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DLS Property Tax Takings Webinar Available Online, Local Budgeting Webinar Announced



In this edition:

- **DLS Property Tax Takings Webinar Available Online, Local Budgeting Webinar Announced**
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Last week, DLS hosted our *Property Tax Takings: Process Overview, Best Practices, and Effects on Free Cash* webinar. Our staff highlighted the tax title process, best practices to follow, and how uncollected receivables affect free cash. During the webinar, we provided information on multiple topics, including payment plans, tax enforcement policies and the importance of communication throughout the tax taking process.

The [recorded version](#) of the webinar is now available on our YouTube channel. The [presentation slides](#) from the tax title webinar are also available. You can also review our [Local Tax Collections FAQ](#), [Importance of Collections Enforcement](#) best practice overview and other related resources on our [collections training page](#) for additional information.

We're also excited to announce that DLS will host our next webinar covering the basics of local budgeting. This presentation will provide an overview of core concepts in municipal budgeting (financial policies, forecasting, and capital planning) and identify key tasks and milestones for the budget preparation process. With clearly assigned roles, transparency, and a well-defined budget process, these concepts are the foundation of municipal budgeting and financial planning. Following the presentation, our staff will be available to answer questions from attendees.

Important Dates & Information

DLS Issues Bulletin Related to Calendar 2021 Legislation

The Division of Local Services (DLS) Bureau of Municipal Finance Law has issued a new bulletin concerning calendar 2021 legislation. DLS periodically publishes a bulletin summarizing new laws that affect municipal budgets and local tax assessment, administration and collection. Each issue contains a cumulative summary of session laws enacted to that time and indicates whether the Division has issued any further implementation guidelines. This edition of the Legislative Bulletin includes legislative changes affecting municipal finance found in Chapters 1 - 116 of the Acts of 2021.

[BUL-2022-02: CALENDAR 2021 LEGISLATION](#)

To access IGRs, LFOs and Bulletins, please visit this [webpage](#).

To register for the April 13th webinar, click [here](#). We look forward to seeing you then! Please email dlsregistration@dor.state.ma.us with any questions.

Highly Recommended: Understanding Outstanding Tax Title Receivables Best Practices Financial Management Resource Bureau

The DLS [Financial Management Resource Bureau](#) (formerly the Technical Assistance Bureau) has offered financial management advice to municipalities across the state for over 30 years. To share this guidance more broadly, we thought it would be helpful to highlight some of our more useful, timely, or interesting recommendations for the benefit of City & Town readers.

Recent statistics from the Division of Local Services (DLS) show cities and towns reporting over \$278 million in outstanding tax title receivables for fiscal year 2021. While this overall amount is down from previous fiscal years, it is still indicative of substantial amounts of uncollected revenue due our communities from across the state. Using the [Municipal Finance Trend Dashboard](#), local officials can examine their outstanding tax title receivables to gain a better understanding of the uncollected revenues within their municipality.

While these data points are an excellent starting marker, how individual city or town proceed is based on the details within the tax title receivables. By understanding potential tax title balance indicators, officials can determine the best course of action to resolves the liability and improve the financial health of their municipality.

It's important for a municipality to examine its tax title balances in conjunction with current real estate collection rates. If a city or town measures its collection finances exclusively by tax title balance, a warning sign like declining

Recent DLS IGRs

The Division of Local Services Bureau of Accounts has issued the following Informational Guideline Releases (IGRs).

[IGR-2022-1: PREMIUMS AND SURPLUS PROCEEDS FOR PROPOSITION 2½ EXCLUDED DEBT](#)

IGR No. 22-01 informs local officials about the adjustments made to a Proposition 2½ debt exclusion when premiums are received in connection with the sale of the bonds or notes for the excluded borrowing and when surplus loan proceeds remain after the project or purpose of the borrowing is completed.

[IGR-2022-2: BORROWING](#)

IGR No. 22-02 informs local officials about borrowing purposes and debt issuance procedures, including changes made by the Municipal Modernization Act and by An Act Relative to Immediate COVID-19 Recovery Needs.

