



Looking Back at 2018 and Ahead to 2019

Sean Cronin - Senior Deputy Commissioner of Local Services

January 3rd, 2019

In this issue:

- [Looking Back at 2018 and Ahead to 2019](#)
- [Introducing the State-Owned Land Gateway Module for FY20](#)
- [FY2019 Tax Levies, Assessed Values and Tax Rates](#)
- [Ask DLS: State-Owned Land](#)
- [Data Highlight of the Month: State-Owned Land Values](#)

Happy 2019! As we transition away from the holidays and toward the FY20 budget and Town Meeting seasons, I know it's a busy time for everyone involved in municipal finance in city and town halls across the state. I want to wish you all the best and also thank you for working with DLS on a very successful FY19 tax rate setting season.

As you know, changes have been implemented at DLS over the past few years that have helped make the tax rate setting process a smoother one. As I have done in the past, I'd like to share with you some of the metrics that we use to track our progress.

As the table below shows, FY19 was the second year in a row that we saw a decline in the number of tax rates approved by the end of November. As a result, the number of tax rates approved in December was the highest since FY15. This is on the heels of the all-time high of 173 tax rates approved before December 1 reached two years ago. Contributing to this decline is the fact that there were 10 fewer recaps submitted prior to December 1 in FY19 than in FY17.

TAX RATES

	Approved by end of Nov.	Approved in Dec.	Approvals Remaining
FY19	151	191	9
FY18	161	177	13
FY17	173	172	6
FY16	163	179	11
FY15	134	202	16
FY14	119	219	14
FY13	141	194	18
FY12	114	216	23
FY11	108	219	26
FY10	93	194	66
FY09	117	209	27
FY08	133	177	43
FY07	105	194	54

By the Numbers

City & Town provides updates on the progress of the tax rate and certification season while also allowing you to follow the tax rate setting process in real time. Thanks to our Municipal

Databank staff, this public information is available 24/7 by [clicking here](#).

Prelim. Certifications Approved: 68

Final Certification: 67 (of 69 total)

LA4 Approved: 348 (348 submitted)

LA13/ New Growth Approved: 348 (348 submitted)

Tax Rates Approved: 342

Balance Sheets Approved: 255

Total Aggregate Free Cash Approved: \$1,130,559,209

Important Dates & Information

OSD: Latest Issue of Buy the Way Now Available

Don't miss the December 2018 edition of [Buy the Way](#), the monthly newsletter of the Operational Services Division (OSD).

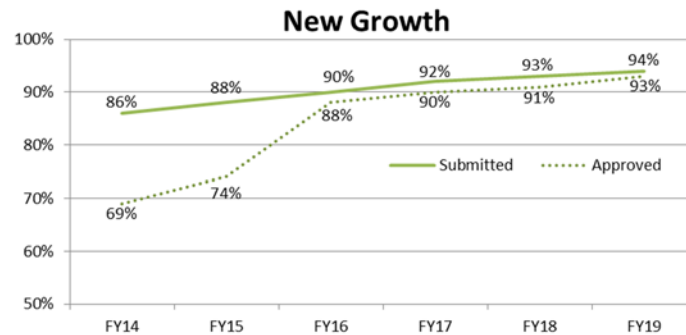
Click [here](#) to get news and updates from OSD delivered to your inbox.

Updated Info for Taxpayers Affected by Merrimack Valley Gas Explosions

The Department of Revenue has announced it is taking additional steps to address the concerns of taxpayers in Lawrence, Andover, and North Andover who have been

In terms of turnaround time, the number of tax rates approved within three working days increased 1 percentage point to 63%, which is well above the FY16 rate of 56%. Nearly 90% of all tax rates were approved within a week. The average approval time was 3.6 days, which was very similar to last year's and down from FY16's 4.1 days.

As you know, an important part of getting your tax rate set is getting New Growth certified. As shown in the graph below, 93% of municipalities had their new growth approved by the end of November. This is the fifth year in a row that this metric has increased. Just a few years ago, this figure was 69% (FY14). By eliminating the backlog that existed and expediting the review process, the entire tax rate setting process improved. This is a great example of DLS, in particular the Bureau of Local Assessment, examining its processes and making improvements that benefit both municipalities and DLS.



