



October 19th, 2023



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- **Training Highlight: New Informational Resource Page for City/Town Clerks!**

By the Numbers

City & Town provides updates on the progress of the tax rate and certification process. This information is available 24/7 by [clicking here](#).

Preliminary Certifications Approved: 33

Final Certification: 15 (of 67 total)

LA4 (Assessed Values):
96 approved (127 submitted)

LA13 (New Growth):
96 approved (117 submitted)

Tax Rates: 25 approved

Balance Sheets: 147 approved

Total Aggregate Free Cash
Approved: \$987,136,995

Important Dates & Information

DLS Fall Update

Fall is one of the busiest times of the

EQV: Leveling the Playing Field

James J. Paquette – Bureau of Local Assessment Program

Coordinator

Municipal finance in Massachusetts has a nomenclature all its own. From [cherry sheets](#) to [free cash](#), it's important to define and explain these [unique terms](#) in order to understand their importance to both your community and the broader financial landscape.

The following is the first of a two-part series on equalized valuations (EQV). We'll begin with some brief historical background, explain the basic components of the EQV process, and display multi-year trends across the Commonwealth. We hope you find this information helpful and interesting.

[Equalized valuation \(EQV\)](#) is the fair cash value of all property in a city or town subject to local taxation (not including exempt properties) as of January first as determined by the Commissioner of Revenue (Commissioner) under [G.L. c. 58, §§ 9 -10C](#). Since 1966, Massachusetts General Law has required that equalized valuations be produced every two years as part of the allocation of aid distributed to cities and towns. Additionally, the change in the total value (from one EQV to the next EQV) is used in the valuation of reimbursable [state-owned land](#).

The need to equalize the values for each community stems from the parameters used in setting the real estate and personal property values in each community. Assessors submit a sales report (the LA-3) for approval each year to the DLS Bureau of Local Assessment.

year in municipal finance. To assist local officials with certain reporting requirements, municipal responsibilities, billing processes and regulatory functions, DLS has compiled the following resources, tools and guidance for this time of year. Bookmark our Fall resources [here](#).

Massachusetts Federal Funds Partnership Meeting

The Federal Funds and Infrastructure Office (FFIO) is thrilled to announce the launch of the Massachusetts Federal Funds Partnership—an exciting monthly initiative aimed at empowering municipalities and tribes across the Commonwealth to access and leverage federal funding opportunities effectively.

Please join FFIO at the inaugural meeting with special guest Lieutenant Governor Kim Driscoll.

Massachusetts Federal Funds Partnership Meeting
Date: October 25th, 2023 – recurring monthly
Time: 11:30am – 12:30pm
Platform: Zoom (Meeting link provided upon registration)
[Register Here](#)

At this inaugural meeting, municipal and tribal leaders from across the state will come together to:

- Explore federal funding opportunities available for municipalities and tribes.
- Foster collaboration with state agencies to maximize your funding potential.
- Gauge barriers that entities often face when applying for federal funds.
- Chart a path forward to enhance funding resources and support for Massachusetts municipalities and tribes.

FFIO looks forward to your participation in the Massachusetts Federal Funds Partnership meetings and to working together to build stronger, more resilient communities across the Commonwealth. Thank you for your commitment to our communities' success.

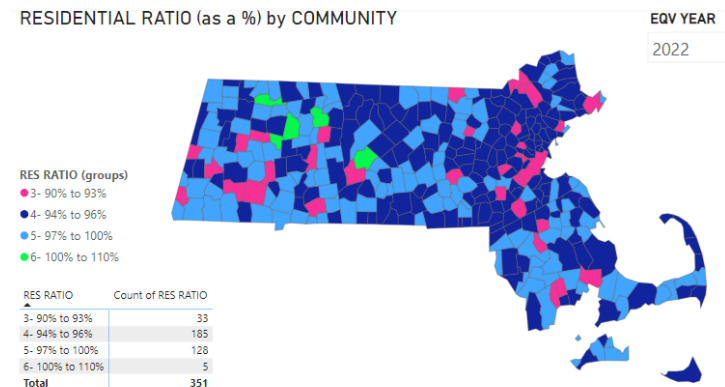
Reducing Flood Risk through Local Actions: Upcoming Regional Engagement Sessions

The Executive Office of Economic Development (EOED) is hosting a series of online engagement sessions to inform development of a

The report lists real estate that has been sold in the community prior to the required date for setting the values for the forthcoming fiscal year.

