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CITY & TOWN

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What Is a Residential Exemption?

written by Jean McCarthy

Communities have several options that allow local officials to shift some of the tax burden from one group of taxpayers to another when setting their tax rates. Although to date it has not often been used, the Residential Exemption option seems to be generating a good deal of recent interest.¹ The Residential Exemption applies a discount to the assessed value of every residential property that is the principal residence of a taxpayer. It does not apply to accessory land incidental to a residential use, summer homes, or residential property not occupied by its owner. It effectively shifts some of the tax burden from residential properties worth less than the average, to more expensive residential properties and/or those owned by nonresidents.

Generally two types of communities adopt the residential exemption: communities with a number of apartment buildings, and resort communities with expensive property owned by seasonal residents. Since apartments are assessed as one parcel in the residential class, a community with a large number of apartment buildings would have a high average assessed value in that class. The residential exemption would not apply to the apartment buildings since they are seldom owner-occupied. In communities with valuable property owned by summer residents, the residential exemption applies only to owner-occupied property, having the effect of charging the summer residents more while year round residents pay less.

The decision to apply a Residential Exemption is made annually during the annual classification hearing. After the assessors present information on the impact of choosing various options,

the board of selectmen in towns, or the city council and the mayor in cities, can choose to adopt the Residential Exemption and decide the amount of discount for owner-occupied properties. 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 amount as it would have raised without the shift, the result is a higher residential tax rate. Properties worth less than the average assessed value pay lower taxes, but properties above the average pay more in taxes than they would otherwise have paid.

To apply the discount, communities determine the average assessed value in the residential class and multiply it by the discount adopted. Each tax bill of an eligible owner then shows the assessed value of the property with the dollar amount of the residential exemption shown separately. The tax bill is derived by subtracting the residential exemption from the assessed value before applying the tax rate. For example, if the average assessed value in the community is \$150,000 and the community adopts a residential exemption of 20 percent, the residential exemption would be \$30,000. An owner occupied house assessed for \$100,000 would receive the residential exemption of \$30,000 reducing its assessed value to \$70,000. If the residential class must raise \$3,000,000 and the total assessed value in the residential class is \$150,000,000, the tax rate without a residential exemption would be \$20 ($3,000,000 \div 150,000,000$). When the residential exemption is applied, it reduces the total assessed value in the residential class. With 500 taxpayers

eligible to each receive a discount of \$30,000, the total assessed value would be only \$135,000,000. ($500 \times \$30,000 = \$15,000,000$. $\$150,000,000 - \$15,000,000 = \$135,000,000$.) The new tax rate would be \$22.22 ($3,000,000 \div 135,000,000$). The house assessed for \$100,000 would have paid \$2,000 in taxes without the residential exemption. With the exemption, it would pay \$1,555.40 ($\$100,000 - \$30,000 \div 1,000 \times \22.22). On the other hand, a house assessed for \$500,000 would pay \$10,000 in real estate taxes without a residential exemption ($\$500,000 \div 1,000 \times \20). Even if owner-occupied, the residential exemption would raise the tax bill to \$10,443.40 ($\$500,000 - \$30,000 \div 1,000 \times \22.22).

There are 11 communities in Massachusetts that currently have Residential Exemptions: Boston, Brookline, Cambridge, Chelsea, Marlborough, Nantucket, Somerset, Somerville, Tisbury, Waltham and Watertown. ■

1. M.G.L. Ch. 59 Sec. 5C.

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LEGAL

in Our Opinion

Foreclosure and the Due Process Clause

Two and a half years after the Land Court had issued a tax title foreclosure decree, the taxpayer filed a motion in Land Court to vacate the decree. When the Land Court judge refused to grant the motion, the taxpayer appealed. The Appeals Court ruled that the taxpayer's due process rights had been violated because the town, since it knew the taxpayer's address, was required to give actual notice to the taxpayer of the foreclosure action. The decision is *Town of Andover v. State Financial Services, Inc.*¹

In October 1990, State Financial Services, Inc. (Financial) acquired a small island in Foster's Pond in Andover through a mortgage foreclosure. At that time, taxes for fiscal years 1989 and 1990 were unpaid. The Andover tax collector later advertised a tax taking and listed Financial as the subsequent owner. The taking was recorded in September 1991. When the Andover town treasurer filed a petition to foreclose in September 1994, a Land Court judge issued a citation with notice of the foreclosure petition. The town treasurer attempted to serve notice by certified mail, return receipt requested, at Financial's office on Friend Street in Boston.² Access to the mailboxes on the building's first floor was denied, however, because substantial repairs to the building were underway. A construction worker signed for the letter but never delivered it to Financial. Relying on the signed return receipt, however, the town treasurer filed a motion for foreclosure. When Financial did not oppose this action, the Land Court issued a decree of foreclosure in December 1994.

Even after the foreclosure decree the town continued to tax the parcel, and Financial paid the taxes for fiscal years

1995 and 1996. In 1996 Financial learned that there had been a foreclosure and the town of Andover planned to sell the subject parcel. When Financial's attorney wrote to the Andover tax collector, the collector ignored the taxpayer's offer to redeem the property. In June 1997, Financial filed a petition in Land Court to vacate the 1994 foreclosure decree. The Land Court judge denied the requested relief. The judge ruled that M.G.L. Ch. 60 Sec. 69A sets a one-year time limit on any challenge to a foreclosure decree. Relying on earlier court decisions, the judge held that the statutory purpose was to limit the taxpayer's remedy. In light of the signed return receipt, the Land Court judge held that the state statutory and federal constitutional notice requirements had been satisfied. Citing the U.S. Supreme Court decision of *Mullane v. Central Hanover Bank & Trust Company*, the Land Court judge found that due process only required that notice be reasonably calculated to inform interested parties of the litigation.³

On appeal, Financial argued that there was a denial of due process. Secondly, there were certain equitable grounds on which the Land Court judge should have vacated the decree. The Appeals Court wrote that due process requires notice and an opportunity to be heard. Earlier court decisions had held that where it was impossible to provide actual notice to interested parties because of unknown identities or addresses, then notice by publication was constitutional even if the attempt would probably be unsuccessful. Where, however, the identities and addresses were known or readily ascertainable, there must be actual notice in order to satisfy the due process clause of the 14th Amendment of the U.S. Constitution.