[IGR 2022-3: CALENDAR YEAR 2022 ADJUSTMENT IN LAND OF LOW VALUE](#)

collection rates could go unnoticed for several years, until the tax title balance has noticeably inflated from prior year liens and accrued interest. On the other hand, a municipality with a large tax title balance may be excelling in its current collection rates but may need additional resources to address long outstanding liens that have stagnated in collections and inflated the receivables balance with interest.

Where Do I Start?

A city or town should begin by examining the age and principal amounts of their tax title balances to determine if they are facing an issue of aging lien balances or in the present collection rates.

The principal amount due on a tax title lien is the unpaid real estate and interest as of the date of taking, along with advertising expenses, legal fees, and unpaid subsequent tax years. Once an unpaid real estate balance moves into tax title, the interest rate increases from 14% to 16% per annum. With this higher interest rate, the interest due on a property can eventually outweigh the principal lien balance—this is especially true regarding older liens and liens with several subsequent tax title years. While the interest on liens was not part of the originally assessed tax levy, it does inflate the tax title receivables and serves as additional revenue for the community when the lien is redeemed.

Below are two charts showing a breakdown of tax title balances for two communities. In these examples, both communities are nearing \$500K in total tax title receivables. While similar in balance amounts, further examination shows that each community is facing different circumstances and solutions for their receivable balances.

FORECLOSURE VALUATION

LIMIT

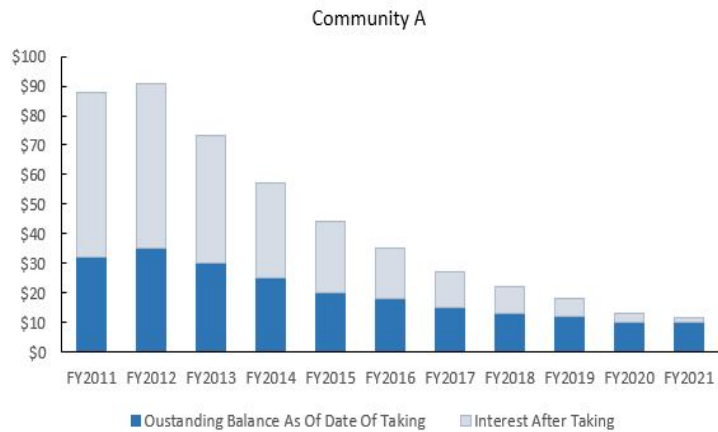
IGR 2022-3 informs local officials of a calendar 2022 7.0% increase in the maximum valuation for parcels qualifying for land of low value foreclosure procedure to a new maximum of \$24,804.

IGR 2022-4: OPTIONAL COST OF LIVING ADJUSTMENT FOR FISCAL YEAR 2023 EXEMPTIONS

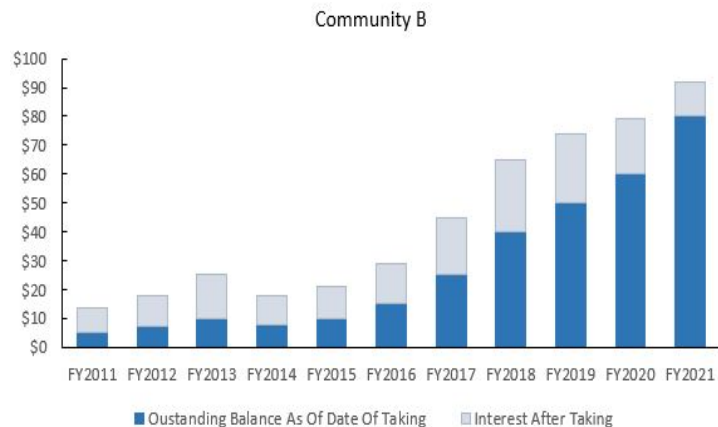
IGR 2022-4 informs local officials that 7.0% is the (1) maximum local option cost-of-living-adjustment (COLA) increase in Cl. 17 (surviving spouse/minor & elderly) exemption amount; (2) optional COLA applied to increased asset limit of Cl. 17s exemptions; (3) optional COLA applied to increase income & asset limits of Cl. 41s senior exemptions.

