



September 21st, 2023



Highly Recommended: Outstanding Receivables

In this edition:

- **Highly Recommended:
Outstanding Receivables**
- **FY2023 State House
Notes Program Summary**

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:
14

Final Certification: 1 (of 67 total)

LA4 (Assessed Values):
32 approved (41 submitted)

LA13 (New Growth):
32 approved (37 submitted)

Tax Rates: 13 approved

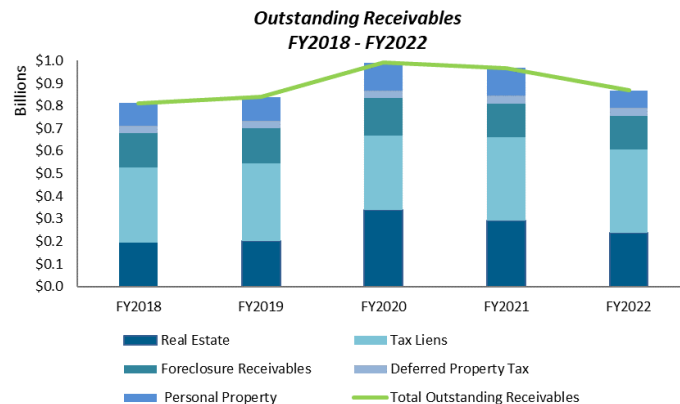
Balance Sheets: 58 approved

Total Aggregate Free Cash
Approved: \$257,395,470

Important Dates & Information

DLS Fall Update

Fall is one of the busiest times of the 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



Statistics from the Division of Local Services show cities and towns reporting over \$869M in total outstanding receivables at fiscal year-end 2022. This total of outstanding receivables represents the amount of real estate, tax liens, foreclosure receivables, deferred property tax, and personal property that is owed to the municipality but remains unpaid. Looking back over the last five years, the amount of total outstanding receivables peaked in FY2020 at \$991M during the pandemic. While the total amount has dropped by more than \$100 million in the last two years, it is important that cities and towns remain vigilant and proactive in evaluating the trends, challenges, and collection policies and procedures regarding their uncollected revenues.

year. Bookmark our Fall resources [here](#).

2023 Statewide Municipal Partnerships Conference

Lieutenant Governor Kim Driscoll invites you to the 2023 Statewide Municipal Partnerships Conference for municipal officials and staff, co-hosted by the Massachusetts Regional Planning Agencies (MARPA) and Division of Local Services. The event will be held at the College of the Holy Cross on Tuesday, Oct. 10, 2023.

Lt. Governor Driscoll and a panel of Cabinet members, to be announced, will kick off the morning. We will then break into sessions focused on a wide array of issues and opportunities facing the Commonwealth, facilitated by subject matter experts from across Massachusetts. The breakout sessions will include:

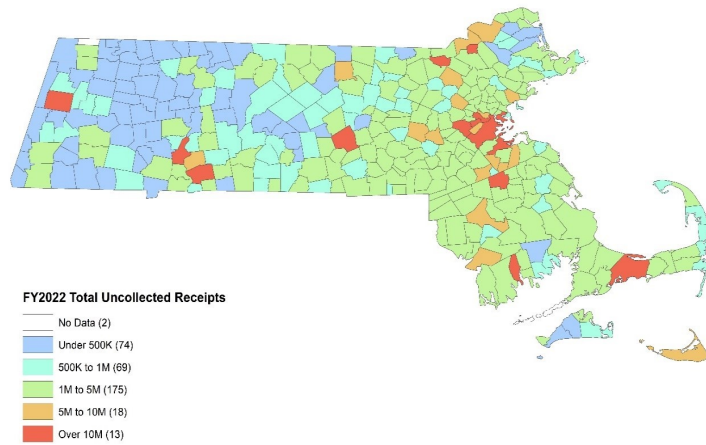
- Climate Resiliency and Climate Action Plans
- Building Livable Communities
- Post-Pandemic Public Health
- Rural Empowerment
- Federal Funding Opportunities

The attendance fee is \$20 and can be paid upon registering via PayPal / credit card. Checks can be mailed to the Metropolitan Area Planning Council. Only checks will be accepted for attendance payment if you wish to pay day of at check-in. To register, [please click here](#).