On the Free Cash front, the Bureau of Accounts approved more than 96% of the balance sheets that came in by the end of the calendar year, the second consecutive year with an improvement in this area. As shown in the table below, this is the highest figure since in the data set.

BALANCE SHEETS			
	Received by end of Dec.	Approved by end of Dec.	% Approved
FY19	260	251	96.5%
FY18	279	253	90.7%
FY17	286	253	88.5%
FY16	274	260	94.9%
FY15	281	253	90.0%

The number of balance sheets approved within one week of original submission date increased 6 percentage points to 31%; the number approved within two weeks increased from 60% to 64%. The average approval time, from original submission to final approval, was 10.2 days, which represents a decline from last year's 10.9 days.

In FY19, we developed a standardized balance sheet to help with the Free Cash certification process. As a result, we're

affected by the September gas explosions.

The Department recognizes that taxpayers in these areas may be unable to comply with their tax filing or payment due dates that occurred on or after the date of the explosions. The Department would like to continue to assist those taxpayers as much as possible.

The Department will waive any penalties associated with any late-filed return or payment that was due on or after September 12th and before December 1st. The Department will waive penalties through December 15th, and will later revisit whether any further extensions should be granted.

If any taxpayer in the affected areas receives notice of a penalty for this period they should reach out to the Department of Revenue at (617) 887-6367.



Other DLS Links:

now able to assess performance through the duration of time between when BOA verifies that all required data is sufficient for review (not just the original submission date) to final certification of Free Cash. That figure was just under four days. This is something we'll monitor annually to gauge our performance.

Overall, the numbers point to a successful and improved FY19 tax rate / Free Cash season. The average turnaround time for both decreased and the percentage of submitted balance sheets that were approved by the end of the calendar year increased significantly. This is the result of a joint effort and a partnership between DLS and each of the 351 cities and towns across the Commonwealth. We can't do our job without quality recap and balance sheet submittals from municipal finance officials, so I thank each and every one of you for the job and you do and for working with us. As always, if you have any thoughts about how we can improve these processes, please let me know.

I'd like to close with a reminder that the 2019 Massachusetts Municipal Association Annual Meeting is set January 18th. DLS will have its booth and offer its annual workshop "Developments and Initiatives in Municipal Finance". We're thrilled to have A&F Secretary Heffernan lead a discussion on the state budget and DOR Commissioner Harding review the revenue side of the ledger. The agenda also includes a legislative update. I hope you choose to attend the workshop; either way, I hope to see you at our booth!

Best of luck in the year ahead! As always, I welcome and appreciate your feedback so please continue to call or email me.

Introducing the State-Owned Land Gateway Module for FY20

Joanne Graziano - Local Assessment Bureau Chief
Kirsten Shirer - Information Technology Unit Director

The Division of Local Services (DLS) Bureau of Local Assessment (BLA), acting on behalf of the Commissioner of Revenue, determines the fair cash value of certain tax-exempt state-owned land (SOL) to be used to calculate the annual Cherry Sheet Payment in Lieu of Tax (PILOT) distributed to the city or town and by MWRA through DCR Division of Water Supply Protection. (There are two programs exported for PILOT payments: SOL Cherry Sheet PILOT and Land under MWRA.) Criteria for reimbursement under the SOL PILOT program generally depend upon three factors: taxable status at the time of state acquisition, land use, and the particular state agency owning or "holding" the land. Land valuation does not include any improvements to the

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Publications & Training
Center](#)

[Tools and Financial
Calculators](#)

properties, such as buildings or personal property. All state-owned lands are being used for public purposes and as such are exempt from local taxation.

The Bureau of Local Assessment finalized the 2017 state-owned land valuations this past January for the FY 2019 Pilot program, distributed this past July. There were over 445,500 qualified acres in this program under Chapter 58, S13, located across 298 communities in the Commonwealth. In addition, the program for reimbursing municipalities for certain watershed land, governed by G.L. c. 59, § 5G, has over 102,300 acres reimbursed throughout 33 communities.