IGR 2022-5: SOCIAL SECURITY DEDUCTION FOR FISCAL YEAR 2023

IGR 2022-5 informs local officials that FY2023 deductions from gross receipts for Clause 41s senior personal exemption increased by 5.9% over



Community A is doing well with current collection rates but is facing a large balance on older lien years. Interest on liens accounts for more than half of the tax title balances with most of this interest generated by liens older than five years. By categorizing the tax title balances by fiscal year, the municipality can identify an issue with collections on older tax titles. The stalled collections of long outstanding liens could be caused by many factors such as delayed foreclosure proceedings, low-value properties, or errors in the taking process that have invalidated the lien. Further examination of individual titles will assist the community in identifying potential collection issues as well as the remedies available for them.



On the other end of the spectrum, Community B does not have many long outstanding tax balances but is facing notable increases to its tax title balances in recent years. Most of the tax title balance is comprised of principal balances added from the last five fiscal years. This could

FY2022.

[IGR 2022-6: FISCAL YEAR
2023 TAX BILLS QUARTERLY
PAYMENT SYSTEM](#)

[IGR 2022-7: FISCAL YEAR
2023 TAX BILLS SEMI-
ANNUAL PAYMENT SYSTEM](#)

[IGR 2022-8: FISCAL YEAR
2023 TAX BILLS SEMI-
ANNUAL PAYMENT SYSTEM –
OPTIONAL PRELIMINARY
BILLS](#)

[IGR 2022-9: FISCAL YEAR
2023 TAX BILLS SEMI-
ANNUAL PAYMENT SYSTEM –
ANNUAL PRELIMINARY BILLS](#)

IGRs 2022-6 through 2022-9, respectively, explain the procedures and tax billing requirements for quarterly tax billing and payment systems, regular semi-annual payment systems, semi-annual tax billing and payment systems with optional preliminary bills and semi-annual tax billing and payment systems with annual preliminary bills.

To access IGRs, LFOs and Bulletins, please visit this [webpage](#).

Municipal Vulnerability

indicate that the community is seeing reduced collection rates, possibly due to outside factors such as economic hardship in their community, or due to internal issues such as weakened collection efforts. Conversely, these principal balances could be within a normal range for the municipality as the city or town may have a strong utilization of payment plans that allow slow but steady collections over time. This municipality would benefit from further analysis of historic collections compared to current collection trends.

What Can I Do?

After identifying the age and principal amounts of the liens driving the tax title receivables balance, officials facing tax title balances should research available collection options and formulate a plan that meets the financial needs of the community in a realistic time frame. The best solution for any municipality is one tailored to the needs and circumstances of their individual community.

Work with a Tax Title Attorney

Local officials can communicate with their tax title attorney to create yearly and monthly procedures. For example, local officials could schedule monthly meetings with their tax title attorney for updates on land court proceedings, redemptions, correspondence to and from taxpayers, etc. Another option would be to communicate an annual time frame for new tax titles, so that collection steps and legal proceedings are done in a consistent and timely manner each year.

Thoroughly utilizing tax title attorneys allows the municipality to pursue foreclosure of liens in a timely manner. Even if the municipality is not interested in gaining ownership of certain properties in tax title, legal proceedings can encourage responses from the property owners. Some taxpayers will be more inclined to resolve their outstanding tax balance when they receive legal notices of foreclosure proceedings.

**Preparedness (MVP)
Program FY23 Funding
Round Now Open for
Applications**

***Municipal Vulnerability
Preparedness Program***

Planning Grants - The Executive Office of Energy and Environmental Affairs (EEA) is seeking proposals for Municipal Vulnerability Preparedness (MVP) Planning Grants, which provide support for Massachusetts cities and towns to complete climate vulnerability assessments and develop action-oriented climate resiliency plans.