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](#)



Local officials can look at their city or town's outstanding receivable balances using the [Municipal Finance Trend Dashboard](#). Here are some areas to consider when analyzing your community's outstanding receivable balance:

Examine Data Details

While it is important to review outstanding receivable balances, these figures are a lump sum of prior fiscal years, plus any accumulated principal and interest. It is important to analyze these numbers in depth, especially in receivable categories like tax liens, in which the 16% per annum interest rate can balloon the balances of older tax titles. Further, comparing historical data to current collection rates can help a community identify positive or negative trends in revenue collection. Click [here](#) to read FMRB's previously published article on understanding tax title balances.

Review Collection Procedures

Financial officials should review their current collection procedures for consistency, timeliness, and efficiency. Some areas to evaluate are bill payment options, timing of demands, and optional collection notices in tax taking process. Consistent collection procedures provide taxpayers with a reliable timeline for bill mailing, due dates, and penalty fees, and encourage taxpayers to pay bills on time.

Adopt/Update Tax Enforcement Policy

[FORECLOSURE SURPLUS PROCEEDS](#)

To access IGRs, LFOs and Bulletins, 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

A tax enforcement policy can formally define a municipality's revenue collection processes and set clear expectations for financial officers and taxpayers. Such policy should outline a complete collection process, including timing for each enforcement step from mailing of demands to pursuit of tax title redemption or foreclosure. Financial team members should periodically review this policy and update as needed.

TAX ENFORCEMENT

PURPOSE

To provide guidance for equitably enforcing tax obligations and set expectations for both the municipality and taxpayers, this policy clearly defines when and how the municipality will transition unpaid property taxes from tax title through to foreclosure. It is in the best interest of the municipality and its residents that property taxes be paid when due. The budget is set in anticipation of the collection of taxes, and taxes not paid by some property owners shift the cost burden onto others. The community recognizes that individuals may go through periods of financial difficulty, but any taxpayer who becomes delinquent will be encouraged to find alternative resources to pay in full as soon as possible.

While municipalities have a variety of ways to address outstanding receivables, the needs and circumstances of a community will determine the path to success for an individual city or town. Financial officials should analyze their receivables data and coordinate with each other to formulate an effective approach to address these balances.

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.

FY2023 State House Notes Program Summary

Beth Moseley - Bureau of Accounts Public Finance Section

Bill Arrigal - Bureau of Accounts Public Finance Section

Established in 1911, the Massachusetts State House Notes Program is a convenient, no-cost note certification procedure for the issuance of short-term debt and long-term serial and refunding notes by a governmental entity. Administered by the Public Finance Section of the Bureau of Accounts, the program provides an alternative to the certification of Notes procedure by commercial banks.

adopting local option excise taxes
please contact
databank@dor.state.ma.us.

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

What are State House Notes?

State House Notes are borrowing instruments for local governmental entities for the short-term. They are known by different names and acronyms:

- Revenue Anticipation Note (RAN)
- Renewal of Revenue Anticipation Note (RRAN)
- Bond Anticipation Note (BAN)
- Renewal of Bond Anticipation Note (RBAN)
- State Aid Anticipation Note (SAAN)
- Renewal of State Aid Anticipation Note (RSAAN)
- Federal Aid Anticipation Note (FAAN)
- Renewal of Federal Aid Anticipation Note (RFAAN)
- Refunding Note
- Serial Note

They all, however, must receive certain local approvals and submit required supporting documentation to the Bureau of Accounts for certification. Lenders await this certification before forwarding funds to the borrower.

