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City and Town

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MassDevelopment: Leveraging Public/Private Partnerships by Michael P. Hogan, CEO and President, MassDevelopment

MassDevelopment's mission is to build communities through economic development. We do this in a variety of ways, including partnerships with local officials. We work closely with mayors, city councilors, and selectmen statewide to redevelop blighted properties, increase the amount of available housing, and ensure that businesses stay and grow in their communities. MassDevelopment's staff meets regularly with local officials to determine their needs and to address the issues that are of concern to them.

Some of our recent projects highlight this process. In late 2001, MassDevelopment began working with officials in the Town of Millbury to address environmental contamination at the former Windle Mills (now Cordis Mills), a former wool mill located on the Blackstone River. The site contains environmental contamination, including leaking underground storage tanks.

In order to address the contamination, MassDevelopment provided \$500,000 in site assessment and cleanup monies from the Brownfields Redevelopment Fund. Additionally, MassDevelopment is providing \$9.5 million in tax-exempt bonds to finance a mixed-use development of 112 apartments and medical offices. Approximately 20 percent of these units will be set aside for area residents, specifically targeting residents over age 55. Blackstone officials had identified the lack of age 55 and older housing as a key concern and had expressed a desire to find a new use for the Cordis Mills property. Through its wide range of financial tools, MassDe-

velopment was able to address both concerns and provide the stimulus to make the project a reality.

Another success story is MassDevelopment's work to redevelop former state surplus properties, such as the former Lyman School in Westborough and the former Northampton State Hospital. Our efforts in both of these communities echo a common MassDevelopment theme of working with local officials to turn blighted areas into valuable assets.

In Westborough, MassDevelopment is spearheading the redevelopment of the 27-acre property that once was the Lyman School for Boys. In August, the town accepted MassDevelopment's reuse plan for the site, and the town is finally seeing progress. Plans for the property include 44 for-sale housing units; four to eight units of rental housing developed by the Westborough Housing Authority; 120,000 square feet of commercial space with frontage along Route 9; expansion of Spectrum House (a regional human service provider); and guidelines that will promote "green" building designs and renewable energy technologies. Town officials have hailed the plan as a showcase for innovative, practical development on the local and state level. They also point to the benefit of boosting the tax base and meeting the town's housing needs.

A similar story has emerged at the former Northampton State Hospital. MassDevelopment is taking the lead in developing the 124-acre main campus of the former state mental health hospital, including environmental remediation and

demolition of more than 50 buildings, comprising 900,000 square feet of space. The reuse plan calls for 476,000 square feet of commercial, industrial, and office space; 207 residential units; and 60 to 80 assisted living units. The 207 residential units include 100 single-family homes (25 percent affordable) and 107 rental units (75 affordable). In addition, the project is projected to create 889 new jobs and produce \$1.25 million in new local property tax revenue.

As with the Lyman School project, the Northampton project has the support of local officials, including neighborhood groups and the mayor. Giving the project a further boost was the announcement on July 20 of the first commercial tenant at the site, a Northampton company that needed a larger space and will now remain in the city.

As these three examples illustrate, MassDevelopment has a wide range of

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From the Deputy Commissioner

A betterment or special assessment is a property tax that is permitted where real property within a limited area receives a special benefit

from the construction of a public improvement. Properties owned by governmental entities are exempt from betterments and special assessments, but properties owned by individuals, charitable and religious organizations are not exempt.

For example, cities, towns and districts may assess all or a portion of the cost of installing water and sewer systems, plants and facilities. This includes the cost of pipes, mains, and other materials and labor. As for sidewalks, no more than 50 percent of the cost of their original construction or reconstruction may be assessed to property owners.

Betterments and Special Assessments is a publication that water and sewer officials, assessors, tax collectors and municipal accountants will find especially useful. It contains a section on the responsibilities of various parties (boards of assessors, tax collectors and property owners) and provides examples of apportionments, payment schedules, and committed interest.

This booklet is available on our website (www.dls.state.ma.us) under "Publications and Forms." Also listed under "Publications and Forms" is our booklet on revenue deficits. New accounting officers will find this guide (*Revenue Deficits: An Overview*) especially useful.

Joseph J. Chessey, Jr.
Deputy Commissioner

Legal

in Our Opinion

FVAC Values Upheld by ATB

by James Crowley

Recently, two decisions were issued that pertain to agricultural land and agricultural use for zoning. One decision concerned the valuation of cranberry bogs classified under M.G.L. Ch. 61A. This Appellate Tax Board (ATB) case is *Mann v. Board of Assessors of Plymouth* decided on November 26, 2001.

Keith Mann operated Mann Farms, Inc. with its 135 acres of cranberry bogs. The bogs were assessed as three separate parcels in accordance with plans in the office of the Plymouth Board of Assessors. For fiscal year 2000 the taxpayer filed timely Ch. 61A applications, which were deemed allowed. When FY2000 tax bills were issued, Mann filed timely abatement applications to contest the agricultural valuations. The Plymouth assessors granted modest abatements and Mann appealed to the ATB. At issue were the agricultural valuations, which were based on the range of values from the Massachusetts Farmland Valuation Advisory Commission (FVAC).

The FVAC annually determines farm values. Under M.G.L. Ch. 61A Sec. 11, the FVAC consists of the Commissioner of Revenue, the Commissioner of Agriculture, the Director of Housing and Community Development, the Dean of the College of Food and Natural Resources of the University of Massachusetts, or their designees, and one member of a local board of assessors. M.G.L. Ch. 61A Sec. 10 requires assessors to use the FVAC range of values as well as their personal knowledge, judgment and experience in valuing farm property. The FVAC figures for the January 1, 1999, assessment date for FY2000 were based on industry income and expense data for the five-calendar-year

period from 1993 through 1997 with the highest and lowest calendar year figures over that period not taken into consideration. The taxpayer argued that the assessors should not have relied on the FVAC guidelines. He contended values should be derived from an income capitalization methodology based on actual income and expenses from his farm. In his view, the income capitalization rate should also have been more realistically calculated in light of the steep decline in cranberry prices.

