



## Ending the (Fiscal) Year on a Good Note

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### Important Dates & Information

#### New Browser Requirement for DOR Web Applications

On June 30, 2018 all Department of Revenue Web Applications, including DLS Gateway, will no longer accept connections from browsers using the TLS (Transport Layer Security) 1.0 encryption standard.

Most browsers automatically update themselves to maintain

May was a great time for everyone involved with local government as Governor Baker and Lt. Governor Polito declared May as "Municipal Month." Governor Baker said, "As former local officials, Lt. Governor Polito and I understand the importance of supporting our cities and towns and created the Community Compact program early in our administration to ensure that our partners at the local level would always have a seat at the table in this administration." And Lt. Governor Polito said "Travelling across Massachusetts to meet, learn and partner with officials from each of the Commonwealth's 351 cities and towns has been a tremendous experience and I am excited about our progress toward building stronger communities." It was great to be a part of this initiative that highlighted and shared the amazing work that occurs every day in cities and towns across the Commonwealth.

In addition to Municipal Month, in May we officially rolled out *Assessment Administration: Law, Procedures, and Valuation* (aka "Course 101") to provide the convenience of online training to assessors. Both assessors and assistant assessors with valuation responsibilities are required to successfully complete training within two years from their appointment or election. Previously, the training was offered three times throughout the year at varying locations statewide. In order to provide a cost-effective, convenient alternative to travel and time away from the office, DLS undertook an extensive review of the course structure. The final product ensures that a newly elected or appointed local official will no longer need time off from a full-time job to attend an in-person training and can instead receive quality, accurate instruction from DLS subject matter experts in a location and at a time of his or her choice.

The Course 101 online learning initiative represents a successful collaboration of different sections of DOR joining together to achieve a significant accomplishment. The project required a staggering amount of policy coordination, editorial review, technical updates, and meticulous transcription and narration. The result is a modern, interactive online training resource available on the DLS Gateway System that will serve our constituents for years to come. I'd like to say a big "thank you!" to all the staff who collaborated to make Course 101 online possible. So far, we've received fantastic feedback and we're looking forward to utilizing the modules in future training initiatives as well. In the meantime, if you're a local official and are interested in Course 101, please email us at [dlsitgroup@dor.state.ma.us](mailto:dlsitgroup@dor.state.ma.us).

Another initiative I want to highlight is the development of a standardized balance sheet submission format for cities, towns, districts, and regional school districts by the Bureau of Accounts (BOA). The goal is to streamline, simplify, and develop consistency in the balance sheet submission process

security standards. To verify that TLS 1.0 deactivation won't affect you, click the following link or paste the URL into your browser

<https://tls1test.salesforce.com/s/>

DLS Gateway Support can assist you if you have questions related to DOR's new security standard, please call us at 617-626-2350 or email us at [DLSITGroup@dor.state.ma.us](mailto:DLSITGroup@dor.state.ma.us).

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#### Other DLS Links:

[Local Officials Directory](#)

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

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial Calculators](#)

for free cash certification. The greater goal of modernizing the free cash certification process and better utilizing technology to do so is a top priority for DLS and work has begun on that initiative. [Bulletin 2018-4: Balance Sheet Reporting Requirements](#) is available on the [Division's website](#) for guidance. Additional information is also available in [the June 7th, 2018 edition of City & Town](#). BOA field representatives are available to assist and answer related questions. To contact your community's field representative, please see the following [BOA staff](#).

In other DLS news, I want to recognize two new employees in our Bureau of Local Assessment, Lauren Aldrich and Rebecca (Becky) Boucher. Lauren will be serving as a field advisor for the Springfield Regional Office. She previously worked in the Town of Monson's assessor's office, most recently as Assistant Assessor. Becky has joined DLS as a field advisor for the Worcester Regional Office and her most recent position was with the Town of Boxborough as their assessor. I know both of them hit the ground running and attended our annual New Officials Finance Forum for newly elected and appointed local officials. (Speaking of, for those of you unable to attend, [click here for the full presentation](#).) On behalf of all of DLS, we want to welcome Lauren and Becky aboard and wish them all the best in their new positions.

