property tax to fund expanding demands for services. Despite the limitations on the property tax, it has maintained its role as the single major revenue source for local governments. In FY82 it accounted for 54.5 percent of total local revenue. Between FY87 and FY89 it decreased to around 46 percent and has gradually increased back up to 51.5 percent. Between FY87 and FY91 the combination of the allowed 2½ percent annual increase, new growth and overrides allowed property taxes to increase at more than 6.0 percent per year from the preceding year. Between FY92 and FY97 the property tax levy has continued to grow faster than 2.5 percent annually. However, the rate of growth has decreased to 3.5 percent in FY97. The property tax growth rate for the last 15 years is shown in *Figure 1*.

State aid consistently increased from FY82 through FY89. As a percentage of local revenue it grew from 24.9 percent to a peak of 31.2 percent in FY88. With the downturn in the economy,

state aid started decreasing reaching a low point in FY92 of 21.5 percent. With the implementation of education reform in FY93, state aid again started to increase at a faster rate than other sources of local revenue, reaching 25.6 percent of local revenues in FY97.

Since the passage of Proposition 2½ local receipts have become more important as a source of local revenue. Between FY82 and FY91 they grew from 12.9 percent to 20.0 percent, and have remained at about that level since, with a slight drop to 17.7 percent in FY97. Most of the growth in reliance on local receipts as a source of revenue was accomplished by imposing new fees for services and increasing existing fees.

Finally, since FY92 all other revenues have actually decreased as an overall percentage contributor and have shown very slow growth in actual dollars, currently accounting for about 5 percent of all local revenues. ■

Written by Stan Nyberg

DLS UPDATE

"Corporations Book" Search

Early in June, every local board of assessors will receive a copy of the just-published *Massachusetts Domestic and Foreign Corporations Subject to an Excise, 1997 Supplement*. This year the Division of Local Services (DLS) has developed a new method for municipalities to determine the corporations in their communities that are subject to the local personal property tax.

DLS compiles and publishes a list of for-profit corporations that do business in Massachusetts, commonly called the "corporations book." A complete list of corporations is published every five years and supplemental lists are published yearly. The 1997 corporations book supplement is divided into four sections: new corporations, dissolved/withdrawn corporations, new insurance companies, and dissolved/

withdrawn insurance companies. Traditionally, the corporations are listed in alphabetical order without being divided into categories by community. The structure of the corporations book often makes it difficult for assessors to locate the listings relevant to their communities.

DLS is creating a data base search program called the *Corp Book Search* that will search and categorize the data published in each of the sections of the 1997 corporations book supplement. Access to the World Wide Web is needed to use the program (see the Web address on page 8). It is designed to search by any keyword and to indicate if the corporations listed are designated manufacturing corporations or have had their manufacturing status revoked. This information is significant to

assessors because corporations that have been classified by the Commissioner of Revenue as manufacturing corporations are exempt from certain personal property taxes (see the corporations book for more information).

The *Corp Book Search* program will be accessible to Internet users soon on the DLS website. For more information about the contents of the corporations book contact Melinda Ordway at (617) 626-2361. If you have an inquiry about the *Corp Book Search* program call Burt Lewis at (617) 626-2358.

Additional copies of the 1997 corporations book supplement may be obtained at the State House Book Store (617) 727-2834 for \$4.00 each plus postage. ■

Bulk Sale of Receivables

→ continued from page one

Purchaser's Remedies

Upon executing the documents of assignment, the purchaser will succeed to the rights and remedies of a municipality to receive and enforce payment, including the right to proceed with a tax taking in its own name and, if necessary, to institute a foreclosure. In similar fashion, the purchaser will be entitled to add those costs and charges that could have been imposed by the collector or treasurer under the provisions of M.G.L. Ch. 60, the municipal collection law. Costs or charges not expressly permitted under that statute may not be added to and become a part of the taxpayer's obligation. Consequently, amounts designated as service or administrative charges, legal costs or attorney's fees may not be collected from the delinquent taxpayer or property owner.

(Under some circumstances attorney's fees may be authorized by the Land Court pursuant to M.G.L. Ch. 60, Sec. 65.) Moreover, no purchaser may enter into an agreement with the taxpayer which would require him/her to pay an amount of tax or interest in excess of that otherwise permitted under M.G.L. Ch. 59 relating to the assessment of local taxes.

Recourse

Under appropriate circumstances, the purchaser may seek recourse against the assigning municipality on account of receivables which are based upon invalid assessments; for which the lien against the property has been lost due to an error on the part of the municipality; which are actually less than the amount paid for them due to an error or abatement by the seller; or which do

not conform to the terms of the sale. As a general matter, there will be a maximum of a three-year time limit upon the municipality's obligation to reimburse the purchaser or to otherwise provide substitute receivables. So too, the municipality's obligation to provide these reimbursements and adjustments will, as a rule, be limited to no more than 10 percent of the purchase price. Where, however, the amount of a claim has been misstated, or has been abated subsequent to the assignment date, it will not count toward the 10 percent limitation.

Further details regarding the bulk sale of receivables together with reporting requirements and provisions mandated for inclusion in all assignment agreements are to be found in Property Tax Bureau Informational Guideline Release (IGR) No. 97-201. ■

Municipal Fiscal Calendar

June 1

Clerk: *Certification of Appropriations*

This is done after town meeting so the Accountant may set up accounts for each department in the municipality.

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

DOR: *Commissioner Determines and Certifies Pipeline Valuations*

Assessors Deadline for Appealing Commissioner's Telephone & Telegraph Valuations

Assessors: *Make Preliminary Quarterly 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 percent of that amount. This should be done early enough for the preliminary quarterly 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*

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.

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

Assessors: *Submit Annual Report of Omitted or Revised Assessments*

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 town collects fewer tax revenues than anticipated. These exemptions are partially reimbursed by the state as indicated under "Payment 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 town 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.

July 1

Collector: *Mail Preliminary Quarterly Tax Bill*

July 15

Accountant: *Certification Date for Free Cash: Anytime After Books Are Closed*

Two weeks after the close of a fiscal year, all accounts are closed out and the resulting balance sheet is submitted to DOR for certification. Free cash is certified any time after this date.

Assessors: *Deadline for Appealing Commissioner's Pipeline Valuations to ATB*

July 31

Treasurer: *File IRS Form 5500 (Report of Employee Benefit Plan)*

This is required if you provide a Fringe Benefit Plan giving Pre-Tax Insurance and/or Cafeteria Plan Benefits to employees and if that plan annually ends on December 31. ■

City & Town



City & Town is published 11 times a year by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS World Wide Web site at <http://www.state.ma.us/dls> or by writing to PO Box 9655, Boston, MA 02114-9655.

Marilyn H. Browne, Editor

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