Municipal Modernization Law Change

A legislative change occurred in 2016 that impacts how BLA values state owned land (SOL) after Fiscal Year 2019. Instead of valuing the land on a cycle of every four years, the valuation will be based on a statutory formula. The formula will be based on each community's 2017 base valuation and a per-acre valuation derived from that valuation. The reference to the first step in the formula to the "base year valuation" for each city and town was applied for the FY2019 SOL PILOT.

Starting in FY2020, SOL PILOTS "base year valuation" will require updates annually for the value of acquisitions (additional acreage purchased by the state) and dispositions (acreage removed). For FY 2020, and every two years after, the "base year valuation" and "per acre valuation" will be also adjusted applying the community's recent equalized valuation (EQV) percentages.

Gateway Data Conversion/Upload

Since 2005, the records of acreage and valuations were maintained on the department's database in the so-called "State CAMA" system. This 30-year old legacy application has become obsolete and will be retired by the end of FY 2019. In the past year, the Bureau of Local Assessment and Information Technology Unit collaborated and designed a module in Gateway that replaces this system and also offers the local assessors complete access to view their communities' records as well as communicate with the bureau on documentation required to update acreage that the state acquires or removes each year. Soon, DLS will release the State-Owned Land Gateway Module to authorized users in municipal assessor departments.

One highlight of the Gateway State-Owned Land Module is a community's ability to view State-Owned Land Valuation by Fiscal Year. Proposed, Revised and Final values for Reimbursable, Annexed and Watershed land can be displayed in the Valuation Summary screen as soon as values are approved by BLA. Values for parcels approved by BLA are included in the Valuation Summary. The data can be

sorted on-screen by clicking a column header, or exported to Excel for further analysis or other local use.

Parcel ID	Assessor	Parcel Type	Acquired	Reimbursed	Assess	Area	Area	Area	Area	Area	Area	Area	Area	Area	Area	Area	Area	Area
001	001	001	001	001	001	001	001	001	001	001	001	001	001	001	001	001	001	001
002	002	002	002	002	002	002	002	002	002	002	002	002	002	002	002	002	002	002
003	003	003	003	003	003	003	003	003	003	003	003	003	003	003	003	003	003	003
004	004	004	004	004	004	004	004	004	004	004	004	004	004	004	004	004	004	004
005	005	005	005	005	005	005	005	005	005	005	005	005	005	005	005	005	005	005
006	006	006	006	006	006	006	006	006	006	006	006	006	006	006	006	006	006	006
007	007	007	007	007	007	007	007	007	007	007	007	007	007	007	007	007	007	007
008	008	008	008	008	008	008	008	008	008	008	008	008	008	008	008	008	008	008
009	009	009	009	009	009	009	009	009	009	009	009	009	009	009	009	009	009	009
010	010	010	010	010	010	010	010	010	010	010	010	010	010	010	010	010	010	010

Annual Maintenance

The Bureau of Local Assessment (BLA) will continue to receive quarterly notifications of acquisitions, deletions, and agency transfers by the Department of Capital Asset Management (DCAM). Under the new law, in preparation for the FY2020 valuation numbers, all newly reported and outstanding acquisitions from calendar year 2017 and 2018 will to be uploaded to Gateway by DLS for processing by **March 1, 2019**.

It is imperative communities respond to the request for information within 15 days to have the additional acreage included in their 2020 valuations issued on June 1, 2019. Conversely, if it becomes evident that land was erroneously reimbursed in the past, it will be removed from the PILOT Program.

Upon notice of an acquisition, BLA then corresponds with assessors to confirm criteria for reimbursement. Prior to the Gateway module, this correspondence was done through mailings and required communities to either mail, fax, or email their extensive supporting documentation.

With the new module, assessors will now be notified via email to provide the documentation by directly submitting to Gateway. Documentation required has been streamlined and requires only two documents, verification of reported information and answers to a few fields on the screen.

The criterion for reimbursement eligibility remains the same and depends upon three factors: taxable status at the time of its acquisition, land use, and the state agency owning or holding the land.