The program helps communities define climate related hazards; understand how their community may be impacted by climate change; identify existing and future vulnerabilities and strengths; and develop, prioritize, and implement key actions. State-trained MVP providers offer technical assistance to communities in completing the assessment and resiliency plans. Communities that complete the MVP planning grant program become certified as an MVP Community and are eligible for MVP Action Grant funding.

Additionally, by working with an attorney experienced in tax title, local officials can review individual takings and proceed with their next steps. An attorney can advise on how to address long outstanding liens or invalid takings and assist to correct the taking for collection.

Payment Plans

[Massachusetts General Law Chapter 60, §62](#) and §62A gives authority to the treasurer to enter into payment agreements on tax title accounts. These agreements allow the property owner to pay set installment amounts against the outstanding balances over a five-year period until the lien is redeemed. Arranging a plan of set installments can make a tax balance less daunting to the property owner while also providing steady collections for the municipality. When a municipality is consistent in the execution and tracking of these agreements, payment plans will systematically reduce tax title balances and redeem properties over a set period. While this may not be a feasible option for abandoned properties or properties in probate court, these agreements can be favorable to communities looking for alternatives to foreclosure through land court.

Treasurers utilizing this collection option should adopt a payment plan policy to ensure all agreements are equally offered to all property owners and consistently executed. For example, a municipality may set a policy requiring agreements to include an initial payment of a certain percentage of the balance, monthly installments, and specified term limit. Additionally, the schedule should outline a redemption timeframe that is both fair to the municipality but also realistic for the property owner to maintain.

Land of Low Value

[Massachusetts General Law Chapter 60, §79](#) provides an option for a treasurer to expedite the foreclosure process of properties of low value. Beginning 90 days after the date of taking, a treasurer can initiate this procedure on parcels

The link to the RFR and required forms can be accessed through the [MVP program website](#) or directly on [COMMBUYS](#). **Planning Grant applications are due by 4:00 p.m. ET on Tuesday, June 7, 2022** (via email, see RFR for details) for MVP planning processes that must be complete by June 30, 2023.

Municipal Vulnerability Preparedness Program

Action Grants - EEA is also seeking proposals for MVP Action Grants, which provide designated MVP Communities funding to implement priority climate adaptation actions identified through the MVP planning process or similar climate change vulnerability assessment and action planning that has led to MVP designation after EEA review.

Projects are required to use climate data and projections. Projects that propose nature-based solutions or strategies that rely on green infrastructure or conservation and enhancement of natural systems and that have robust community engagement plans are preferred.

below a specific assessed value, which is adjusted every year based on the Consumer Price Index. The maximum threshold for calendar year 2021 was \$23,182.

This option is favorable for communities experiencing difficulty collecting outstanding taxes on properties with low assessed value, especially if the property's outstanding tax title balance surpasses its assessed value. The land of low value process gives municipalities the opportunity to foreclose on parcels without incurring the costs of foreclosure through Land Court, of which even the sale of low value parcels would typically be insufficient to cover. Additionally, since the wait period for this foreclosure procedure is 90 days from the date of taking instead of the standard 6 months, this option is useful for municipalities looking to quickly move low value parcels into foreclosure instead of having the tax title receivables continually inflated by uncollectable balances. Once a city or town has acquired a parcel through land of low value, the parcel can be sold at public auction, which allows the municipality to recoup the lost revenue and return the property to tax levy base.

Assignment of Tax Title

[Massachusetts General Law Chapter 60, §52](#) allows the treasurer to assign and transfer tax titles to a third-party by way of public auction. When a tax taking is transferred to an assignee, the municipality receives payment for no less than the minimum amount needed to redeem the title, and the assignee who now possesses the title can pursue foreclosure of the property through Land Court.