The Appeals Court dismissed the town's argument that Financial was a

sophisticated taxpayer that should have known the consequences of failure to pay real estate taxes. In the court's view, knowledge of a tax delinquency was not the same as notice of a pending tax foreclosure. Under the due process clause, the town was required to provide *actual* notice of the foreclosure petition to Financial. Such action was not taken. According to the court, the one-year time limit set forth in the law did not apply since there was a denial of due process.⁴ The two and a half year delay in filing the petition in Land Court did not bar the taxpayer from having the decree vacated.

The Appeals Court also cited several considerations which favored the taxpayer: Financial's tenancy in a building undergoing rehabilitation with no control over mail deliveries; the town's taxation of the property after the foreclosure; and Financial's filing of the Land Court petition within one year after actual notice of the foreclosure decree. In the court's view, the town's legitimate interest in seeking any foreclosure is to collect the taxes and not to own the real estate. In addition to the equitable factors presented, the Appeals Court wrote that M.G.L. Ch. 60 Sec. 69A, although generally valid, had operated, in this instance, to deprive the taxpayer of the protected right of notice.

The town argued that permitting a taxpayer to challenge a foreclosure decree years later would cast doubt on every foreclosure. The Appeals Court reasoned, however, that there would be little litigation on this issue due to the signed return receipt delivery requirement.⁵ Furthermore, any attempt by a taxpayer to argue non-delivery of the notice could be met by evidence that possession or control of the mail had passed to the taxpayer.

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FOCUS

on Municipal Finance

What's Happening with Charter Schools?

Charter schools were established in Massachusetts as part of the Education Reform Act of 1993. As an alternative form of public education, charter schools provide parents and students with greater options when choosing schools to attend. A primary goal of the charter school initiative is to stimulate the development of innovative programs within public education that can be replicated in other public schools. The program provides teachers with the opportunity to develop new educational methods within a more flexible school structure and management.

There are two types of charter schools: Horace Mann and Commonwealth Charter Schools. Horace Mann Charter Schools are public schools operating under a five-year charter approved by the local school committee and collective bargaining agent and granted by the Board of Education. Horace Mann Charter Schools must submit annual budget proposals to the local school committee. The schools receive their funding directly from the local school

committee based on the annual budget submission and do not receive funding from the Commonwealth. Currently there are five Horace Mann Charter Schools operating in the state, with 1,158 students enrolled.

Commonwealth Charter Schools are public schools granted a five-year charter by the Board of Education. When the number of applicants exceeds the available spaces, the schools hold a lottery to determine who gets accepted. Commonwealth Charter Schools receive tuition funding in two forms. The first is from assessments to sending school districts for students attending a Commonwealth Charter School. The second source of funding, for students that were previously educated at home or in private schools, comes from the state. This payment applies only to the first year the student is enrolled in the charter school.

Tuition assessments for districts that are below the state mandated foundation budget imposed by Education Reform are based on average per pupil costs of the sending district. For districts with no foundation gap, the tuition assessment is based on the lesser of

the sending district's average per pupil cost or the average per pupil cost of the district in which the charter school is located. To calculate the average cost per pupil, the Department of Education (DOE) generates a charter school tuition rate for each district based upon an estimate of current year operating costs and enrollment. Tuition assessments for sending districts are deducted from the last three quarterly local aid distributions and paid directly to the charter school. Charter schools receive four quarterly payments. The September and December payments are based on the charter school's pre-enrollment report, filed with the Board of Education by April 1 of the previous fiscal year. The final two quarters, March and June, are based on actual enrollment reports as of October 1 and February 15 filed with DOE. Deductions from sending districts are made in December, March and June.

When charter schools first opened their doors in FY1996, there were 15 approved charter schools receiving 2,561 students from 72 communities and 12 regional school districts. Total tuition assessments were \$15.9 million. In FY2000, there are 34 Commonwealth Charter Schools, receiving 11,283 students from 161 communities and 35 regional school districts. Preliminary FY2000 local tuition assessments are \$81.3 million, representing a \$65.4 million increase in tuition from FY1996. Early estimates from DOE indicate FY2001 charter school tuition costs to be \$103 million, increasing 26.7 percent or \$21.7 million from the FY2000 cost. These dramatic increases in numbers of students and tuition costs are demonstrated in *Figure 1*.

In *Table 1*, we list the Charter School FY2000 preliminary assessment by sending district, FY2000 budgeted net

Figure 1

| Local Charter School Tuition <i>FY1996–FY2000</i> | | | |
|---|----------------------------------|-----------------------------|-------------------------------------|
| | Full-time equivalent students | Total tuition assessment | Percent increase from prior year |
| FY1996 | 2,561 | \$15,910,700 | |
| FY1997 | 5,280 | 35,058,912 | 120.35% |
| FY1998 | 6,590 | 43,668,916 | 24.56 |
| FY1999 | 9,412 | 62,799,364 | 43.81 |
| FY2000* | 11,283 | 81,293,144 | 29.45 |

* Estimated based on October 1 enrollment data. Final data will be available for the June local aid distribution.