The sales are compared to the new assessments for the upcoming fiscal year. This comparison is called the “Assessment – Sales Ratio” and that ratio must determine that the proposed assessments are within a 10%, average of actual sales price. (The technical requirement is for the median of the sales to be between .90 to 1.10). The requirement of the 10% is in place to ensure that the new values properly reflect what is happening in the market, but this process results in communities coming in with different ratios – and because of those differences, additional steps are necessary to equalize the data.

EQV Process Components



Leveling the playing field is accomplished using the ratio (level of assessment) for each for each class in each community. This ratio shows at what level that class is being assessed – on average. The existing values for each class are divided by the ratio to bring the total value to 100%. As a general example, if a community had a current residential total value of \$10,000,000 and an assessment level (ratio) of .95 then their value at 100% would be \$10,526,316 (Rounded). [10,000,000 divided by .95]

The completed EQV for each community is broken down into its component parts as evidenced below.

Local Floodplain Action Guide, a guide to assist cities and towns in taking impactful zoning, administrative, and other local actions to reduce flood risk and promote flood-resilient construction. Municipal staff, elected officials, regional planning agencies, community-based organizations, and stakeholders are invited to join. Sessions will be conducted in an online format, with date, time, topic, and joining details published at <https://www.mass.gov/building-code-study-and-local-floodplain-action-guide>. Upcoming sessions currently include:

Reducing Flood Risk in Central and Western Mass: Wednesday, 10/25/23, 12-1pm

Reducing Flood Risk in Greater Boston Inland: Thursday, 11/02/23, 12-1pm

BULLETIN-2023-6: Massachusetts Statewide Opioid Settlement Funds

The Division of Local Services (DLS) Bureau of Accounts has issued Bulletin 2023-6. Bulletin 2023-6 is a reminder to city and town accounting officials of the requirements for the accounting treatment of statewide opioid funds as well as the reporting requirements to document their use in accordance with the State Subdivision Agreement.

[BUL-2023-6 – Massachusetts Statewide Opioid Settlement Funds](#)

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

BULLETIN-2023-5: Tax Title Foreclosure Surplus Proceeds

The Division of Local Services (DLS) Municipal Finance Law Bureau (MFLB) has a new Bulletin. Bulletin 2023-5 discuss a recently decided United States Supreme Court case, Tyler v. Hennepin County, 598 U.S. 631 (2023). As a result of that decision, there is uncertainty as to whether or not tax title foreclosure surplus proceeds will need to be returned to property owners. The Bulletin notes that DLS will not object to a community temporarily holding any such surplus proceeds in an agency account until there is a directive from the courts on this matter.

[BUL-2023-5 – TAX TITLE FORECLOSURE SURPLUS PROCEEDS](#)

To access IGRs, LFOs and Bulletins,

LA19 (FINAL)

CLASS	Assessed Value	Assessment Ratio	Estimated Full Value
RESIDENTIAL	2,295,831,540	0.95	2,416,664,800
OPEN SPACE	0		0
COMMERCIAL	358,803,898	0.92	389,601,000
INDUSTRIAL	316,627,605	0.92	344,160,400
PERSONAL PROPERTY	102,343,000	1.00	102,343,000
TOTAL REAL/PERSONAL PROPERTY	3,073,606,043	0.94	3,252,769,200
ESTIMATED GROWTH		1.36%	44,237,700
PROPOSED EQUALIZED VALUATION			3,297,006,900
CHAPTER 121A VALUE			0
2020 FINAL EQUALIZED VALUATION			3,297,006,900

Each component of the real and personal property includes the original assessed value, the assessment ratio, and the estimated full value. Estimated growth is then added and produces the proposed Equalized Valuation. The 121A Value (for property subject to the excise imposed under [G.L. c. 121A, § 10](#) is added during the final equalized valuation phase (where applicable).

It should be noted that the process of equalizing values can be complicated by many factors. For example, personal property and certain other specialty properties, such as power plants and land valued under Chapter 61, 61A, and 61B, are considered to be at 100 percent of market value. Those instances and many others are all taken into consideration when producing the final value.