By auctioning the tax takings, the municipality has received payment for the outstanding taxes and has relieved itself of the burden of foreclosure proceedings. This may be favorable to a municipality that is searching for a quick reduction in their tax title balances. However, local officials should be mindful that the town is still legally obligated to buy back any titles that are deemed invalid because of errors in the taking procedure. Additionally, the treasurer must still receive and keep record of any redemptions, certificates of

Applicants can request up to \$3 million in funding (regional proposals may request up to \$5 million), and a 25% match of the total project cost is required (see RFR for new exceptions). Significant changes to the RFR from the last funding round are outlined on page 1.

The link to the RFR and required forms can be accessed through the [MVP program website](#) or directly on [COMMBUYS](#). **Action Grant proposals are due by 2:00 p.m. ET on Thursday, May 5, 2022** (via online form, see RFR for details) for project proposals that must be completed by June 30, 2023, or June 30, 2024.

The MVP team hosted a recent webinar about this FY23 funding round. The recording can be accessed [here](#). The slides can be accessed [here](#).

DCR Seeks Summer Lifeguards

The Department of Conservation and Recreation is seeking lifeguards at agency-managed waterfronts and pools across the state for the summer season. Pay

payments, and court filings reported by the assignee. This collection method may not be an attractive option for municipalities because of the legal requirements and administrative burden associated with tax title assignments. Before proceeding, a city or town should carefully examine their individual liens and compare the advantages and disadvantages of having the titles assigned to a third-party.

Conclusion

While municipalities have a variety of ways to address tax title receivables, not all collection or foreclosure methods are created equal. The individual needs and circumstances of a community will determine what approaches will be beneficial or favorable to a particular city or town. Local officials should analyze their receivables data and formulate effective plans and policies that will address outstanding tax titles and set the framework for financial success. In all cases however, payments received due to tax title become general fund revenue, which in turn will add to the free cash of a city or town.

A sample DLS Financial Management Resource Bureau Tax Enforcement policy can be found on our website [here](#).

Data Highlight: Outstanding Receivables Data Analytics and Resources Bureau

Today's *City & Town* highlights certain outstanding receivables. We offer an additional perspective purely from a data angle through our [Community Comparison Report](#). Local treasurers, collectors, and accountant/auditors must annually submit an Outstanding Receivables report of outstanding real estate and personal property taxes, motor vehicle, tax title, and other receivables through our DLS Gateway application as part of the balance sheet review and free cash certification. The most recent data is consolidated and presented on the DLS website in the [Community Comparison Report](#) under the Outstanding Receivables tab.

starts at \$21/hour; and positions are available five days per week, 40 hours per week, weekends included. Additionally, lifeguards who sign on by March 27 will receive a \$500 signing bonus and those who remain guarding for the duration of the season with DCR will also receive an additional \$500 bonus at the end of the season. Interested candidates 16 years and older can find additional information by visiting the DCR [lifeguard webpage](#). To apply to be a lifeguard, please visit the [application webpage](#). To assist DCR in safeguarding local swimming destinations in your area, please share with any interested applicants seeking summer employment.

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

Don't miss Issue #14 of [Buy the Way](#), the monthly magazine of the Operational Services Division (OSD).

**Massachusetts Dredging
Program Grants**

The Executive Office of
Housing and Economic

The Community Comparison report provides an abundance of financial information on all 351 communities, not just outstanding receivables. Easy to use, it can be a helpful tool to compare data of communities with similar characteristics. For example, you can generate a list of communities based on EQVs per capita, average single-family tax bill, and total budget. Using specific parameters, the information reported on each tab reflects only the communities meeting these designated criteria. All information can be exported to Excel for more analysis.

Please email the Data Analytics and Resource Bureau at databank@dor.state.ma.us for assistance with our website or the Community Comparison Report.

Development (EOHED) has opened the 2022 grant round of the [Massachusetts Dredging Program](#).

One-year construction grants for saltwater dredging will be competitively awarded with a focus on shovel-ready projects that contribute to the economic vitality, recreational value, public safety, and/or environmental resilience of the Commonwealth's coastal harbors.

All municipalities in the Massachusetts [coastal zone](#) are eligible to apply. Applications are due April 15, 2022.