Also on the personnel front, I want to recognize BOA Field Representative Terry Williams who is retiring at the end of June after 19 years of service to the Commonwealth. Terry has been an invaluable resource to DLS both in his day-to-day work with cities and towns and as a subject matter expert and presenter. I want to thank him and wish him all the best as he pursues new endeavors and experiences.

Finally, we're now in one of the most important times of the year for a municipality: year-end close. Last year, I wrote about some [Things to Keep in Mind When Closing the Books on the Fiscal Year](#). With Town Meetings completed and city councils doing their work, I want to remind local finance officials that DLS is available to provide guidance and serve as an informational resource should the need arise, so please don't hesitate to contact us!

## The Mechanics of the Motor Vehicle Excise

### Terry Williams - Bureau of Accounts Field Representative

Pursuant to [M.G.L. c. 60A](#), there is assessed and levied every calendar year, to the owner of every motor vehicle and trailer registered in Massachusetts under M.G.L. c. 90, for the privilege of registration, a motor vehicle excise (MVE) tax in lieu of a personal property tax.

For many years, next to the property tax, this excise has been one of the largest locally generated revenue sources for the local government's General Fund. This MVE article will review:

- the beginning of the excise
- the trend in total amounts budgeted and collected
- budgeting for a surplus

- forecasting excise revenue
- revenues in current and constant dollars
- where to learn more about this excise

Information regarding uncollected MVE taxes will be found in a future *City & Town* article.

### **The Beginning of the Excise**

*(from A Sketch of the history of the Massachusetts Bureau of Accounts and Related Matters in the Growth and Development of Municipal Finance by Anthony A. Rassias, Deputy Director of Accounts)*

*“... on January 1, 1929 an excise tax replaced the personal property tax on registered motor vehicles.*

*Up until 1929, motor vehicles were taxed as personal property by each municipality and at the tax rate for that municipality. But collection of the tax was awkward because there was no uniformity in value, rate or administration. Issuing a tax bill was dependent upon the owner filing notice with the assessors of his taxable property on the appropriate date, otherwise face the “doom of the Assessor.” Despite the potential doom, form filing didn’t oftentimes happen which was a general problem for personal property.*

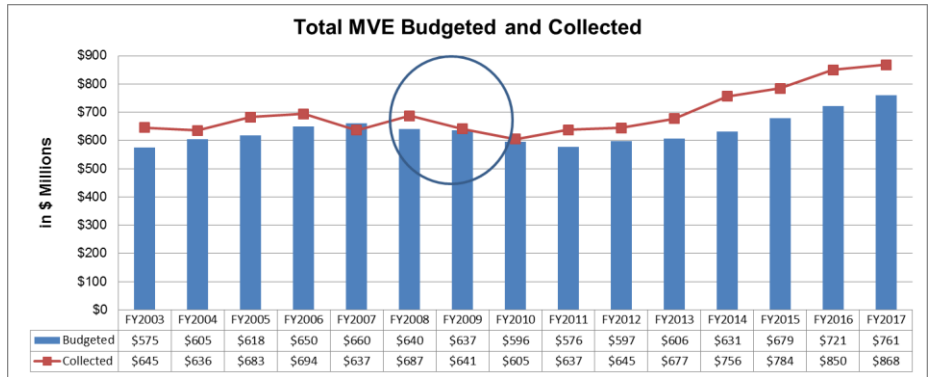
*The new excise was “laid on” for privilege of operating the motor vehicle on the highways. The value came from a compilation issued by the Commissioner of Corporations and Taxation and the tax was based upon the so-called State Rate, a three year average calculated as if determining a tax rate for the State. In 1929, the excise brought in about \$10,000,000 or 50% more tax revenue from motor vehicles than in 1928. In 1929, the average motor vehicle value was \$389.75; the average tax was \$10.36...*

In 1929, the motor vehicle excise tax rate was at \$29.65 per \$1000 of value. As of January, 1981, Proposition 2½ reduced the motor vehicle excise rate from \$66 per \$1000 of value to the rate currently set at \$25/\$1000 of value.