The ATB agreed that the taxpayer had found specific factors that could lead to valuations outside the FVAC guidelines. First, the ATB noted the FVAC did not consider current sales data. There was a time lag between the January 1, 1999, assessment date and the 1993–1997 calendar year time period for income and expense figures. The FVAC failed to consider calendar year 1998 income and expense data and also disregarded 1997 figures which were the lowest for the five-year period. Second, the taxpayer presented evidence as to the sharp decline in the per bushel price of cranberries for the relevant time period. Yet, the ATB held that the taxpayer did not present a credible methodology to determine the value of the Ch. 61A land. Although the taxpayer had shown flaws in the FVAC guidelines, he did not provide evidence of excessive valuation. In the ATB's view, the taxpayer's witness had presented evidence as to the value of the business enterprise, not the value of the earning capacity or use value of the *land*.

According to the ATB, there were problems with an income capitalization methodology, which was proposed by the taxpayer. An income approach to value does not distinguish between efficient and inefficient operations and does not make adjustments for the variable con-

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Focus

on Municipal Finance

A Look at FY02 Split Tax Rates

by Amy Januskiewicz with statistical analysis

by Donna Demirai

Cities and towns that are certified as assessing property at full and fair cash value may elect to shift the tax burden among the major property classes under certain limits established by law. At an annual public hearing, the board of selectmen or the mayor, with the consent of the city council, may separately consider the four local options available to communities. These four options will be discussed in this article.

In FY02, approximately 28 percent of cities and towns in Massachusetts shifted some of the tax burden from the residential and open space classes (R&O) to the commercial, industrial and personal property classes (CIP) by adopting a split tax rate. The adoption of different rates does not change the total property tax levy; rather it determines the share of the total levy to be

borne by each class. When a community has a single tax rate, taxpayers individually and within each class pay the same percentage share of the tax levy. The Classification Act of 1979 established two limits on the ability of cities and towns to shift the property tax burden. The share of the levy raised by the commercial and industrial classes and personal property may be increased 50 percent as long as the residential and open space classes raise at least 65 percent of what they would have raised without the shift. The Department of Revenue (DOR) determines for every community the proportionate amount that the R&O share of the levy would decrease if the CIP share were increased by 50 percent above what it would be if all property were taxed at the same rate. This is called the Minimum Residential Factor (MRF). If the MRF would be less than .65, the community cannot make the maximum shift and must use a CIP factor less than 1.50. DOR's automated recap program will calculate the MRF.

However, the CIP share of the levy is allowed to increase up to 75 percent under Chapter 200 of the Acts of 1988 under certain conditions. If a community's shift using the MRF results in a residential share larger than the prior year's, the CIP share may increase by up to 75 percent as long as the residential share is not reduced by more than 50 percent. However, the residential share cannot be less than it was in any year since the community's values were first certified at full and fair cash value.

In FY02, 82 percent of communities in Massachusetts had an allowable shift factor of 1.50. Two percent had an allowable factor of less than 1.50; five percent had a factor between 1.50 and 1.75; and 12 percent had the maximum factor of 1.75. Information for each city and town is shown in *Table 1*. It lists: the CIP percent of total valuation, the maximum allowable CIP shift, the actual CIP shift, the dollar amount of the shift, the actual residential tax rate, the actual CIP tax rate, and the single tax rate that would have been in effect if there had not been a shift. As shown in *Table 1*, the actual CIP levy share increase chosen by the 100 communities that shift varies from two percent to 75 percent. Only 20 communities elected to shift to their maximum in FY02.

Figure 1 looks at the use of multiple tax rates as a function of the CIP percent of a community's total assessed value. It shows that the percentage of communities with multiple rates increases as the CIP value increases. For the 128 communities with the lowest CIP share (less than 10 percent), 6 percent have multiple rates and 94 percent chose not to shift the tax burden, an increase of 12 percent since FY00. Of the 127 communities with 10 to 19.9 percent of their assessed value in CIP, 27 percent shift and 15 of those communities shift in the

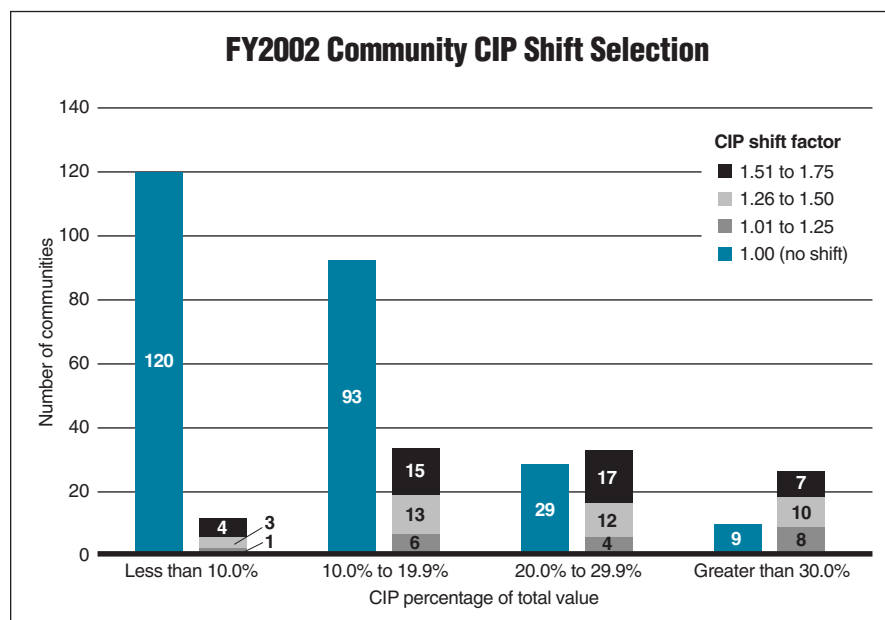


Figure 1

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FY2002 Multiple Tax Rates, CIP Shifts and Amount Shifted