Full details are available at mass.gov/how-to/apply-for-a-massachusetts-dredging-grant.

Homeowner Assistance Fund

The Massachusetts Homeowner Assistance Fund (Mass HAF) is now available to homeowners that are at least three months behind on their mortgage payments because of the COVID-19 pandemic.

Mass HAF provides mortgage

relief is a grant, not a loan. Homeowners do not have to pay it back. If a homeowner's application is approved, funds are provided to their mortgage servicer (the company that collects their mortgage payments). For more information, review the attached HAF flyer (available in Spanish, Portuguese, Vietnamese, Chinese, Russian, Khmer, and Haitian Creole [here](#).)

Who is Eligible for Mass HAF?

Massachusetts homeowners who:

- Own AND live in live in a single-family home, condominium or 2- 3- or 4-family home located in Massachusetts
- Lost income or their living expenses went up on or after January 21, 2020, because of the COVID-19 pandemic
- Have missed at least 3 mortgage payments since January 21, 2020
- Meet income requirements (150%

of the AMI or
below)

Homeowners can check if they are eligible by completing a [short online pre-screener](#), and they can register and apply for assistance at www.massmortgagehelp.org.

If a homeowner cannot complete the online application on their own, they can contact a housing counseling agency (HCA) partner, who are trained to assist them. A homeowner can input their zip code [here](#) and find the HCA serving their area.

The Massachusetts HAF Program administered by the Massachusetts Housing Partnership and the Massachusetts Housing Finance Agency, in collaboration with the Massachusetts Executive Office for Administration and Finance, the Massachusetts Executive Office of Housing and Economic Development, the Massachusetts Department of Housing and Community Development, and the Massachusetts Division of Banks.

2022 Housing Choice Designation Application

The 2022 application for Housing Choice designation is now live at [2022 Housing Choice Designation Application](#).

The Housing Choice Initiative rewards municipalities that have produced certain rates or amounts of new housing units in the last five years and that adopted best practices related to housing production that will sustain a 21st century workforce and increase access to opportunity for Massachusetts residents. Communities that achieve the Housing Choice Community designation have exclusive access to apply for the Housing Choice Grant Program and receive bonus points or other considerations to certain state grant programs.

Details, recent changes, and application can be found at [2022 Housing Choice Designation Application](#).

MCPPO ARPA Training

The Office of the Inspector General through its

Massachusetts Certified Public Purchasing Official Program will be presenting an American Rescue Plan Act (ARPA) training on March 24th, 2022.

This 90-minute webinar will provide an overview of eligibility rules for fiscal recovery funds and limits on the use of ARPA funds and reporting requirements.

Participants will also learn how ARPA applies to Chapter 30B and cooperative and collaborative contracts, and federal single audit compliance.

To learn more, please [click here](#).

**Office of the Inspector
General ARPA Resources**

Under the American Rescue Plan Act (ARPA), Massachusetts state, county, tribal and local entities are receiving millions of dollars in federal aid to respond to the public health and economic impacts of the public health emergency created by the COVID-19 pandemic.

The Office of the Inspector General has compiled the

following rules and resources related to the ARPA from our Office, the federal government, other state agencies and private organizations. Our Office also has compiled [Bulletin articles](#) related to: using ARPA funds, including articles about:

- paying for supplies and services with federal funds
- reviewing invoices
- analyzing data
- auditing vendors
- applying Chapter 30B
- preventing bid manipulation

Cybersecurity Health Check Program

The Office of Municipal and School Technology provides the following program available to Massachusetts municipalities and schools. If you have any questions, please contact

Catherine.Marques@mass.gov

[v](#)

[Cybersecurity Health Check](#)

The Cybersecurity Health Check Program provides opportunities for local government to access basic

cyber security services at no cost.

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

DLS Links:

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

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Tools and Financial Calculators](#)



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To unsubscribe to *City & Town* and all DLS alerts, email dls_alerts@dor.state.ma.us.