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Charter School Assessments by Sending Districts

Table 1

| Local schools | Charter school assessments | Net school spending (NSS) | Assess-ments (pct. of NSS) | Charter school tuition reimb. | Charter school assessments | Net school spending (NSS) | Assess-ments (pct. of NSS) | Charter school tuition reimb. | Charter school assessments | Net school spending (NSS) | Assess-ments (pct. of NSS) | Charter school tuition reimb. | |
|----------------|----------------------------|---------------------------|----------------------------|-------------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|---------|
| Ablington | 5,800 | 13,874,713 | 0.0 | 423 | Falmouth | 59,445 | 31,318,635 | 0.2 | 57,069 | Meiose | 24,003,651 | 2.2 | 408,611 |
| Acton | 0 | 14,080,287 | 0.0 | 0 | Fitchburg | 50,176 | 39,390,841 | 0.1 | 20,022 | Merhuen | 40,561,096 | 0.1 | 15,247 |
| Agawam | 38,840 | 27,453,299 | 0.1 | 24,516 | Florida | 0 | 1,022,604 | 0.0 | 0 | Middleborough | 21,670,030 | 0.1 | 7,103 |
| Amesbury | 193,440 | 18,690,474 | 1.0 | 193,440 | Foxborough | 850,872 | 20,202,133 | 4.2 | 495,863 | Milford | 28,019,001 | 0.0 | 7,146 |
| Amherst | 0 | 14,252,428 | 0.0 | 3,213 | Framingham | 13,376 | 66,578,958 | 0.0 | 13,376 | Millbury | 11,157,257 | 2.4 | 174,905 |
| Andover | 4,866 | 39,643,379 | 0.0 | 1,946 | Franklin | 1,706,614 | 36,688,807 | 4.7 | 607,169 | Millis | 7,846,296 | 1.1 | 51,472 |
| Arlington | 49,344 | 32,820,705 | 0.2 | 6,812 | Freetown | 6,253 | 3,810,752 | 0.2 | 847 | Milton | 24,548,785 | 0.1 | 20,932 |
| Ashland | 0 | 15,260,876 | 0.0 | 0 | Gardner | 0 | 18,119,741 | 0.0 | 0 | Monroe | 121,464 | 0.0 | 0 |
| Attleboro | 364,975 | 39,226,972 | 0.9 | 248,153 | Georgetown | 0 | 8,257,183 | 0.0 | 0 | Monson | 8,224,812 | 0.1 | 199 |
| Auburn | 244,062 | 15,065,162 | 1.6 | 167,476 | Gloucester | 0 | 27,658,949 | 0.0 | 0 | Nahant | 2,775,559 | 0.3 | 4,640 |
| Avon | 38,969 | 4,835,612 | 0.8 | 28,561 | Grafton | 50,715 | 12,748,945 | 0.4 | 45,448 | Natick | 31,486,273 | 0.0 | 0 |
| Ayer | 114,555 | 9,221,893 | 1.2 | 74,486 | Granby | 21,156 | 5,710,072 | 0.4 | 7,858 | New Ashford | 168,281 | 0.0 | 0 |
| Barnstable | 567,672 | 42,317,952 | 1.3 | 383,497 | Granville | 0 | 1,817,303 | 0.0 | 0 | New Bedford | 99,373,715 | 0.0 | 5,613 |
| Becket | 0 | 140,692 | 0.0 | 0 | Greenfield | 67,263 | 16,966,213 | 0.4 | 26,961 | Newburyport | 17,208,675 | 2.6 | 446,401 |
| Bedford | 38,212 | 18,644,674 | 0.2 | 12,020 | Hadley | 97,309 | 4,264,694 | 2.3 | 47,281 | Newton | 100,733,445 | 0.0 | 4,882 |
| Belchertown | 40,908 | 13,596,226 | 0.3 | 16,055 | Halifax | 4,720 | 4,033,502 | 0.1 | 5,536 | Norfolk | 6,797,988 | 1.1 | 49,375 |
| Bellingham | 16,965 | 15,898,107 | 0.1 | 6,229 | Hancock | 0 | 692,537 | 0.0 | 0 | N. Adams | 14,153,244 | 0.0 | 3,826 |
| Belmont | 0 | 24,453,252 | 0.0 | 6,176 | Hanover | 7,046 | 16,281,129 | 0.0 | 3,512 | N. Andover | 25,161,900 | 0.1 | 9,004 |
| Berkley | 5,716 | 6,021,129 | 0.1 | 0 | Harvard | 161,900 | 7,591,011 | 2.1 | 21,716 | N. Attleborough | 27,246,318 | 1.8 | 333,781 |
| Berlin | 14,210 | 1,582,836 | 0.9 | 14,210 | Harwich | 93,762 | 11,667,252 | 0.8 | 20,912 | N. Brookfield | 5,554,394 | 0.0 | 0 |
| Beverly | 0 | 32,914,266 | 0.0 | 0 | Hatfield | 76,755 | 3,386,587 | 2.3 | 35,909 | Northampton | 23,093,728 | 2.6 | 235,443 |
| Billerica | 92,339 | 38,910,646 | 0.2 | 43,292 | Haverhill | 5,978 | 53,688,453 | 0.0 | 5,978 | Northborough | 12,571,707 | 0.0 | 0 |
| Boston | 17,456,238 | 556,718,193 | 3.1 | 5,350,604 | Hingham | 109,779 | 23,165,408 | 0.5 | 0 | Northbridge | 14,153,919 | 0.0 | 0 |
| Bourne | 41,485 | 14,712,826 | 0.3 | 41,485 | Holbrook | 1,284 | 9,467,671 | 0.0 | 1,284 | Norton | 16,738,519 | 1.1 | 138,841 |
| Boxborough | 0 | 3,082,196 | 0.0 | 4,357 | Holland | 0 | 1,645,543 | 0.0 | 0 | Norwell | 13,702,958 | 0.2 | 18,577 |
| Braintree | 18,327 | 32,772,935 | 0.1 | 8,725 | Holliston | 43,788 | 19,180,828 | 0.2 | 31,007 | Norwood | 26,032,571 | 0.6 | 107,359 |
| Brewster | 0 | 4,879,376 | 0.0 | 0 | Holyoke | 17,323 | 63,091,050 | 0.0 | 17,323 | Oak Bluffs | 3,840,721 | 4.3 | 98,042 |
| Brimfield | 0 | 2,280,356 | 0.0 | 0 | Hopedale | 18,051 | 6,879,277 | 0.3 | 6,609 | Orange | 5,677,252 | 0.0 | 0 |