	CIP pct. of valuation	Max. CIP shift	Actual CIP shift	\$ shift to CIP (000s)	Actual res. tax rate	Actual CIP tax rate	Single tax rate		CIP pct. of valuation	Max. CIP shift	Actual CIP shift	\$ shift to CIP (000s)	Actual res. tax rate	Actual CIP tax rate	Single tax rate	
Abington	13.70	1.50	1.00		16.46	16.46	16.46	Chesterfield	6.60	1.50	1.00		18.98	18.98	18.98	Hancock
Acton	14.20	1.50	1.00		15.11	15.11	15.11	Chicopee	23.10	1.67	1.60	6,136	16.27	31.75	19.85	Hanover
Acushnet	9.50	1.50	1.20	166	15.34	18.80	15.67	Chilmark	1.70	1.50	1.00		1.77	1.77	1.77	Hanson
Adams	20.70	1.50	1.14	164	17.65	20.88	18.32	Clarksburg	4.50	1.50	1.00		12.85	12.85	12.85	Hardwick
Agawam	30.60	1.50	1.27	2,513	15.11	21.78	17.15	Clinton	15.60	1.75	1.70	1,280	16.20	31.62	18.60	Harvard
Alford	3.60	1.50	1.00		6.55	6.55	6.55	Cohasset	6.60	1.50	1.00		11.48	11.48	11.48	Harwich
Amesbury	17.60	1.50	1.00		17.64	17.64	17.64	Cotrain	11.70	1.50	1.00		16.86	16.86	16.86	Hatfield
Amherst	13.80	1.50	1.00		19.00	19.00	19.00	Concord	10.90	1.50	1.00		9.83	9.83	9.83	Haverhill
Andover	25.80	1.50	1.26	4,677	14.13	19.57	15.53	Conway	9.20	1.50	1.00		16.40	16.40	16.40	Hawley
Aquinnah	1.40	1.75	1.00		3.49	3.49	3.49	Cummington	12.60	1.50	1.00		13.71	13.71	13.71	Heath
Arlington	7.00	1.50	1.00		13.85	13.85	13.85	Dalton	20.90	1.50	1.00		18.16	18.16	18.16	Hingham
Ashburnham	3.80	1.50	1.00		16.65	16.65	16.65	Danvers	30.30	1.50	1.20	2,384	12.92	16.98	14.15	Hinsdale
Ashby	5.30	1.50	1.00		15.84	15.84	15.84	Dartmouth	17.80	1.50	1.00		10.55	10.55	10.55	Holbrook
Ashfield	9.10	1.50	1.00		16.53	16.53	16.53	Deerfield	21.80	1.75	1.75	6,547	13.37	29.60	16.91	Holden
Ashland	10.50	1.50	1.06	137	16.79	17.92	16.91	Dennis	28.70	1.50	1.00		11.85	11.85	11.85	Holland
Athol	14.60	1.50	1.00		16.71	16.71	16.71	Dighton	8.90	1.50	1.00		6.23	6.23	6.23	Holliston
Attleboro	17.40	1.75	1.50	3,004	13.00	21.80	14.53	Dorchester	15.70	1.75	1.65	688	13.90	26.08	15.81	Holyoke
Auburn	30.30	1.50	1.46	2,510	13.08	23.87	16.35	Douglas	6.40	1.50	1.00		14.42	14.42	14.42	Hopedale
Avon (C)	48.30	1.38	1.32	1,438	12.07	22.90	17.24	Dover	1.80	1.50	1.00		9.80	9.80	9.80	Hopkinton
Ayer	47.50	1.52	1.38	1,938	9.85	20.73	15.02	Dracut	9.20	1.50	1.00		15.19	15.19	15.19	Hubbardsston
Barnstable	13.40	1.50	1.00		9.26	9.26	9.26	Dudley	8.80	1.50	1.00		10.39	10.39	10.39	Hudson
Barre	11.80	1.50	1.00		14.82	14.82	14.82	Dunstable	4.20	1.50	1.00		11.91	11.91	11.91	Hull
Becket	8.40	1.50	1.00		11.42	11.42	11.42	Duxbury	3.60	1.50	1.00		12.42	12.42	12.42	Huntington
Bedford (O)	28.30	1.75	1.70	6,183	10.64	24.94	14.67	E. Bridgewater	13.00	1.50	1.00		15.75	15.75	15.75	Ipswich
Belchertown	6.70	1.50	1.00		18.90	18.90	18.90	E. Brookfield	10.70	1.50	1.00		12.72	12.72	12.72	Kingston
Bellingham (C)	38.10	1.50	1.08	588	12.21	13.95	12.85	E. Longmeadow	22.60	1.50	1.00		19.01	19.01	19.01	Lakeville
Belmont	5.60	1.50	1.00		11.19	11.19	11.19	Eastham	6.60	1.50	1.00		9.20	9.20	9.20	Lancaster
Berkley	4.90	1.50	1.00		12.04	12.04	12.04	Easthampton	14.90	1.50	1.00		16.55	16.55	16.55	Lanesborough
Berlin	31.30	1.50	1.00		14.97	14.97	14.97	Easton	13.20	1.50	1.00		14.88	14.88	14.88	Lawrence