### **The Trend in Total Amounts Budgeted and Collected**

The graph below shows total MVE budgeted and collected by all cities and towns from FY2003 to FY2017. The circle in the graph denotes the period of the Great Recession (December 2007 through June 2009 - *United States National Bureau of Economic Research*).

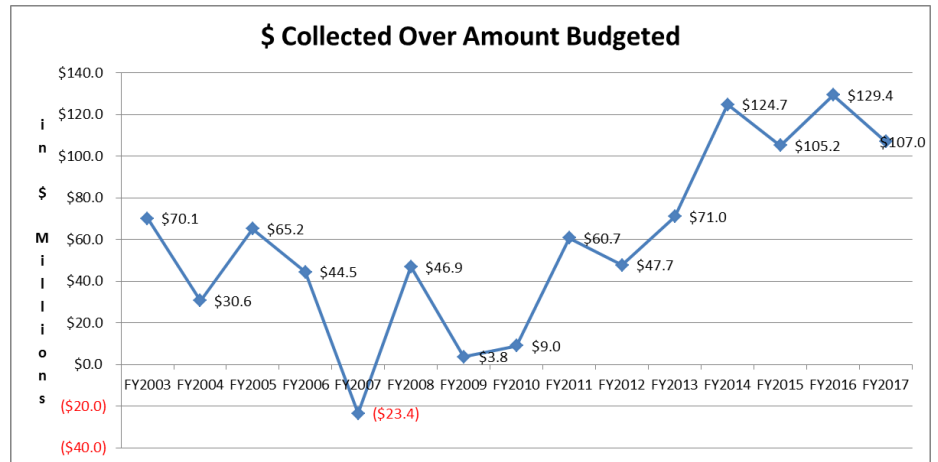
Budgeted amounts increased through FY2007, decreased from then through FY2011, and then increased again annually through FY2017. Amounts collected began to show weakness in FY2007, sputtered through the Great Recession to a low of \$605 million in FY2010, but then resumed an annual increase through FY2017.



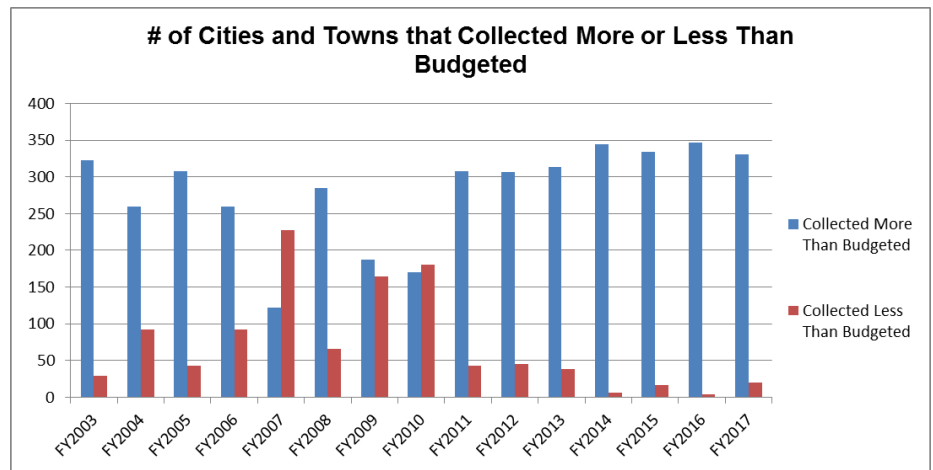
### Budgeting for a Surplus

From FY2003 to FY2017, the MVE has generated over \$10.4 billion in General Fund revenue for all cities and towns. During the annual budget process, most cities and towns conservatively budget an estimate of MVE to be collected in the next fiscal year and in doing so hope to build a healthy surplus for that fiscal year (see [City & Town, Counting Free Cash, December 2017](#)).