| Brookfield | 272,600 | 115,063,305 | 0.2 | 173,316 | Hopkinton | 11,990 | 16,415,031 | 0.1 | 7,276 | Oreans | 2,548,201 | 0.0 | 0 |
| Brookline | 0 | 2,240,651 | 0.0 | 0 | Hudson | 0 | 17,651,279 | 0.0 | 0 | Oxford | 12,850,717 | 1.2 | 124,703 |
| Brookline | 0 | 54,848,075 | 0.0 | 4,931 | Hull | 1,109,998 | 11,276,721 | 9.8 | 126,315 | Palmer | 12,767,412 | 0.0 | 6,168 |
| Burlington | 15,062 | 27,434,460 | 0.1 | 15,062 | Ipswich | 0 | 12,110,437 | 0.0 | 3,296 | Peabody | 41,394,381 | 0.1 | 10,333 |
| Cambridge | 2,584,177 | 98,116,609 | 2.6 | 690,651 | Kingston | 0 | 6,329,187 | 0.0 | 2,687 | Pembroke | 10,424 | 0.0 | 5,691 |
| Canton | 42,192 | 20,655,205 | 0.2 | 31,880 | Lakeville | 0 | 3,716,995 | 0.0 | 0 | Petersham | 846,272 | 0.0 | 0 |
| Canter | 72,084 | 14,214,467 | 0.5 | 51,057 | Lanesborough | 0 | 1,965,059 | 0.0 | 0 | Pittsfield | 45,598,928 | 0.0 | 3,997 |
| Chatham | 45,585 | 6,121,203 | 0.7 | 31,752 | Lawrence | 4,952,716 | 95,087,914 | 5.2 | 1,481,175 | Plainville | 4,125,449 | 4.2 | 89,641 |
| Chelmsford | 664,219 | 36,620,266 | 1.8 | 0 | Lee | 0 | 6,339,838 | 0.0 | 0 | Plainville | 4,125,449 | 4.2 | 89,641 |
| Chelsea | 95,178 | 42,648,885 | 0.2 | 49,058 | Leicester | 30,060 | 12,056,154 | 0.2 | 24,168 | Plymouth | 61,330,931 | 2.2 | 912,131 |
| Chicopee | 73,764 | 53,207,799 | 0.1 | 49,043 | Lenox | 0 | 6,820,562 | 0.0 | 0 | Plymouth | 18,114 | 1.0 | 7,402 |
| Clarksburg | 0 | 1,746,411 | 0.0 | 0 | Leominster | 40,453 | 41,045,831 | 0.1 | 22,815 | Provincetown | 33,156 | 0.9 | 8,487 |
| Clinton | 59,571 | 13,815,214 | 0.4 | 52,599 | Lexington | 8,329 | 49,973,389 | 0.0 | 833 | Quincy | 61,977,912 | 0.1 | 43,835 |
| Cohasset | 66,955 | 9,824,780 | 0.7 | 0 | Lincoln | 0 | 6,091,153 | 0.0 | 0 | Randolph | 145,429 | 0.5 | 112,293 |
| Concord | 5,557 | 16,756,523 | 0.0 | 5,557 | Littleton | 208,420 | 8,997,338 | 2.3 | 51,741 | Revere | 27,506,698 | 0.7 | 156,979 |
| Conway | 32,532 | 1,202,011 | 2.7 | 19,695 | Longmeadow | 7,095 | 21,480,906 | 0.0 | 6,037 | Richmond | 39,719,268 | 0.0 | 0 |
| Danvers | 0 | 25,564,649 | 0.0 | 0 | Lowell | 1,014,689 | 118,818,977 | 0.9 | 284,599 | Rockland | 18,086,038 | 0.2 | 0 |
| Dartmouth | 11,476 | 22,535,125 | 0.1 | 5,342 | Ludlow | 6,450 | 19,199,743 | 0.0 | 4,139 | Rockport | 6,862,024 | 0.0 | 0 |
| Deerfield | 6,433 | 2,633,184 | 0.2 | 3,956 | Lunenburg | 182,457 | 10,383,770 | 1.8 | 85,657 | Rowe | 882,832 | 0.0 | 0 |
| Douglas | 0 | 7,302,232 | 0.0 | 0 | Lynn | 1,549,382 | 102,621,019 | 1.5 | 274,300 | Salem | 36,849,471 | 0.7 | 58,248 |
| Draut | 87,145 | 24,203,358 | 0.4 | 66,421 | Lynnfield | 0 | 13,064,741 | 0.0 | 0 | Sandisfield | 5,000 | 0.0 | 0 |
| Duxbury | 6,659 | 19,357,744 | 0.0 | 6,659 | Malden | 2,327,712 | 43,855,519 | 5.3 | 1,417,579 | Sandwich | 21,171,676 | 0.4 | 54,222 |
| E. Bridgewater | 0 | 14,840,204 | 0.0 | 1,750 | Manchester | 0 | 6,390,827 | 0.0 | 0 | Saugus | 21,429,592 | 0.1 | 18,404 |
| E. Longmeadow | 32,250 | 16,928,606 | 0.2 | 24,332 | Mansfield | 675,114 | 25,382,280 | 2.7 | 481,198 | Savoy | 759,501 | 0.0 | 0 |
| Eastham | 0 | 2,725,148 | 0.0 | 0 | Marblehead | 840,494 | 20,631,834 | 4.1 | 200,215 | Schuette | 18,506,666 | 0.6 | 501 |
| Easthampton | 89,236 | 13,478,443 | 0.7 | 39,658 | Marlborough | 0 | 34,995,074 | 0.0 | 0 | Sharon | 21,630,883 | 0.5 | 82,105 |
| Easton | 44,224 | 20,612,309 | 0.2 | 32,142 | Marshfield | 182,492 | 26,455,564 | 0.7 | 113,138 | Shirley | 5,565,368 | 0.8 | 22,388 |
| Edgartown | 239,193 | 3,976,828 | 6.0 | 81,272 | Mashpee | 25,564 | 12,994,384 | 0.2 | 17,109 | Shrewsbury | 28,676,650 | 0.6 | 137,435 |
| Erving | 12,900 | 2,034,845 | 0.6 | 8,301 | Maynard | 19,431 | 10,571,859 | 0.2 | 4,799 | Somerset | 19,267,876 | 0.3 | 28,541 |
| Essex | 0 | 3,488,410 | 0.0 | 0 | Medford | 10,910 | 15,263,437 | 0.1 | 8,760 | Somerville | 57,157,167 | 6.0 | 696,195 |
| Everett | 584,353 | 34,494,896 | 1.7 | 440,440 | Medford | 1,537,218 | 43,375,474 | 3.5 | 790,224 | S. Hadley | 15,365,409 | 0.7 | 38,788 |
| Fall River | 3,601,229 | 89,076,571 | 4.0 | 946,035 | Medway | 94,068 | 16,378,489 | 0.6 | 35,623 | Southampton | 104,882 | 0.0 | 0 |
| | | | | | | | | | | Southborough | 8,602,394 | 0.0 | 0 |