Bernardston	15.60	1.50	1.00		21.00	21.00	21.00	Edgartown	7.90	1.50	1.00		4.00	4.00	4.00	Lee
Beverly	13.80	1.50	1.50	3,569	12.52	20.42	13.61	Egremont	7.50	1.50	1.00		9.16	9.16	9.16	Leicester
Billerica	29.10	1.71	1.61	10,626	12.43	26.67	16.58	Erving	90.40	1.04	1.04	163	5.34	8.52	8.22	Lenox
Blackstone	33.50	1.50	1.00		13.50	13.50	13.50	Essex	11.90	1.50	1.00		11.65	11.65	11.65	Leominster
Blackford	12.50	1.50	1.00		16.12	16.12	16.12	Everett	49.50	1.46	1.46	10,734	10.24	27.55	18.82	Leverett
Bolton	12.00	1.50	1.00		16.04	16.04	16.04	Fairhaven	21.50	1.50	1.17	577	13.96	17.13	14.64	Lexington
Boston (R)	41.40	1.69	1.69	277,626	11.07	30.33	17.94	Fall River	23.90	1.75	1.75	6,927	9.84	22.54	12.88	Leyden
Bourne	13.80	1.50	1.00		12.87	12.87	12.87	Falmouth	7.70	1.50	1.00		8.24	8.24	8.24	Lincoln
Boxborough	26.00	1.50	1.00		15.47	15.47	15.47	Fitchburg	22.80	1.50	1.25	1,478	17.56	23.70	18.96	Littleton
Boxford	2.20	1.50	1.00		12.54	12.54	12.54	Florida	73.70	1.13	1.03	28	11.25	12.65	12.28	Longmeadow
Boylston	10.40	1.50	1.00		13.04	13.04	13.04	Foxborough	20.90	1.50	1.00		14.15	14.15	14.15	Lowell
Braintree (C)	28.60	1.60	1.50	6,934	12.41	23.34	15.53	Frammingham	30.20	1.50	1.47	14,548	16.95	31.27	21.27	Ludlow
Brewster	8.30	1.50	1.00		10.69	10.69	10.69	Franklin	21.10	1.50	1.00		11.57	11.57	11.57	Lunenburg
Bridgewater	11.70	1.50	1.00		15.18	15.18	15.18	Freetown	14.30	1.75	1.45	608	14.49	22.72	15.67	Lynn
Brimfield	12.90	1.50	1.00		16.47	16.47	16.47	Gardner	17.50	1.50	1.00		17.11	17.11	17.11	Lynnfield
Brockton	20.90	1.75	1.67	10,283	13.91	28.23	16.90	Georgetown	11.10	1.50	1.00		12.34	12.34	12.34	Malden
Brookfield	8.40	1.50	1.00		19.52	19.52	19.52	Gill	18.20	1.50	1.00		15.37	15.37	15.37	Manchester
Brookline (R)	20.70	1.75	1.75	7,552	12.90	21.07	12.06	Gloucester	10.30	1.50	1.30	1,266	11.36	15.29	11.76	Mansfield
Buckland	9.90	1.50	1.00		18.98	18.98	18.98	Goshen	5.50	1.50	1.00		18.33	18.33	18.33	Marblehead
Buckland	43.00	1.53	1.50	10,922	9.10	22.10	14.69	Gosnold	2.60	1.50	1.00		1.99	1.99	1.99	Marion
Burlington	38.70	1.69	1.69	50,072	7.22	18.81	11.13	Grafton	7.40	1.50	1.00		14.74	14.74	14.74	Marlborough (R)
Canton	25.70	1.50	1.50	4,573	12.24	22.20	14.80	Granby	7.80	1.50	1.00		16.09	16.09	16.09	Marshfield
Carlisle	1.90	1.50	1.00		15.78	15.78	15.78	Granville	15.60	1.50	1.00		16.44	16.44	16.44	Mashpee
Carver	15.20	1.75	1.35	625	18.73	26.96	19.98	Grt. Barrington	23.30	1.50	1.00		15.62	15.62	15.62	Mattapoisett
Charmont	14.70	1.50	1.00		17.88	17.88	17.88	Greenfield	25.90	1.50	1.00		21.23	21.23	21.23	Maynard
Chatham	15.20	1.50	1.00		12.80	12.80	12.80	Groton	5.00	1.50	1.00		14.10	14.10	14.10	Medford
Chatham	8.40	1.50	1.00		6.94	6.94	6.94	Groveland	9.00	1.50	1.00		13.53	13.53	13.53	Medford
Chelmsford	21.50	1.50	1.00		15.84	15.84	15.84	Hadley	35.40	1.50	1.00		12.35	12.35	12.35	Melrose
Chelsea (R)	30.50	1.75	1.75	5,153	14.52	33.18	18.96	Halifax	11.10	1.50	1.00		14.21	14.21	14.21	Mendon
Cheshire	9.20	1.50	1.00		11.50	11.50	11.50	Hamilton	5.10	1.50	1.00		14.54	14.54	14.54	Merrimac
Chester	8.00	1.50	1.00		18.34	18.34	18.34	Hampden	8.90	1.50	1.00		19.81	19.81	19.81	