As shown in the following graph, from FY2003 to FY2017, MVE dollars collected over amounts budgeted has accounted for over \$892 million. Note that in FY2007, possibly as a forerunner to the Great Recession, total MVE budgeted exceeded the amount collected by \$23.4 million.



The following graph shows for FY2003 to FY2017 the number of cities and towns that collected more or less MVE revenue than budgeted. Except for FY2007 and FY2010, the general period of the Great Recession, most cities and towns collected more MVE than budgeted for 13 of the 15 fiscal years shown.



For 349 cities and towns reporting in FY2018, total budgeted MVE was just over \$790 million. Will FY2018 collections exceed this budgeted amount? Although inconclusive at this time, it would appear “yes” for the following reasons:

1. The FY2018 budgeted amount is less than the amount collected in FY2017
2. As shown in the previous graph, dollars collected exceeded dollars budgeted in 13 of the last 15 fiscal years
3. Registry of Motor Vehicles (RMV) data indicates that the first commitment of calendar 2018, normally the largest commitment of the calendar year, was \$8.6 million greater than the first commitment of 2017 (January 2017: \$696.1M, January 2018: \$704.7M)
4. The Federal Reserve Bank of Boston reported economic activity in the first quarter of 2018 as continuing “to see improvements in economic indicators. Through February 2018, employment increased and unemployment rates fell relative to one year prior. Through the fourth quarter of 2017, wage and salary income continued to climb both regionally and nationally compared to the same period in 2016.”

### Forecasting Excise Revenue

To attain any reasonable degree of accuracy years in advance, long-term forecasting should apply a matrix of indicators to measure progress that may include:

- confidence in the area’s economy
- volume of new car sales
- the age of vehicles on the road
- collection of receivables
- population change

- new home construction
- loss of major business
- new business moving in
- car prices and interest rates
- collection rate history

In addition, long-term forecasters should compare actual collections to modelled estimates and revise the model if needed.

Short-term forecasting is simpler and is customarily based on average collections from a chosen number of prior fiscal years, or simply is based on the prior fiscal year's collected dollar amount.

Both long and short-term forecasters should not include:

- one-time revenues
- revenues no longer applicable to the city or town
- inaccurate economic assumptions
- total commitments alone which may include certain exempt vehicles

### **Revenues in Current and Constant Dollars**

While it is useful to make historical comparisons of revenue for the purpose of identifying trends, the effects of inflation will often distort or exaggerate the difference between two figures the further apart they are in time. For meaningful comparisons, figures must be adjusted according to inflation.

What dollar amount does \$645.2 million collected in FY2003 represent in "current" FY2017 dollars? Did the receipt of \$867.6 million in FY2017, \$222.4 million more than in FY2003, keep up with the rate of inflation from FY2003?

According to the [U.S. Bureau of Labor Statistics' CPI inflation calculator](#), the current dollar value of \$645.2 million as of June, 2003 is equivalent to \$860.34 million June, 2017. Based on this, FY2017 MVE collections exceeded the rate of inflation over that time period.

### **Additional Resources**

To learn more about Motor Vehicle Excise, please see the [mass.gov MVE webpage](#). For a deeper dive into the subject, please see our [Frequently Asked Questions about MVE](#) and [the MVE Chapter of our Course 101 Handbook](#).

*(Editor's Note: Terry Williams will be retiring on June 30<sup>th</sup> after 19 years of public service to the Commonwealth of Massachusetts. On behalf the entire Division of Local Services, the Editorial Board wishes him all the best and thanks him for his many years of hard work and dedication.)*



# HHS: Community Compacts Help Municipalities Become More Age-Friendly

Executive Office of Health and Human Services

Cities and towns across the Commonwealth are working to support our aging population both now and in the future. As many of you know, this is very important given that there are more residents over the age of 60 than under age of 20 living in Massachusetts. Older adults are the largest and fastest growing segment of the population in the U.S., and will make up 23 percent of the Commonwealth's population by 2035.