| | Charter school assessments | Net school spending (NSS) | Assess-ments (pct. of NSS) | Charter school tuition reimb. | Charter school assessments | Net school spending (NSS) | Assess-ments (pct. of NSS) | Charter school tuition reimb. |
|------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|
| Southbridge | 10,003,862 | 17,010,298 | 0.0 | 0 | 193,347 | 16,704,458 | 1.2 | 10,657 |
| Springfield | 0 | 201,491,355 | 5.0 | 4,349,225 | 0 | 12,525,385 | 0.0 | 0 |
| Stonham | 92,280 | 18,487,573 | 0.5 | 78,413 | 330,363 | 16,974,625 | 1.9 | 181,299 |
| Stoughton | 193,920 | 27,037,867 | 0.7 | 121,682 | 12,821 | 15,609,682 | 0.1 | 12,821 |
| Sturbridge | 0 | 5,766,826 | 0.0 | 0 | 0 | 8,451,378 | 0.0 | 0 |
| Sudbury | 0 | 18,361,210 | 0.0 | 0 | 7,137 | 15,560,454 | 0.0 | 7,137 |
| Sunderland | 0 | 1,669,639 | 0.0 | 1,355 | 0 | 12,922,697 | 0.0 | 2,488 |
| Sutton | 11,144 | 8,806,392 | 0.1 | 12,049 | 8,720 | 3,477,248 | 0.3 | 209 |
| Swampscott | 53,896 | 15,636,778 | 0.3 | 0 | 0 | 14,149,421 | 0.0 | 0 |
| Swansea | 38,136 | 13,685,473 | 0.3 | 20,503 | 11,632 | 33,893,904 | 0.0 | 7,086 |
| Taunton | 6,117 | 50,716,709 | 0.0 | 3,946 | 6,689 | 15,694,829 | 0.0 | 748 |
| Tewksbury | 29,475 | 25,852,114 | 0.1 | 15,159 | 15,214 | 1,121,352 | 1.3 | 5,056 |
| Tisbury | 200,721 | 3,533,224 | 5.7 | 16,778 | 53,310 | 10,761,628 | 0.5 | 17,017 |
| Topsfield | 0 | 4,128,375 | 0.0 | 0 | 399,440 | 29,637,106 | 1.3 | 305,295 |
| Truro | 58,023 | 2,531,021 | 2.3 | 5,718 | 0 | 18,779,759 | 0.0 | 0 |
| Tyngsborough | 11,450 | 12,024,606 | 0.1 | 11,450 | 0 | 8,854,559 | 0.0 | 0 |
| Tyringham | 0 | 326,673 | 0.0 | 0 | 0 | 21,015,138 | 0.0 | 0 |
| Uxbridge | 0 | 12,696,379 | 0.0 | 0 | 0 | 2,944,504 | 0.0 | 0 |
| Wakefield | 121,946 | 24,434,694 | 0.5 | 102,614 | 0 | 5,261,245 | 0.0 | 0 |
| Wales | 0 | 1,149,204 | 0.0 | 0 | 0 | 11,019,069 | 0.0 | 3,728 |
| Walpole | 205,765 | 22,083,183 | 0.9 | 134,344 | 197,797 | 5,316,424 | 3.7 | 97,899 |
| Walham | 9,381 | 51,736,200 | 0.0 | 9,381 | 80,494 | 11,951,227 | 0.7 | 12,152 |
| Ware | 0 | 9,095,397 | 0.0 | 0 | 25,800 | 10,746,043 | 0.2 | 11,404 |
| Wareham | 5,990 | 22,716,329 | 0.0 | 3,614 | 5,640 | 16,806,420 | 0.0 | 0 |
| Waretown | 17,487 | 25,305,758 | 0.1 | 9,220 | 99,904 | 20,407,970 | 0.0 | 0 |
| Wayland | 0 | 21,442,573 | 0.0 | 0 | 0 | 15,260,318 | 2.9 | 90,641 |