	CIP pct. of valuation	Max. CIP shift	Actual CIP shift	\$ shift to CIP (000s)	Actual res. tax rate	Actual CIP tax rate	Single tax rate		CIP pct. of valuation	Max. CIP shift	Actual CIP shift	\$ shift to CIP (000s)	Actual res. tax rate	Actual CIP tax rate	Single tax rate	
Methuen	17.00	1.50	1.45	3,167	14.38	22.97	15.94	Princeton	3.60	1.50	1.00		15.37	15.37	15.37	Tyngsborough
Middleborough	18.50	1.50	1.10	360	14.76	16.61	15.10	Provincetown	26.00	1.50	1.00		6.30	6.30	6.30	Tyringham
Middlefield	7.90	1.50	1.00		18.40	18.40	18.40	Quincy	20.10	1.75	1.69	16,067	13.15	28.91	15.92	Upton
Middletown	19.30	1.50	1.00		12.13	12.13	12.13	Randolph	16.20	1.56	1.53	2,601	12.83	21.86	14.29	Uxbridge
Milford	24.20	1.65	1.50	4,058	14.28	25.49	16.99	Raynham	28.50	1.50	1.09	359	13.57	15.34	14.07	Wakefield
Milbury	18.20	1.50	1.00		19.16	19.16	19.16	Reading	7.20	1.50	1.00		12.24	12.24	12.24	Wales
Millis	10.50	1.50	1.00		15.14	15.14	15.14	Rehoboth	8.80	1.50	1.00		11.92	11.92	11.92	Walpole
Milville	5.30	1.50	1.00		15.06	15.06	15.06	Revere	14.60	1.75	1.75	4,375	12.89	25.86	14.78	Walworth (R)
Milton	4.50	1.50	1.40	689	16.87	24.07	17.19	Richmond	6.30	1.50	1.00		10.94	10.94	10.94	Ware
Monroe	71.90	1.14	1.00		14.00	14.00	14.00	Rochester	14.70	1.50	1.00		13.83	13.83	13.83	Wareham
Monson	11.60	1.50	1.00		17.78	17.78	17.78	Rockland	23.70	1.50	1.00		17.84	17.84	17.84	Warren
Montague	31.10	1.50	1.20	508	17.36	22.90	19.08	Rockport	7.30	1.50	1.00		11.90	11.90	11.90	Warwick
Monterey	5.70	1.50	1.00		9.32	9.32	9.32	Roxe	93.80	1.03	1.02	48	3.44	5.42	5.30	Washington
Montgomery	4.90	1.50	1.00		15.65	15.65	15.65	Rowley	14.20	1.50	1.00		11.66	11.66	11.66	Watertown (R)
Mt. Washington	4.10	1.50	1.00		4.62	4.62	4.62	Royalston	6.20	1.50	1.00		12.11	12.11	12.11	Wayland
Nahant	3.00	1.50	1.00		9.39	9.39	9.39	Russell	14.10	1.50	1.46	94	15.85	25.04	17.15	Webster
Nantucket (R)	8.50	1.75	1.75	2,202	4.21	7.62	4.35	Rutland	5.20	1.50	1.00		13.41	13.41	13.41	Wellesley
Natick	25.90	1.50	1.00		12.62	12.62	12.62	Salem	25.30	1.75	1.65	8,146	13.53	28.62	17.35	Wellfleet
Needham	14.90	1.75	1.61	4,907	10.58	19.07	11.85	Salisbury	21.20	1.50	1.00		12.92	12.92	12.92	Wendell
New Ashford	31.40	1.50	1.25	18	9.19	12.98	10.38	Sandisfield	10.20	1.50	1.00		10.00	10.00	10.00	Wenham
New Bedford	21.40	1.75	1.75	9,820	15.41	33.88	19.36	Sandwich	17.30	1.50	1.00		12.86	12.86	12.86	W. Boylston
New Braintree	8.50	1.50	1.00		16.78	16.78	16.78	Saugus	23.50	1.75	1.75	5,961	10.03	22.83	13.04	W. Bridgewater
New Marlborough	7.40	1.50	1.00		10.36	10.36	10.36	Savoy	5.20	1.50	1.00		15.60	15.60	15.60	W. Brookfield
New Salem	6.40	1.50	1.00		15.90	15.90	15.90	Scituate	5.40	1.50	1.00		15.31	15.31	15.31	W. Newbury
Newbury	4.80	1.50	1.00		10.44	10.44	10.44	Seekonk	27.50	1.50	1.36	1,936	15.69	24.71	18.17	W. Springfield
Newburyport	15.60	1.50	1.00		13.11	13.11	13.11	Sharon	6.10	1.50	1.00		17.85	17.85	17.85	W. Stockbridge
Newton	11.00	1.75	1.72	12,870	9.94	18.77	10.91	Sheffield	14.60	1.50	1.00		13.00	13.00	13.00	W. Tisbury
Norfolk	4.90	1.50	1.00		14.32	14.32	14.32	Shelburne	21.90	1.50	1.00		12.34	12.34	12.34	Westborough
N. Adams	26.10	1.58	1.58	1,186	14.33	28.31	17.98	Sherborn	3.20	1.50	1.00		14.96	14.96	14.96	Westfield
N. Andover	14.20	1.50	1.18	969	12.66	15.40	13.05	Shirley	12.10	1.50	1.00		13.57	13.57	13.57	Westford
N. Attleborough	25.90	1.50	1.00		11.85	11.85	11.85	Shrewsbury	16.30	1.50	1.00		13.58	13.58	13.58	Westhampton
N. Brookfield	12.60	1.50	1.00		12.94	12.94	12.94	Shutesbury	3.30	1.50	1.00		19.97	19.97	19.97	Westminster
N. Reading	14.80	1.50	1.00		12.45	12.45	12.45	Somerset (R.C.)	38.40	1.75	1.58	6,107	12.13	27.44	17.32	Weston
Northampton	22.80	1.50	1.00		15.91	15.91	15.91	Somerville (R)	18.30	1.75	1.75	8,408	13.72	23.42	13.38	Westport
Northborough	21.70	1.50	1.00		16.58	16.58	16.58	S. Hadley	11.80	1.50	1.00		17.86	17.86	17.86	Westwood
Northbridge	11.20	1.50	1.00		12.79	12.79	12.79	Southampton	7.60	1.50	1.00		15.24	15.24	15.24	Weymouth
Northfield	39.20	1.50	1.00		14.60	14.60	14.60	Southborough	20.50	1.50	1.00		12.66	12.66	12.66	Whately
Norton	15.70	1.50	1.00		15.86	15.86	15.86	Southbridge	24.40	1.50	1.00		15.78	15.78	15.78	Whitman
Norwell	17.60	1.50	1.00		16.16	16.16	16.16	Southwick	13.00	1.50	1.00		15.99	15.99	15.99	Wilbraham
Norwood	32.00	1.50	1.33	3,752	13.06	20.56	15.46	Spencer	15.00	1.50	1.00		11.40	11.40	11.40	Williamsburg
Oak Bluffs	7.70	1.50	1.00		7.04	7.04	7.04	Springfield	27.80	1.75	1.45	13,899	19.88	34.82	24.04	Williamstown
Oakham	7.60	1.50	1.00		11.88	11.88	11.88	Sterling	12.70	1.50	1.00		16.08	16.08	16.08	Wilmington
Orange	18.60	1.50	1.00		18.77	18.77	18.77	Stockbridge	12.80	1.50	1.00		8.60	8.60	8.60	Winchendon
Orleans	8.60	1.50	1.00		5.36	5.36	5.36	Stoneham	15.20	1.50	1.12	524	16.21	18.56	16.57	Winchester (WS)
Otis	8.20	1.50	1.00		9.00	9.00	9.00	Stoughton	19.00	1.60	1.49	3,095	13.53	22.77	15.28	Windsor
Oxford	18.00	1.50	1.00		14.60	14.60	14.60	Stow	9.20	1.50	1.00		14.70	14.70	14.70	Winthrop
Palmer	21.30	1.50	1.00		17.99	17.99	17.99	Sturbridge	23.50	1.50	1.00		16.44	16.44	16.44	Woburn
Paxton (O)	5.00	1.50	1.00		16.63	16.60	16.60	Sudbury	6.70	1.50	1.32	962	17.09	23.09	17.49	Worcester
Peabody	26.50	1.70	1.57	7,874	8.94	17.65	11.25	Sunderland	12.50	1.50	1.00		14.45	14.45	14.45	Worthington
Pelham	4.10	1.50	1.00		19.97	19.97	19.97	Sutton	10.10	1.50	1.00		16.62	16.62	16.62	Wrentham
Pembroke	14.00	1.50	1.00		13.12	13.12	13.12	Swampscott	7.00	1.75	1.70	1,270	13.13	23.56	13.86	Yarmouth
Pepperell	7.60	1.50	1.00		12.64	12.64	12.64	Swansea	21.10	1.50	1.00		12.17	21.07	14.05	
Peru	8.90	1.50	1.00		17.83	17.83	17.83	Taunton	23.00	1.68	1.67	6,453	11.95	24.93	14.94	
Petersham	8.30	1.50	1.00		14.02	14.02	14.02	Templeton	10.30	1.50	1.00		13.56	13.56	13.56	
Phillipston	6.30	1.50	1.00		15.45	15.45	15.45	Tewksbury	23.10	1.50	1.44	3,903	13.00	21.65	15.00	
Pittsfield	27.20	1.50	1.31	3,825	19.19	28.52	21.73	Tisbury (R)	11.30	1.75	1.68	897	7.32	12.66	7.54	
Plainfield	14.70	1.50	1.00		15.20	15.20	15.20	Tolland	9.50	1.50	1.00		5.70	5.70	5.70	
Plainville	21.70	1.73	1.73		17.23	17.23	17.23	Topsheld	7.50	1.00	1.00		13.70	13.70	13.70	
Plymouth	31.10	1.50	1.00		14.26	14.26	14.26	Townsend	9.90	1.50	1.00		16.75	16.75	16.75	
Plympton	9.10	1.50	1.00		13.64	13.64	13.64	Truro	8.10	1.50	1.00		5.38	5.38	5.38	