However, focusing on this issue is more than just dealing with our changing demographics; the Baker-Polito Administration sees this as an incredible opportunity to make Massachusetts the most Age-Friendly state in the nation.

With an eye toward that goal, we have joined with the [Massachusetts Municipal Association to promote best practices](#) that cities and towns can implement to support Age-Friendly Community Compact projects in their communities. And, I'm pleased to announce that beginning in FY'19, communities will be able to develop Compacts and leverage state funding to improve infrastructure, policies, information and services to accommodate an aging population, including those with dementia.

For example, a city or town may want to develop a Compact to study transportation alternatives for older adults, such as ride-sharing. Another community may want to develop a plan to train all employees on how best to address the specialized needs of residents with dementia. Yet another community may want to leverage a Compact to implement a plan making parks and recreational spaces more accessible and usable for older adults.

## What is Age-Friendly?

Age-Friendly describes a movement to make communities welcoming and livable for older residents and people of all ages. It describes efforts we can take together to create places where people can grow up and grow old together. AARP and the World Health Organization have identified eight areas for communities throughout the country to focus on improving:

- Outdoor Spaces & Buildings
- Transportation
- Housing
- Social Participation
- Respect & Social Inclusion
- Civic Participation & Employment
- Communication & Information
- Community & Health Service

Being an Age-Friendly community or state is not just about helping older people, because everyone is aging. When we help an older person continue to live, work, and volunteer in our communities, we all benefit from their

energy, experience and contributions.

Massachusetts is doing a tremendous amount of work in this area and is implementing [the Governor's Council on Aging's initial recommendations](#), including [joining AARP's Network of Age Friendly States](#), and the Council has already begun its second year of work, with specific workgroups on housing, transportation, older workers, caregiving and innovation and technology. In addition, more than 100 communities across the state are either active or beginning work on Age and Dementia-Friendly designations.

Cities and towns are and will continue to benefit from the expertise, support and collaboration of many strong partnerships, including our [Executive Office of Elder Affairs](#), [AARP](#), the [Massachusetts Healthy Aging Collaborative](#), the [Massachusetts Councils on Aging](#), and the [Tufts Health Plan Foundation](#), which announced last month that it will be investing [\\$250,000 over the next 5 years](#) to accelerate and support Age-Friendly efforts in Massachusetts.

The inclusion of Age-Friendly activities in the Community Compact Program will add to the impressive momentum we have gained over the last several years – progress that will help us continue to provide opportunities for older residents to live and thrive in Massachusetts today and in the future. Visit our [Community Compact website](#) for more information for more information about the program.

## Data Highlight of the Month: Prop 2 1/2 Referendum Data

Anthonia Bakare - Municipal Databank

There are a number of Proposition 2 ½ reports available on the Division of Local Services' website. This Data Highlight of the Month is focused on Proposition 2½ Referendum data which can be found under [Reports Relating to Property Tax Data and Statistics](#). There are three referendum data reports in this section: [Override](#), [Underride](#), [Stabilization Fund Override and Capital Exclusions](#), [Debt Exclusion \(wins only\)](#) with the amount applied to the Levy Limit and [All Debt Exclusion Votes](#).

These reports serve three purposes: The [override](#), [underride](#), [stabilization override](#) and [capital exclusion votes report](#) allows users to filter by community, fiscal year, wins or losses, vote type (override, underride, stabilization fund override or capital expenditure exclusion). The [debt exclusion report](#) shows wins only, and gives the user the ability to filter votes by community or fiscal year and displays the amount of debt excluded on the tax rate recapitulation sheet. Lastly, the [debt exclusions report](#) provides data on both successful and unsuccessful debt exclusion votes attempted, and can be filtered by community and fiscal year. All reports can be exported in various formats such as PDF and Excel.