| Webster | 55,241 | 12,590,132 | 0.4 | 47,018 | 440,650 | 15,301,263 | 0.0 | 0 |
| Wellesley | 0 | 32,428,019 | 0.0 | 0 | 5,640 | 22,118,589 | 0.0 | 5,640 |
| Wellfleet | 0 | 1,723,314 | 0.0 | 0 | 99,904 | 5,745,520 | 1.7 | 33,003 |
| W. Boylston | 5,632 | 6,538,200 | 0.1 | 3,443 | 0 | 1,130,997 | 0.0 | 0 |
| W. Bridgewater | 28,128 | 7,197,304 | 0.4 | 21,547 | 132,020 | 12,312,001 | 1.1 | 109,513 |
| W. Springfield | 6,505 | 25,735,495 | 0.0 | 403 | 10,645 | 12,934,167 | 0.1 | 6,477 |
| Westborough | 29,515 | 24,287,139 | 0.1 | 14,607 | 363,196 | 7,909,603 | 4.6 | 162,677 |
| Westfield | 44,170 | 41,132,983 | 0.1 | 20,002 | 0 | 11,909,636 | 0.0 | 0 |
| Westford | 23,792 | 24,136,801 | 0.1 | 6,692 | 10,810 | 11,420,385 | 0.1 | 8,714 |
| Westhampton | 19,317 | 992,298 | 1.9 | 15,070 | 0 | 10,549,133 | 0.0 | 0 |
| Westport | 21,624 | 10,613,131 | 0.2 | 2,061 | 161,129 | 11,764,919 | 1.4 | 17,448 |
| Westwood | 6,109 | 21,464,774 | 0.0 | 4,257 | 0 | 10,969,376 | 0.0 | 0 |
| Weymouth | 306,322 | 43,109,324 | 0.7 | 76,882 | 0 | 6,071,438 | 0.0 | 0 |
| Whately | 0 | 920,289 | 0.0 | 0 | 5,557 | 9,539,976 | 0.1 | 3,386 |
| Williamsburg | 77,268 | 1,750,157 | 4.4 | 18,956 | 133,176 | 20,879,235 | 0.6 | 43,648 |
| Williamstown | 0 | 3,507,609 | 0.0 | 0 | 0 | 5,592,632 | 0.0 | 0 |
| Wilmington | 11,784 | 22,378,270 | 0.1 | 10,884 | 1,174,263 | 14,203,553 | 8.3 | 78,624 |
| Winchendon | 5,570 | 11,911,050 | 0.1 | 5,570 | 0 | 1,395,182 | 0.0 | 0 |
| Winchester | 7,300 | 24,926,807 | 0.0 | 391 | 326,825 | 29,360,741 | 1.1 | 56,240 |
| Winthrop | 0 | 13,640,664 | 0.0 | 5,137 | 0 | 5,250,897 | 0.0 | 0 |
| Woburn | 42,945 | 33,714,723 | 0.1 | 26,824 | 0 | 8,138,187 | 0.0 | 1,129 |
| Worcester | 8,063,784 | 190,014,714 | 4.2 | 2,791,816 | 0 | 12,424,308 | 0.0 | 0 |
| Wrentham | 122,409 | 6,813,080 | 1.8 | 64,458 | 0 | 8,673,467 | 0.0 | 0 |
| Municipal total | 76,185,411 | 5,629,098,747 | 1.4 | 29,173,303 | 0 | 5,194,119 | 0.0 | 0 |
| | | | | | | 19,328,817 | 0.3 | 65,461 |
| | | | | | | 7,526,487 | 0.2 | 9,498 |
| | | | | | | 19,329,303 | 0.3 | 13,018 |
| | | | | | | 9,965,776 | 0.0 | 0 |
| | | | | | | 6,807,687 | 0.4 | 15,322 |
| | | | | | | 13,346,579 | 0.0 | 0 |
| | | | | | | 20,182,335 | 0.2 | 24,228 |
| | | | | | | 8,460,885 | 0.0 | 0 |
| | | | | | | 10,948,354 | 0.0 | 0 |