The EQV process is broken into five steps:

- 1.) The Proposed EQV is released every two years, on or before June 1st, for each city and town as of January 1st in that year.
- 2.) A public hearing for the Revised EQV is held the following June 10th where, based on information received at the hearing or brought to the attention of the Bureau of Local Assessment, the EQV may be revised. Decisions on these requests are sent to the respective communities by July 20th.
- 3.) Any community that is unsatisfied by the resulting decision related the Revised EQV can appeal on or before the following August 10th to [the Appellate Tax Board \(ATB\)](#). The ATB must decide the appeal by the Jan 20th of the following year. A failure of the ATB to act upon an appeal within that time is deemed a denial of the

please visit this [webpage](#).

MassDEP: New Large Entity Reporting Requirement

The Massachusetts Department of Environmental Protection (MassDEP) adopted a new regulation 310 CMR 7.41: *Large Entity Reporting Requirement* that became effective on September 1, 2023, which requires large entities (fleet owners, businesses, government agencies, municipalities, brokers, etc.) to submit a one-time report on medium- and heavy-duty (MHD) vehicles greater than 8,500 lbs. operated or dispatched in Massachusetts. Specific information that must be reported includes vehicle type and usage characteristics.

This report will help MassDEP assess the best way to develop electric vehicle charging infrastructure and programs to support and accelerate the MHD zero emission vehicle market in Massachusetts.

Entities must submit the report to MassDEP by **5:00 PM on Friday, March 1, 2024**. To determine whether an entity is required to report, follow the instructions provided in the link below:

<https://www.mass.gov/how-to/large-entity-reporting-requirement>

"Adopting Local Option Excise Taxes" Training Video Now Available

The Division of Local Services is pleased to announce the availability of a [new training video](#) explaining the process for adopting a local option excise on room occupancy, meals and adult use recreational marijuana, or a community impact fee on short-term rentals in your community. The training also covers the Division of Local Services' role in local option excises, discusses the timetable involved with adopting any of these options, and provides examples of warrant language to assist you in preparing for a vote on a local option excise tax.

The [training video](#) is now available on the DLS YouTube channel, along with the [presentation slides](#). Additional [local options related training resources](#) and [local options data and reporting](#) information is also available on the DLS website. If you have any questions relative to adopting local option excise taxes please contact databank@dor.state.ma.us.

appeal. The decision of the ATB is final.

4.) The Final EQVs are posted on or before January 31st. This entails revising the EQVs modified by the ATB on appeal and adding the 121A values where applicable.

Final Equalized Valuations are available for each community via the Gateway landing page [here](#). We'll continue to explore equalization valuations and related data trends again soon in *City & Town*. In the interim, if you have any questions regarding your community's EQV or would like to suggest a topic for future articles, please email us at bladata@dor.state.ma.us.

Highly Recommended: Measuring Override Capacity as a Percentage of the Levy Ceiling

In a previous article, we introduced the [Levy Limit Financial Indicator tool](#) and how it can serve as a gauge of a community's fiscal wellbeing. Today, we will delve more specifically into one aspect of that tool, the override capacity as a percentage of the levy ceiling metric. Override Capacity is defined as the difference between the community's levy ceiling (the amount equal to 2.5% of the community's total property values and the maximum allowable levy, outside of any debt exclusions) and its levy limit (the maximum property tax levy for that year). It is the maximum amount by which a community may override its levy limit.

The graphs below illustrate how Community A has ample override capacity while Community B does not. Community A therefore has the ability to raise additional revenue through a Proposition 2 ½ override. Alternatively, Community B's levy ceiling declined over a period of years because of declining real estate values, thereby reducing its override capacity and its ability to even propose an override. Note how the graph for Community B depicts its override capacity as percentage of the levy ceiling falling to 0% in year 6. Trending override capacity as a percentage of levy ceiling over time

Be sure to bookmark the [Municipal Finance Training & Resource Center](#) page and subscribe to our [YouTube channel](#) to stay updated on new items added.

OIG Offers No Cost Procurement Training for Municipalities

The Office of the Inspector General introduced a pilot program, "One Free Designee," that offers core public procurement training to one public employee per municipality at no cost. Effective in FY 24 (July 1, 2023 – June 30, 2024), the OIG is offering free tuition for the three courses required for one employee to receive MCPPO designation to any municipality in the Commonwealth for whom the cost is a barrier. The \$100 fee associated with all designation applications and renewals has been eliminated.