Remember to visit the [Municipal Finance Trend Dashboard](#) which includes additional Proposition 2 ½ data under Category Three. This data is presented in a chart that can be exported to PDF.

We hope you become better acquainted with the data the Division of Local Services has to offer through the *Data Highlight of the Month*. For more information, contact us directly at [databank@dor.state.ma.us](mailto:databank@dor.state.ma.us) or (617) 626-2384.is from FY2003 – 2018 for municipalities and 2008 – 2018 for districts. The tables can be exported to Excel.



# June Municipal Calendar

- |    |                                  |  |
|----|----------------------------------|--|
| 1  | Town Clerk                       | <b>Certify Appropriations</b><br>The Town Clerk should certify appropriations immediately after town meeting so that the Accountant can set up accounts for every department for the next fiscal year.   |
| 1  | Town Clerk                       | <b>Update the Local Officials Directory (LOD) in Gateway</b><br>The Town Clerk annually updates the LOD with the names and email addresses of any new local officials and with any changes to position titles.   |
| 1  | Assessors                        | <b>Determine Valuation of Other Municipal or District Land</b><br>In any community where land is owned by another community or district, the Assessors value the land for in-lieu-of-tax payments and send a notice of the new valuation in the year following a revaluation year.   |
| 1  | Bureau of Local Assessment (BLA) | <b>Notification of Proposed EQVs (even-numbered years only)</b>  |
| 1  | BLA                              | <b>Notification of SOL Valuations (even-numbered years only)</b>   |
| 10 | BLA                              | <b>Conclude Public Hearings on Proposed EQVs (even-numbered years only)</b>  |
| 15 | BLA                              | <b>Determine and Certify Pipeline Valuations</b>   |
| 15 | BLA                              | <b>Determine and Certify Telephone and Telegraph Company Valuations</b>  |
| 15 | Assessors                        | <b>Make Annual Preliminary Tax Commitment</b><br>Assessors in quarterly communities, as well as those in semiannual communities issuing annual preliminary bills, should make the annual preliminary tax commitment by this date to ensure the ability to mail the bills by July 1 <sup>st</sup> . The 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.         |
| 20 | Assessors                        | <b>Final Date to Make Omitted or Revised Assessments</b><br>As required by <u>M.G.L. c. 59, §§ 75 and 76</u> , if a property was inadvertently excluded or mistakenly underassessed on the warrant for property taxes, it is the Assessor's role to fix the mistake and assess the property correctly. The 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. |
| 30 | Assessors                        | <b>Close Overlay Surplus to Surplus Revenue</b>  |

The transfer from overlay to the overlay surplus account is done on the Assessors' initiative or within 10 days of a written request by the Selectmen.

- |    |                 |   |
|----|-----------------|---|
| 30 | Taxpayer        | <b>Deadline to Apply to Have Land Classified as Forest Land</b><br>Per <u>M.G.L. c. 61, § 2</u> , this is the deadline to apply to the State Forester to have land certified as forest land.  |
| 30 | Assessors       | <b>Submit Annual Report of Omitted or Revised Assessments to BLA</b>  |
| 30 | Assessors       | <b>Deadline to Submit Requests for Current Fiscal Year Reimbursements of Exemptions Granted Under the Various Clauses of M.G.L. c. 59, § 5</b><br>Assessors have until this date to submit a request to MDM for state reimbursement to offset the tax revenue lost from granted statutory exemptions. The state partially reimburses for these via the cherry sheet. If actual tax bills were mailed late, the reimbursement request deadline is extended to August 20. |
| 30 | State Treasurer | <b>Notification of Monthly Local Aid Distributions</b> , see <u>IGR 17-17</u> for more cherry sheet payment information, monthly breakdown by program is available <u>here</u> .  |

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**Editorial Board:** Sean Cronin, Anthonia Bakare, Linda Bradley, Deb Joyce, Theo Kalivas, Patricia Hunt and Tony Rassias

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