Notes:
C — Small commercial exemption
O — Open space discount
R — Residential exemption
WS — Water-sewer debt shift

Table 1

Split Tax Rates

continued from page three

maximum range (1.51 to 1.75). This is a 67 percent increase since FY00. In communities with a 20 to 29.9 CIP percentage of total value, 53 percent chose to shift, slightly higher than the FY00 percentage of 51 percent. The percentage of communities with more than 30 percent of CIP value that chose to shift has remained fairly steady since FY00 at about 74 percent and their shift factors have also remained somewhat constant.

Also shown in *Figure 1* are the ranges of the actual shift factor as a function of the CIP percentage of total assessed value. As the CIP percentage of assessed value increases, communities are more likely to use multiple rates. In addition, communities are able to shift a larger percentage of the total levy share onto the CIP properties. The percentage of communities using a shift factor greater than 1.50 ranges from 3 percent (for the communities with the lowest CIP percentage of value) to 27 percent (for communities with 20 to 29.9 percentage of CIP value). Of the communities with CIP value greater than 30 percent, 21 percent have a shift factor greater than 1.50.

As indicated in *Figure 2*, the statewide CIP shift factor increased from 1.50 in FY00 to 1.55 in FY02. The CIP shift factor is calculated by dividing the CIP percentage of the total levy by the CIP percentage of total value. *Figure 2* also shows that the CIP percentage of total value has been slightly decreasing over the past few years. The percentage was 21.29 percent in FY00 and was 20.05 percent in FY02. During this same time period, the CIP tax levy as a percentage of total levy also decreased from 32 percent to 31.07 percent. Because these percentages have decreased significantly over the past 16 years, communities have increased shift factors to somewhat maintain steady share percentages.

There were 86 communities with a split tax rate in FY87. In FY02, 81 of those communities still opted to shift. The number of communities that shift has remained fairly constant over the past few years at about 100. In FY02, two communities, Bellingham and Ludlow opted to shift for the first time.

Once properties have been classified and certified, there must be a public hearing at which the assessors present information to the board of selectmen or

the city council and mayor who vote whether to establish different rates or continue to tax all classes of property by the same rate. It is also at this public hearing where three other local options may also be considered. In addition to a split tax rate, a residential exemption, an open space discount and a small commercial exemption are available to communities.

The selectmen or mayor with the consent of the city council, may opt to exempt a percentage of the assessed value of every residential property that is the principal residence of a taxpayer. This residential exemption effectively shifts some of the tax burden from owner-occupied properties worth less than average, to more expensive residential properties and those owned by nonresidents. Generally two types of communities adopt the residential exemption: communities with a substantial number of apartment buildings, and resort communities with property owned by nonresidents. The discount can be up to 20 percent of the average assessed value in the residential class of property. Since the residential class of property still has to raise the same

continued on page seven

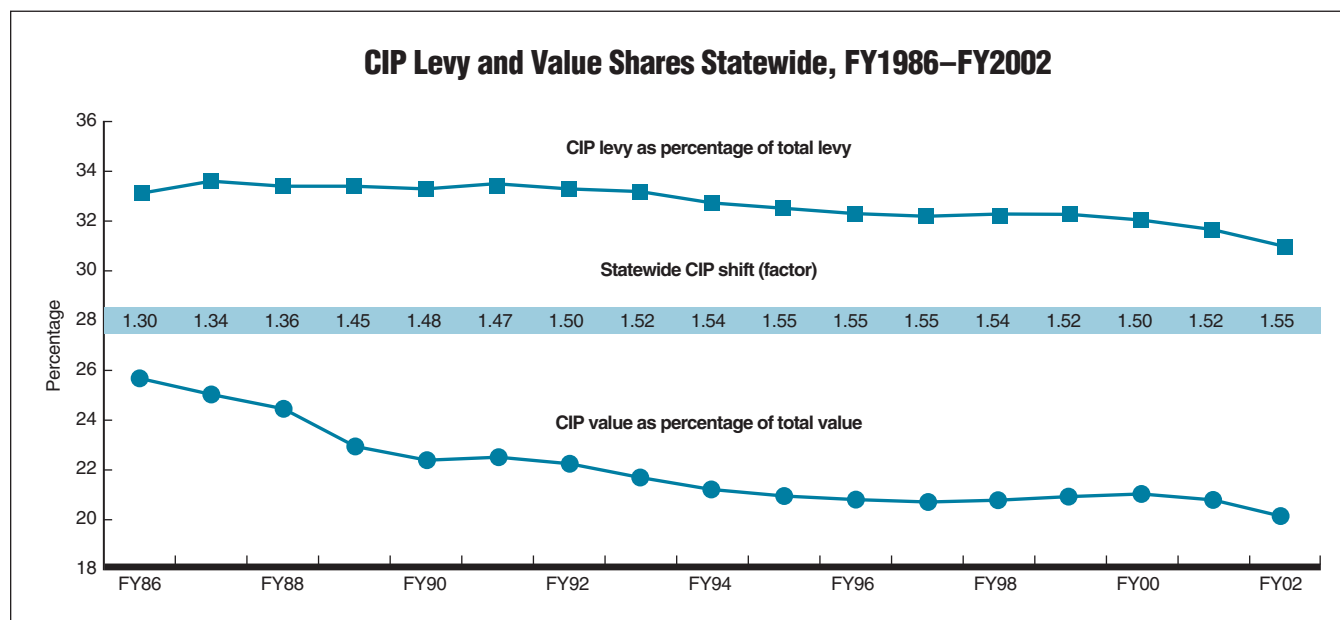


Figure 2

MassDevelopment

continued from page one

tools at its disposal. We redevelop and manage real estate property, lend money to businesses and developers for business expansions and housing development, and we administer the state's Brownfield's Redevelopment Fund. Most importantly, the key to making our projects work is not the tools, but the people, both within our agency and in the towns in which we do busi-

ness. MassDevelopment's success lies in its ability to work closely with local officials and businesses and to focus on the specific projects that are priorities of cities and towns throughout the state.