To receive the free training for an employee, the chief municipal officer (Mayor, Manager/Administrator or Select Board Chair) must submit a [form](#) indicating the employee they wish to receive the training and an acknowledgement that obtaining the cost of training could be a factor in obtaining the designation. The class schedule and enrollment form will be issued later this summer.

If you want to learn more about the MCPPO designation, please visit our [website](#). If you have any questions, please email the OIG at MA-IGO-TRAINING@mass.gov.

[One Free Designee Application Form | Mass.gov](#)

Latest Issue of *Buy the Way* Now Available

Don't miss [Issue #22 of Buy the Way](#), the official magazine of the Operational Services Division (OSD).

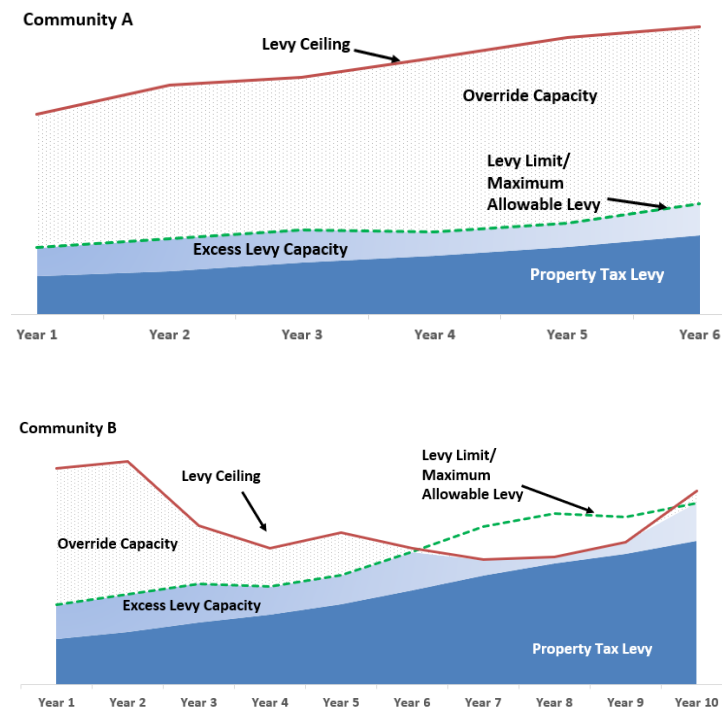
[Click here](#) to get news and updates from OSD delivered to your inbox.

Recent Flooding Events – Emergency Expenditure Process for Municipalities

In light of the recent flooding events in the Commonwealth, the Division of Local Services (DLS) would like to direct municipal managers to the DLS resources regarding emergency declarations and emergency spending procedures under MGL 44 § 31.

[Emergency Expenditures, Chapter 44, Section 31](#)

can be a useful indicator that offers policymakers a complete view of their community's levy limit and how they might need to address current or future revenue constraints.



It is also important to note the importance of the relationship between override capacity and excess capacity, which is defined as the difference between what a community can levy (maximum allowable levy) and what it does levy. A community can reach its levy ceiling (i.e., have no override capacity) but still would be able to increase its property tax levy because it has excess capacity. This is why it is important to view these two metrics together.

Statewide

In FY2023 over 300 communities had an override capacity of greater than 25%. Only 42 communities fell below 25% and of those only seven were less than 10%. However, since override capacity is ultimately a function of a community's assessed property values, wider trends in the real estate market and local economy should be closely monitored. For example, looking back to fiscal 2007, the period before the great recession and housing crisis, provides a good point of comparison relative to today's values.

DLS is ready to assist you in any way we can. If you have further questions please contact your [Bureau of Accounts Field Representative](#).