There is a screen available to the community that displays the inventory of parcels in the community that are currently being reimbursed or in review stage for approval. This is called the **SOL Dashboard**:

SOL Dashboard
Search and Select State Owned Land Parcels

Home > SOL

Jurisdiction: **Township - 209**

Sort Order: **Jurisdiction Asc, Parcel Status Asc**

Show: 50 (Number of Records Found: 52)

Action	Jurisdiction	Parcel Status	Record Type	DOM ID	Current Use Code	Agency	Site Name	Location	Total Acres	Acquisition Date	Community ID	Street	Book	Page	Taxable At Sale	Year Use Code	Disposition Date	Surplus Date	Legacy
[Select]	Township	FORM ENTERED	Acquisition			DOE	Wm Township 402	North End Road	20.00	4/1/12	402-01	State Owned & Parcel in Street	4912	129	N				N
[Select]	Township	FORM ENTERED	Acquisition			DOE	Township State Road	Baseline Road off	8.00	2/21/14		Other Public Other Trust	4934	265	N				N
[Select]	Township	FORM ENTERED	Acquisition			DOE	Wm Township 402	Warner and Warner Roads	37.00	4/30/2017		WAL L02	4934	403	N				N
[Select]	Township	FORM ENTERED - 2019	Acquisition	20190310-1801001.0	930	DOE	HOLLAND BROOK ST FCK	HOLLAND BROOK	21.00	1/1/2017	HMP 1107.3				Y				Y
[Select]	Township	FORM ENTERED - 2019	Acquisition	20190310-1801001.1	930	DOE	HOLLAND BROOK ST FCK	HOLLAND POND	14.70	1/1/2017	HMP 1107.1				Y				Y

From the SOL Dashboard a community can select an individual acquisition parcel and review and update the required fields in the **SOL Parcel Maintenance** screen.

Division of Local Services Gateway

Certification Taxrate Schedule A District Taxrate LA-3 Misc Forms Directory **Other Apps**

State Owned Land
Search/Dashboard
Parcel Maintenance
SOL Valuation Summary

SOL Parcel Maintenance

Maintain State Owned Land Parcels

GEN001 | Data saved

Status: **FORM ENTERED**

WASHINGTON - 313

Jurisdiction: **Washington - 313** [Go]

Parcel Record Type: **Acquisition**

Parcel ID:

Is Legacy Parcel:

Current Year Use Code:

Agency Name: **DOE**

Site Name: **Washington Mountain**

Location: **5 Depot Rd**

Total Acres: **50.00**

Community ID: **MBL 5-20**

Acquisition Date: **03/06/2018**

Book: **5400**

Page: **345**

Grantor Name: **DAVIS FAMILY TRUST**

Disposition Date:

Surplus Date:

Non-Reimbursable Reason:

Was Taxable at Time of Sale: True False

State Use Code at the time of taking: **130**

Comments - [add comment](#)

Comments
No comments to display.

Required Uploads

You must upload the following documents:
Deed/Order of Taking
Copy of page containing last Commitment prior to taking

Current Documents - [upload new documents](#)

Name	Action
Test Commitment	<input type="button" value="Delete"/> <input type="button" value="Add Comment"/>

Signatures

Assessors

Mary Jarvie, Assessor, Washington, washingtonboe@gmail.com 413-623-8878 | 11/15/2018 1:18 PM

For reimbursement, the following documentation is required.

Uploads by assessor include:

- recorded deed or order of taking
- copy of commitment book entry for year of taking

In addition, there are a few blank fields on the screen that the assessors will need to include:

Assessors: Please add and/or correct the data and upload the required documents in the section below.

Location	<input type="text"/>
Community ID	<input type="text"/>
Acquisition Date	<input type="text" value="03/06/2018"/>
Book	<input type="text" value="486009"/>
Page	<input type="text" value="062"/>
Grantor Name	<input type="text" value="Kestrel Land Trust"/>
Was Taxable at Time of Sale	<input checked="" type="radio"/> True <input type="radio"/> False
State Use Code at the time of taking	<input type="text"/>

Assessors will sign and submit the parcel form once completed. From there, BLA staff will receive notification of submission. BLA will edit the new parcels, adding a DOR ID and Reimbursement state use code and will “approve” the parcel for reimbursement. Approved acreage will be rolled over for each community and then summarized for the fiscal year PILOT program by June 1st.