For more information on MassDevelopment programs, contact the agency at (800) 445-8030 or visit our website at www.massdevelopment.com. ■

Split Tax Rates

continued from page six

amount as it would have raised without the shift, the result is a higher residential tax rate. Over the past few years, there have been 11 communities that have annually adopted this exemption. Of these 11 communities, two have a large number of seasonal homes and eight have a substantial number of apartments. (See September 2002 issue of *City and Town* for further information about this local option.)

An open space discount reduces the tax burden for properties classified by the assessors as open space, defined as land in an open or natural condition contributing to the public benefit and enjoyment. Such land may not include chapter land (M.G.L. Ch. 61, 61A, 61B), property held for income production, or property with a permanent conservation restriction. The discount may be up to 25 percent of the class tax burden. The cost of the discount is shifted to the residential class. In the last few years, only two communities, Bedford and Paxton, have chosen this option.

The selectmen or mayor with the approval of the city council, may also opt to exempt a percentage of the assessed

value of commercial parcels that are occupied for business with average annual employment of 10 or less and valued at less than \$1 million. The exemption may be up to 10 percent. The small commercial exemption shifts taxes from qualified commercial parcels to those in the commercial and industrial class not eligible for the exemption. The four communities that chose this option in FY02 were Avon, Bellingham, Braintree and Somerset.

Over the past few years the number of communities that adopt the four local options has remained fairly constant. The same communities have chosen the residential exemption, open space discount and the small commercial exemption each year except one new community chose the small commercial exemption in FY02. The number of communities adopting a split tax rate has remained at about 100 since FY99. Between FY96 and FY00 no communities adopted a shift for the first time and during this time two communities stopped shifting. As previously mentioned, in FY02, two communities opted to shift for the first time. ■

FVAC Values

continued from page two

dition of weather. On the other hand, the FVAC, by promulgating a range of values, attempts to achieve uniformity in the assessment of each category of farmland. The FVAC provides a per acre range of values for each category of land with three descriptions: below average, average and above average. In the case at hand, the ATB found that the Plymouth assessors had properly valued the cranberry bogs in accordance with the FVAC Guidelines. Mann has appealed this decision to the Appeals Court.

In a zoning case, *Bateman v. Board of Appeals of Georgetown*, Mass. App. Ct. (2002), the Appeals Court upheld the granting of a variance and special permit to an owner who planned to build a riding academy and public stable. Abutters objected and claimed, among other things, that a special permit was necessary since the proposed use of the land did not fit within the agricultural use exemption to the zoning law. Relying on the earlier decision of *Steege v. Board of Appeals of Stow*, 26 Mass. App. Ct. 970 (1988), the Appeals Court held that using the land to raise, train and board horses came under the agricultural use exemption to the zoning law as set forth in M.G.L. Ch. 40A Sec. 3. Since use of the land for raising, boarding and training horses was agricultural for zoning purposes, the owner did not require a special permit. The *Bateman* case was exclusively a zoning case, and the Appeals Court did not consider whether the proposed uses could qualify the land for classification under the provisions of M.G.L. Ch. 61A ■

DLS Update

Charter School Proposals

Currently, the Department of Education (DOE) is considering proposals for 11 new charter schools. The proposals are for six schools in Boston, and one each in Haverhill, North Adams, Salem, Waltham and Worcester. In this application cycle, there are 19 Commonwealth and 34 Horace Mann charters available.

Information gathered in January from public comment and a series of public hearings will be used by the state Board of Education to evaluate the proposals. The Board will take its final vote on these applications in February 2003.

Charter schools have been operating in Massachusetts since 1995. They are independent public schools started by teachers, parents, social service organizations and community leaders. The schools have the freedom to organize around a core mission, curriculum, theme or teaching method. They are also allowed to control their own budgets and personnel decisions. Schools are given five years to attract students and produce positive results in order to retain their charter.

A Commonwealth charter school is a public school independent of any school committee. A Horace Mann charter school is a school or part of a school that operates under a charter approved by the local school committee and the local teachers' union.

In the 2002-03 school year, 46 charter schools (40 Commonwealth and six Horace Mann) are open and together enroll more than 17,000 students from more than 200 school districts. Six Commonwealth charter schools are scheduled to open in the fall of 2003.

For more information on Massachusetts Charter Schools, visit the DOE website at www.doe.mass.edu/charter.

Motor Vehicle Excise Guidelines

The Department of Revenue (DOR) recently issued Technical Information Release 02-23 on an amendment to M.G.L. Ch. 90, the motor vehicle registration statute, which became effective July 1, 2002.

This new legislation is designed to prevent evasion of sales/use tax and the local motor vehicle excise by individuals who improperly register a motor vehicle in another state, or misrepresent the principal place of garaging of a motor vehicle within Massachusetts. This law may be enforced by the Department of Revenue, the Registry of Motor Vehicles, local boards of assessors, and state and local police. The presence of any of the criteria listed in this new legislation creates a prima facie case that the owner of a motor vehicle is a resident of Massachusetts, that the vehicle should be registered in Massachusetts and, for local excise purposes, garaged at the address contained in the referenced records.

Improper registration of a motor vehicle or misrepresentation of the place of garaging may subject an individual to substantial fines. For more information and a list of the new criteria, Technical Information Release 02-23 is available on the DOR website at www.mass.gov/dor under "Rulings and Regulations."

New Finance Committee Handbook

The Association of Town Finance Committees has released a revised version of the *Finance Committee Handbook* in CD format.

This CD replaces the three-hole punch paper editions previously published. All files are in PDF format and can be viewed by downloading the Adobe Acrobat Reader, which is available on the CD.

The CD also contains the following Division of Local Services' publications: *Costing Municipal Services*; *Developing a Capital Improvement Plan*; *A Guide to Financial Management for Town Officials*; *Levy Limits: A Primer on Proposition 2½*; *Municipal Finance Glossary*; and *Proposition 2½ Ballot Questions*.

Copies of the CD can be obtained by contacting Michael Pingpank at the Massachusetts Municipal Association at (617) 426-7272, ext. 160.