DLS Links:

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

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

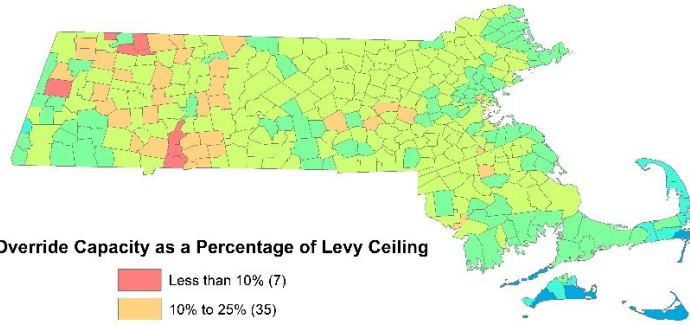
[Informational Guideline Releases \(IGRs\)](#)

[Bulletins](#)

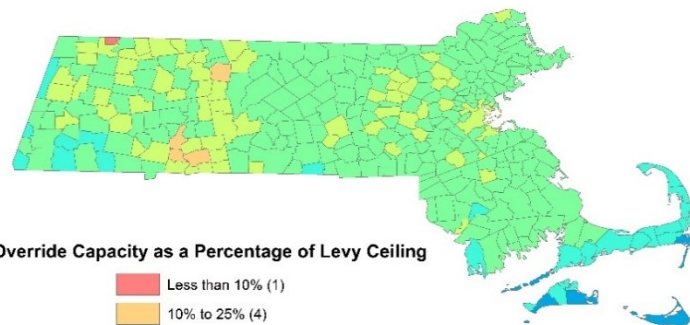
[Tools and Financial Calculators](#)



FY2023

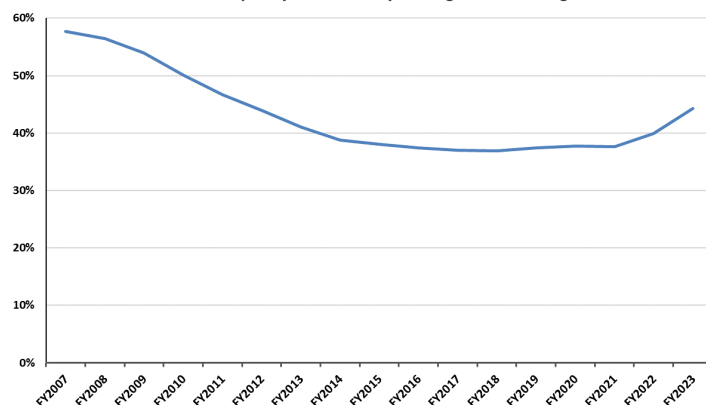


FY2007



As the maps illustrate, there is a growing number of communities whose override capacity as a percentage of levy ceiling has declined since fiscal year 2007. In FY2007, 346 communities had greater than 25% capacity, while only five fell below 25%. The table below depicts the number and percentage change in override capacity for communities between 2007 to today.

Override Capacity as % of Levy Ceiling: State Averages



	2007	2023	Change	% Change
< 10%	1	7	6	600%
10% to 25%	4	35	31	775%
25% to 50%	69	193	124	180%
50% to 75%	246	100	-146	-59%
75% to 85%	26	11	-15	-58%
> 85%	5	5	0	0%

Cities and towns should include this metric in their tracking of their financial indicators and fiscal health. You can view your community's override capacity and levy information on the DLS [Dashboard](#). In addition, you can view the relationship between override capacity and excess capacity on the [DLS Municipal Financial Self-Assessment](#). Click [here](#) for trainings and resources on Proposition 2½ and levy calculations.

The DLS [Financial Management Resource Bureau \(FMRB\)](#) provides tailored consultative services to municipalities across the state. Articles in this series highlight a particular financial management best practice that we frequently recommend.

Training Highlight: New Informational Resource Page for City/Town Clerks!

Municipal Finance Training and Resource Center

The Division of Local Services is pleased to announce the availability of materials on the Municipal Finance Training & Resource Center under [resources by position](#) to assist city or town clerks. A city or town clerk is an integral member of the municipal management team and a central information point for residents. While the job responsibilities may vary from community to community in Massachusetts, the clerk is a bonded official who is the municipality's record keeper and often the chief election officer. The new page is one stop shopping for the following topics important to clerks:

- Overview of responsibilities
- Adopting local option excise

- Local elections and town meeting
- Local Officials Directory
- Municipal debt and borrowing
- Proposition 2 ½ votes
- Record legislative action
- Tax rate setting process

Be sure to bookmark the [Municipal Finance Training and Resource Center](#) page and subscribe to our [YouTube channel](#) to stay updated on new items added. Is there something you would like to see added? Please email DLSTraining@dor.state.ma.us. We would love to hear from you!

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Contact *City & Town* with questions, comments and feedback by emailing us at cityandtown@dor.state.ma.us. To view previous editions, please [click here](#).

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