On September 7th, 2021, the Bureau of Accounts' (BOA) Public Finance section moved to a paperless process where approval of State House Notes is done via an upload into Gateway and once approved, the original executed note is immediately forwarded to the winning bank by the responsible city, town, district, or county official.

State House Notes by the Numbers

The following graph displays the dollar amount of State House Notes approved from FY2014 to FY2023.

§ 31.

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

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

OSD Climate Action Survey: Meeting Your Electric Vehicle Needs

The Operational Services Division consistently reviews the marketplace, buyer purchasing trends, and our Statewide Contract portfolio to determine if there are gaps in our offerings. The Local Government Enablement team at OSD is reaching out to our municipal partners to understand your goals with respect to Climate Action Initiatives, with a focus on Vehicles, Vehicle Infrastructure, and Grants. Your feedback will inform our Statewide Contract procurement activities going forward and ultimately assist municipal organizations in meeting their short- and long-term purchasing goals.

[Take the survey.](#)

DLS Links:

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

[Events & Training Calendar](#)

[Municipal Finance Training and Resource Center](#)

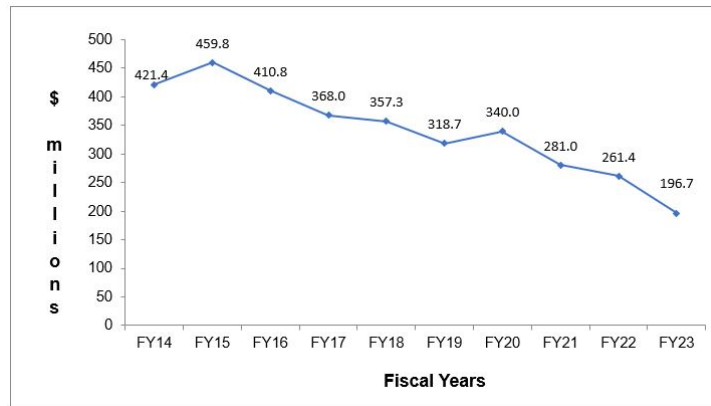
[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Tools and Financial Calculators](#)



The above graph shows that the dollar value of State House Notes certified in FY2014 was \$421.4 million and \$196.7 million in FY2023. FY2023's dollar amount is \$224.7 million (53%) less than FY2014's and \$64.7 million (25%) less than FY2022.

The below table displays the number of State House Notes approved each year from FY2014 to FY2023.

FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
474	476	477	428	392	359	363	334	283	229

The general decline in the number of State House Notes approved and their dollar value over the last several fiscal years may be explained in terms of the complexity of today's capital market. As a result, a growing trend has moved toward the purchase of notes with full disclosure. Full disclosure includes a full legal opinion, an official statement, a short-term rating by a rating agency (e.g. Moody's, S&P, Fitch), recent audited financial statements and a municipal financial advisor. With full disclosure, notes have a much wider bidding pool than just local banks.

In addition, the decline in the number of notes approved during the last three fiscal years may have been due to the impact of the pandemic, ARPA funds for capital improvement, supply chain failures, delays in beginning major projects, and other factors.

The following table shows the number of State House Notes approved in FY2021 to FY2023 by type.