Note: All figures except those shown in "Full-time equivalent students" are in millions of dollars.

FY2000 Tuition for Approved Charter Schools

Table 2

| Commonwealth schools | Full-time equivalent students | Local payment | State paid home/private | Total tuition payments |
|-------------------------------|-------------------------------|---------------|-------------------------|------------------------|
| Academy of the Pacific Rim | 184.99 | 1,545 | 107 | 1,651 |
| Benjamin Banneker | 314.94 | 3,270 | 57 | 3,327 |
| Boston University Residential | 23.88 | 154 | 0 | 154 |
| Cape Cod Lighthouse | 170.00 | 1,383 | 0 | 1,383 |
| Chelmsford Charter | 198.07 | 1,192 | 97 | 1,289 |
| City on a Hill | 204.91 | 1,763 | 90 | 1,853 |
| Conservatory Lab | 57.59 | 474 | 26 | 500 |
| Community Day Care | 240.00 | 1,783 | 15 | 1,798 |
| Sabis International | 1134.06 | 7,902 | 126 | 8,027 |
| Neighborhood House | 179.08 | 1,524 | 14 | 1,537 |
| Abby Kelly Foster | 640.16 | 4,420 | 59 | 4,479 |
| Sabis Foxboro | 620.90 | 3,772 | 18 | 3,790 |
| Benjamin Franklin Classical | 361.71 | 2,364 | 46 | 2,410 |
| South Boston Harbor Academy | 160.00 | 1,103 | 286 | 1,389 |
| Hilltown Cooperative | 109.00 | 708 | 0 | 708 |
| Robert M. Hughes Academy | 121.00 | 770 | 85 | 855 |
| Lawrence Family Development | 424.72 | 3,229 | 8 | 3,236 |
| Lowell Middlesex Academy | 100.00 | 701 | 13 | 713 |
| Lynn Community | 228.87 | 1,483 | 45 | 1,528 |
| Marblehead Community | 175.95 | 1,269 | 7 | 1,276 |
| Martha's Vineyard | 141.00 | 1,408 | 44 | 1,452 |
| Mystic Valley Advanced | 650.78 | 4,170 | 35 | 4,206 |
| North Star Academy | 182.00 | 1,284 | 29 | 1,313 |
| Francis W. Parker | 346.00 | 2,182 | 26 | 2,208 |
| Pioneer Valley | 282.96 | 1,729 | 98 | 1,827 |
| Renaissance | 1140.11 | 9,677 | 222 | 9,900 |
| River Valley | 158.98 | 830 | 214 | 1,044 |
| Rising Tide | 214.57 | 1,421 | 27 | 1,448 |
| Roxbury College Preparatory | 78.99 | 608 | 78 | 686 |
| Seven Hills | 660.70 | 4,808 | 6 | 4,815 |
| Somerville International | 690.62 | 5,179 | 161 | 5,339 |
| South Shore | 357.44 | 2,233 | 20 | 2,254 |
| Sturgis | 202.08 | 1,205 | 127 | 1,332 |
| Atlantis | 546.60 | 3,753 | 13 | 3,766 |
| State total | 11283.00 | 81,293 | 2,201 | 83,494 |

Charter Schools

➔ *continued from page three*

school spending amount, and the charter tuition assessment as a percentage of net school spending. Under the provisions of M.G.L. Ch. 71 Sec. 89, no school district can be assessed more than six percent of the district's net school spending amount for charter school tuition. Calculated annually by DOE as part of the Education Reform Act of 1993, the net school spending amount for each district is the budgeted operating cost, excluding transportation and capital costs. Preliminary estimates for FY2000 indicate two districts (Edgartown and Somerville) are above six percent of net school spending. Therefore, the tuition for these two districts has been capped at six percent. There is a provision in the law which authorizes any school district that had a tuition assessment of five percent or more in FY1997 to be capped at an amount equal to the tuition percentage of net school spending in FY1997 plus three percent.¹ In FY2000, there are three school districts capped by this legislation. They are Hull, 13.28 percent; Up-Island (regional school district), 11.12 percent; and Nauset (regional school district), 11.8 percent. Currently, 14 districts are between four and six percent of net school spending, and 17 districts are between two and four percent. The remaining 160 districts are below two percent of net school spending.

In addition to the cap on tuition assessments, there is a limit on the total number of students enrolled in Commonwealth Charter Schools of two percent of the total statewide enrollment. FY2000 Charter School enrollment is 11,238 while statewide enrollment is 951,870. This means that 1.2 percent of all students enrolled statewide attend charter schools. With FY2001 charter enrollment projected at 13,250 it appears that 1.4 percent of total enroll-

ment will be attending charter schools. At this rate of increase the total number of pupils in charter schools could conceivably reach the cap in the next couple of years. In *Table 2* (on page 5), we list the FY2000 approved Charter Schools, their preliminary FY2000 tuition from sending districts, tuition for private/home educated students, and total tuition.

In anticipation of the impact on municipal and school district budgets the charter school legislation provides a reimbursement to offset the loss in state aid. The original legislation provided a reimbursement to above foundation districts. For charter schools that were established before July 1, 1998, the reimbursement rates are 50 percent in the first year of the charter school's operation, 40 percent in the second year, and 30 percent in the third year. FY2000 is the last year that districts will receive above foundation reimbursements. Chapter 46 Sec. 2 of the Acts of 1997, added a second level of reimbursement. This section provides for reimbursement to any district whose total charter tuition is higher than the previous year's tuition. The reimbursement rate is 100 percent in the first year of the increase, 60 percent in the second year, and 40 percent in the third.

Communities and school districts should consider the potential budgetary impact of charter school tuition assessments. Since tuition is assessed from the quarterly local aid distributions in December, March and June, the resulting loss may cause a revenue deficit that the community or district will have to raise in the following year. Prudent budget officers include estimates of the upcoming year's tuition assessments when developing their budgets.

The Governor's FY2001 Budget proposal (H1A) proposes three amendments to the current charter school legislation: 1) increase the cap on the number of charter schools from 13 Horace Mann and 37 Commonwealth Charter Schools to 48 Horace Mann and 72 Commonwealth Charter Schools; 2) repeal a provision of Ch. 71 Sec. 89 prohibiting school building assistance funds from being awarded to charter schools; and 3) amend the reimbursement percentage for increases in tuition to 50 percent in the year the increase occurs.

Additional information on the charter school program can be obtained by calling Lisa Juskiewicz of Local Services at (617) 626-2386; or Rebecca Holmes of DOE at (781) 338-6518; or by visiting the Office of School Finance's web site at www.finance1.doe.mass.edu. ■

written by Lisa Juskiewicz

1. M.G.L. Ch. 71 Sec. 89.

Something in Common

1. Which five communities have a section called Centerville?
2. Name two communities with an area called Dublin.
3. In which two towns would you find a section called "East Village?"
4. Fairlawn is a section of which two towns?

Answers: 1. Barnstable, Douglas, Gratton, Uxbridge and Winchendon; 2. Bridgewater and Peabody; 3. Amherst and Webster; 4. Tewksbury and Shrewsbury. ■

DLS UPDATE

New Farmland Valuations

The Bureau of Local Assessment recently sent a letter to local boards of assessors advising them of the ranges of value developed by the Farmland Valuation Advisory Commission (FVAC) for fiscal year 2001. These values are used only for the various categories of land classified under Chapter 61A as agricultural or horticultural land. Boards of assessors must consider only those indices of value that such land has for agricultural or horticultural uses. The ranges of value are used in conjunction with the assessors' personal knowledge, judgment and experience as to agricultural or horticultural land values. Values adopted outside the range must be supported by a comprehensive study of local factors influencing value.