Community Firsts

Deputy Commissioner Joseph J. Chessey, Jr. congratulates the following communities for their first place finish in the categories of first to receive tax rate approval, free cash certification and Schedule A submission. For tax rate approval, Eastham in the state's eastern region received tax rate approval on August 29, 2002, while Williamstown in the west received certification on August 30, 2002. Lenox was the first community statewide to receive free cash certification on July 26, 2002. It was also the first community to submit the FY01 Schedule A to the Bureau of Accounts on August 2, 2002. Hats off to Montague for a strong second place finish in the Schedule A category with a submittal date of August 5, 2002. ■

DLS Update

Cape Cod Land Bank Matching Funds

Alan LeBovidge, Commissioner of Revenue, has announced the distribution of \$5.4 million under the Cape Cod Open Space Acquisition Fund. Fiscal year 2002 was the third year of operation of this fund, otherwise known as the "Cape Cod Land Bank." Under the law that created this program, each town received state matching funds of 50 percent of the sum collected from the 3 percent surcharge on real and personal property tax bills during FY00, FY01 and FY02.

For fiscal year 2002, a total of \$5,428,517 was distributed among the 15 towns on Cape Cod. (See *Table 2* for individual community reimbursement totals.) The Department of Revenue is responsible for administering the distribution of the matching funds, which were wired to the communities by the state treasurer in mid-November 2002.

Collections for the Cape Cod Land Bank totaled \$8,967,274 in FY00; \$9,530,780 in FY01; and \$10,857,036 in FY02, and reimbursements totaled \$4,483,637 in FY00; \$4,765,391 in FY01; and \$5,428,517 in FY02.

Funds collected under the program may be expended, upon appropriation, for land acquisition purposes only. Any real property interest purchased with the Land Bank funds must be retained in a natural, scenic or open condition. Monies from the Land Bank Fund may not be used to purchase land improved with buildings or other structures or to demolish improvements to land. Each community has appointed a town open space committee to carry out the provision of the program with respect to open space. Property may be acquired only upon a recommendation by the town open space committee and a majority vote of town meeting, or in Barnstable, the town council.

FY02 Cape Cod Land Bank Reimbursements

<u>Municipality</u>	<u>Reimbursement</u>
Barnstable	\$1,004,897
Bourne	321,528
Brewster	251,462
Chatham	408,278
Dennis	320,741
Eastham	158,828
Falmouth	756,045
Harwich	368,714
Mashpee	344,965
Orleans	184,284
Provincetown	132,424
Sandwich	437,824
Truro	100,760
Wellfleet	169,728
Yarmouth	468,039
Total	5,428,517

Table 2

Tax Amnesty Program Extended

The tax amnesty program offered by the Department of Revenue (DOR) has been extended through February 28, 2003. This program allows taxpayers who have not already filed a Request for Amnesty in the initial program to resolve their accounts without incurring any penalty charges. Technical Information Release (TIR 02-25), Extended Amnesty Program, available on the DOR website at www.mass.gov/dor, explains the extended program in detail.

Taxpayers interested in participating in the extended amnesty program must submit a completed Request for Extended Amnesty application, along with all required tax return(s) and full payment of tax and interest, to DOR no later than 5:00 p.m. on February 28, 2003. The Request for Extended Amnesty application, tax return(s) and payment should be mailed to Department of Revenue, PO Box 55485, Boston, MA 02205-5485.

Request for Extended Amnesty applications and further information about the extended amnesty program is available on the DOR website at www.mass.gov/dor, or by calling DOR at (617) 887-MDOR or 1-800-392-6089 toll-free in Massachusetts.

FY03 Special Education Costs

The Department of Education (DOE) administers a program (the so-called "50/50" program) in which the state pays for approximately half the tuition cost for special education students in private, residential schools. DOE's current fiscal year appropriation is insufficient to pay all anticipated claims. As a result, DOE has notified school districts that it will only pay for services rendered through the end of the third quarter. Private schools will be instructed to bill the sending school districts for the full cost of services rendered in the fourth quarter.

At the same time, DOE has announced the availability of a one-time federal grant, which districts can use for these tuition costs. DOE expects the federal grant will cover most, if not all, of the shortfall. However, DOE will not be able to make any payments under the federal grant until it has received the final fourth quarter FY03 accounting of actual costs from districts. These payments are not likely to be made until mid- to late-August, after the closing of the fiscal year.

The Division of Local Services cautions that school budgets for FY04 should be developed recognizing the uncertainty of the level of funding for the "50/50" program. ■

DLS Profile: Property Tax Bureau Staff

Under the direction of bureau chief Daniel J. Murphy, the Division of Local Services' Property Tax Bureau (PTB) provides advice and interpretations of municipal finance law, issues Informational Guideline Releases and writes opinion letters on legal matters.

Moreover, the PTB attorneys regularly provide instruction on municipal law at statewide schools for associations of local officials and make presentations at seminars, workshops and other meetings. Annually, in the fall, the PTB presents the "What's New in Municipal Law" seminars in both the western and eastern regions of the state. The bureau also approves assessments to unknown owners, certifies land of low value, and certifies taxes in litigation.

Gary Blau has served as tax counsel for the PTB for over 15 years and specializes in municipal finance, personal property tax and public employment law. Prior to his state service, Gary was Assistant and Associate Solicitor for the City of Newton for eight years. He is a 1970 graduate of the Massachusetts Institute of Technology with a combined Bachelor's Degree in Literature and Electrical Engineering and obtained his Juris Doctorate from Boston College Law School in 1974.

According to Dan Murphy, "Gary's expertise is invaluable. His particular knowledge and experience in very special areas of municipal law have helped just about every community in the state."

Jodi Beaton is the administrative assistant for the bureau. She has worked in this capacity for 22 years. Jodi tracks all of the bureau's correspondence, fields numerous telephone inquiries, assists with filling requests for public information, and proofreads and edits correspondence, IGRs and bulletins. Jodi enjoys her coworkers in the Property Tax Bureau, and referring to the fact that she has worked with them for many years, said that "we're like family."

Dan Murphy noted that as the sole administrative person in the bureau, Jodi is "indispensable." "She manages every piece of information we process and coordinates all the bureau's activities. Best of all, she does this capably and pleasantly." ■



Gary Blau and Jodi Beaton

Website News

The Division of Local Services' (DLS) website (www.dls.state.ma.us) now features a new online report: Approved Tax Rates. This report is generated directly from the DLS tax rate production database system several times a day, indicating the approval date and the rates under different property classes. It is sorted alphabetically by community. Also available on the DLS website are applications for motor vehicle excise exemptions. These forms are located under "Forms and Brochures" in the "Quick Links" box. The Approved Tax Rates list is also available under "Quick Links." ■

City & Town

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Joan E. Gourke, Editor

To obtain information or publications, contact the Division of Local Services via:

- website: www.dls.state.ma.us
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