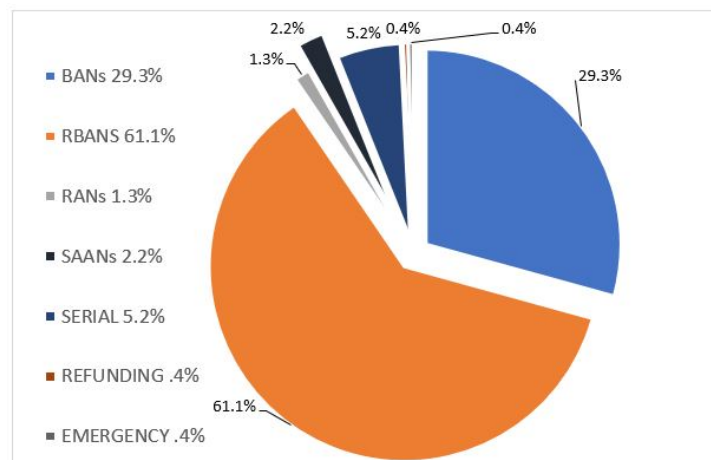


Type of Notes	BANs	RBANs	Refunding		
			Notes	RANs	RRANs
# of Notes - FY2023	67	140	1	3	0
# of Notes - FY2022	117	136	2	4	1
# of Notes - FY2021	108	174	3	7	0

Type of Notes	FAANs		SAANs	RSAANs	Serial Notes
	s	EMERG			
# of Notes - FY2023	0	1	5	0	12
# of Notes - FY2022	0	0	5	1	17
# of Notes - FY2021	1	0	11	3	27

The above table shows that for the 229 Notes approved for FY2023, the greatest number of Notes approved by type was for Renewal Bond Anticipation Notes followed by Bond Anticipation Notes and then for Serial Notes.

The below chart displays the percentage of FY2023 State House Notes approved for each note type.



The above chart shows that by percentage, approval of BANs and RBANs amounted to 90.4% of notes approved by the program, up from 88.5% in FY2022.

The below table displays the number of State House Notes approved in FY2021 to FY2023 by purpose.

	FY2021	FY2022	FY2023		FY2021	FY2022	FY2023
Airport	5	1	0	Land Acquisition	16	14	14
Bridge	1	2	0	Landfill	1	0	1
Building	5	7	3	Library	5	3	2
Building Repair	19	13	11	Medical Payments	0	0	1
Cable (Broadband)	21	19	12	Municipal Purpose Loan	110	89	73
Capital Projects	1	3	1	Public Way	10	8	5
Computer Hardware	0	0	0	Recreation	4	2	1
Conservation Land	0	0	0	Revenue	7	4	3
Court Judgment	0	0	0	School	3	6	4
Dam Repair	2	2	1	School Building	4	9	7
Deficit	1	1	1	School Feasibility	4	6	6
Departmental Equipment	40	31	31	School Remodeling	14	12	10
Emergency	0	0	2	Sewer	9	7	2
Energy Conservation	0	0	2	Sewer Treatment Plant	2	0	4
Eng & Arch	4	1	1	Solid Waste Transfer	1	0	0
Environmental	6	5	4	Street	12	9	6
Harbor	1	1	1	Urban Renewal	1	1	0
Highway	2	1	1	Water	23	26	19

The above table shows that for the 229 Notes approved for FY2023, the largest number of Notes approved was for Municipal Purpose Loans (MPLs), followed by Departmental Equipment and then Water. MPLs are loans in which there are two or more separate authorizations for separate purposes.

Additional FY2023 Statistics

For the notes approved in FY2023, 7 were for cities, 122 for towns, 18 for special purpose districts, 18 for regional school districts and none for counties. Several of these entities had multiple Notes certified.

Other statistics showed:

- Highest dollar amount (\$4 million), lowest (\$5,800) and median (\$325,500)
- Highest interest rate for a Serial Note (5.45%), lowest (3.5%)
- Highest interest rate for a non-Serial Note (6.68%), lowest (0.71%), and median (4.30%)
- Longest number of days to maturity for non-serial (366 days), shortest (33 days), and median (364 days)
- Longest term for Serial Note was 9 years, while the shortest term was 3 years
- The three top purchasers of Notes were Newburyport Five Cents Savings Bank, Greenfield Cooperative Bank and

UniBank for Savings

- Monthly notes processed showed the highest amount in June (40), lowest total in February (7)

To familiarize yourself with the State House Notes approval process and to learn more about State House Notes, please visit the Bureau of Accounts' [Public Finance Section's website](#).

Editor: Dan Bertrand

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