The FVAC consists of one representative each from the school of agriculture at the University of Massachusetts at Amherst, the Massachusetts Association of Assessing Officers, the Department of Food and Agriculture, the Department of Housing and Community Development and the Department of Revenue. The representative from the Department of Revenue, usually the Chief of the Bureau of Local Assessment, serves as chairman of the Commission. A Farmland Valuation Technical Subcommittee researches values and prepares recommendations for the FVAC to adopt.

The FVAC uses a capitalization of ground rent model for all classes of land use except cranberry bogs. For cranberry bogs, ground rent data was determined to be less reliable, but supportive of yield/price figures. Therefore, for this crop the FVAC adopted values using the capitalization of production income attributable to the land. Questions

may be directed to the Bureau of Local Assessment, Grace Sandell, Program Coordinator, at (617) 626-2322. FVAC values are available on the DLS website (see page 8 for the address.)

Proposed 2000 Equalized Valuations

The Bureau of Local Assessment (BLA) mailed proposed 2000 Equalized Valuations (EQVs) to cities and towns on May 30, 2000. The statewide total is \$483 billion. These values estimate the full and fair cash value of all taxable property in each municipality as of January 2000. BLA requested calendar year 1998 sales reports reflecting assessed values as of January 1, 1999, from each community. If a community's values had been certified by BLA in FY2000, BLA used the sales reports submitted for that purpose. The Total Assessed Value as of January 1, 1999, submitted as part of the FY2000 tax rate setting process, were also used. BLA supplemented that information with appraisals of certain commercial and industrial properties. Through statistical analysis, BLA determined levels of assessment for each of the major classes of property and then estimated full and fair cash values using those ratios. They projected new construction value for 2000 by reviewing the past four years' new growth, and then added it to the full and fair cash values.

EQVs are used in a number of local aid calculations including the lottery, State Owned Land, aid to Public Libraries and the annual Ed Reform's Overburden Aid percentages. The Cherry Sheet charges that use EQV are County Tax, Boston Metropolitan Transit District, Mosquito Control Projects and Air Pollution Control Districts. EQV is also used in calculating a community's debt limits.

From June 1-7, 2000, DLS was available for hearings in the Boston, Worcester and Springfield offices to allow Boards of Assessors to meet with BLA staff to present documentation supporting different values or to express concerns. Subsequently, assessors can appeal to the Appellate Tax Board if they are dissatisfied with their EQVs. Once the values are finalized, they are adopted by the Legislature and used as a basis of comparison in calculating the allocation of certain local aid for fiscal years 2002 and 2003.

DLS Team Honored

Rick Kingsley, Mindy Ordway, Joan Grouke and Joe Markarian of the Municipal Data Management/Technical Assistance Bureau (MDM/TAB) have been awarded a Governor's Pride in Performance Award for 2000.

In addition to maintaining a wealth of financial information in its databank, MDM/TAB provides assistance to local communities addressing difficult financial management issues and/or coping with specific fiscal problems. The group received the award for over 200 projects through which they provided technical assistance to various cities and towns. The projects culminate in comprehensive, written reports with results-oriented and practical recommendations — one of the most popular services DLS provides for local communities. MDM/TAB draws on the expertise of other Bureaus in DLS as needed. The entire Division of Local Services was also mentioned in the award for providing support for the program.

The Pride in Performance Award is given annually to public employees who make meaningful contributions that distinguish them from their peers. ■

Municipal Fiscal Calendar

June 30

State Treasurer: Notification of quarterly local aid payments before June 30.

Assessors: Overlay surplus closes to surplus revenue.

Assessors: Physical inventory of all parcels for communities that accepted M.G.L. Ch. 59 Sec. 2A(a).

Assessors: Submit annual report of omitted or revised assessments.

Assessors: Last day to submit requests for current fiscal year reimbursements of exemptions granted under the various clauses of Ch. 59 Sec. 5.

July 1

Collector: Mail preliminary quarterly tax bill.

June 15

Accountant: Certification date for free cash: anytime after books are closed.

Assessors: Deadline for appealing commissioner's pipeline valuations to ATB

July 31

Treasurer: File IRS Form 5500 (report of employee benefit plan).

Mark Your Calendars — Opportunities for Training

Course 101, **Assessment Administration: Law, Procedures, Valuation** will be given at the University of Massachusetts in Amherst, August 7–11, 2000, from 8:30 a.m. to 4:00 p.m.

A **Classification Training Workshop** will be given on Wednesday, August 9, 2000, at the Campus Center, University of Massachusetts, Amherst at 10:00 a.m.

Contact Barbara LaVertue, Coordinator of Training, at (617) 626-2340 for further information.

Foreclosure

➡ continued from page two

Ruling in favor of the taxpayer, the Appeals Court held that a substantiated due process claim could be made beyond the one-year period where title remains in the municipality. The Appeals Court declined to decide, however, what the decision would be if the town had sold the subject property to an innocent purchaser without notice of Financial's due process claim. ■

written by James Crowley

1. 48 Mass. App. 536 (2000).
2. MGL Ch. 60 Sec. 66 and Ch. 4 Sec. 7 Cl. 44.
3. 339 U.S. 306 (1950).
4. MGL Ch. 60 Sec. 69A.
5. MGL Ch. 60 Sec. 66.

City & Town



City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS website at www.state.ma.us/dls or by writing to PO Box 9490, Boston, MA 02205-9490.

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