Assessors with state-owned land should be on the lookout for the notices they will receive:

1. Initial email = You have an acquisition. Go to Gateway to enter data.
2. Reminder = We have not received your information within 30 days.
3. Warning = We will not be able to include this acquisition in this year’s PILOT, annually by May 1st.
4. Notice = BLA will sometimes edit existing acreage to enter a Disposition Code and Date if property is surplus or otherwise removed from inventory. We may also change other data like Reimbursement Status or may correct various data if we receive new information or catch an error.

DLS IT and BLA staff will be available to assist assessors with this new Gateway process. We look forward to working with you!

FY2019 Tax Levies, Assessed Values and Tax Rates

Tom Guilfoyle - Bureau of Accounts Supervisor

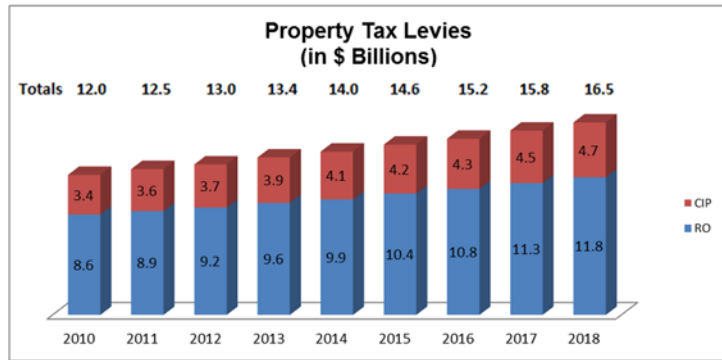
This article reviews property tax levies and assessed values for all 351 communities from FY2010 to FY2018. For 341 communities with FY2019 tax rates certified by the Bureau of Accounts as of December 21, 2018, it compares FY2019 and FY2018 tax levies and assessed values and then provides some quick FY2019 stats. This article then updates the status of several communities that either hit or were approaching

their levy ceilings in FY2016. Finally, it will report on tax rate shifts between property classes.

Tax Levies

The property tax levy is the annual amount of taxes assessed upon real and personal property in the community. For most communities, the property tax levy is the largest revenue source. Along with other revenue sources such as estimated receipts and available reserves, these revenues balance the spending needs voted in the omnibus budget. Since FY1982, the property tax levy has been subject to the limits of Prop 2½.

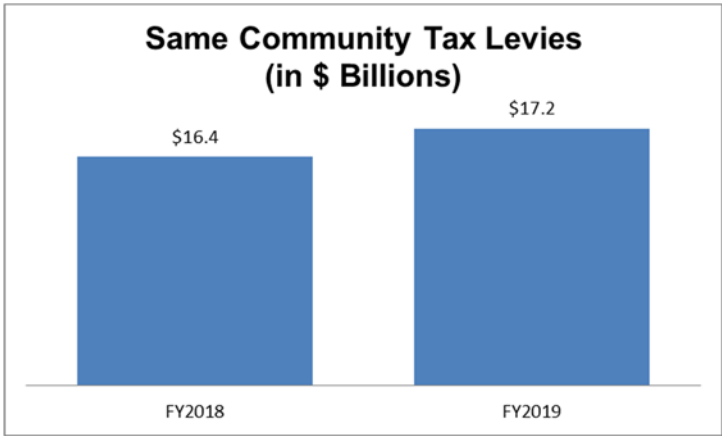
The graph below shows property tax levies for residential and open space (RO) classes as well as commercial, industrial and personal property (CIP) classes for FY2010 to FY2018. Tax levies grew by about 4% annually or in total by \$4.5 billion, from \$12.0 billion to \$16.5 billion, over this time period.



In proportion, as seen in the chart below, property taxes owed by the respective class groupings remained about the same from FY2010 to FY2018.

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
RO	71.5	71.3	71.2	71.0	70.9	71.2	71.4	71.4	71.5
CIP	28.5	28.7	28.8	29.0	29.1	28.8	28.6	28.6	28.5

The graph below shows that in total for the 341 communities with certified FY2019 tax rates, tax levies increased from FY2018 to FY2019 by about 4.7%, or by \$776.0 million, from \$16.4 billion to \$17.2 billion.



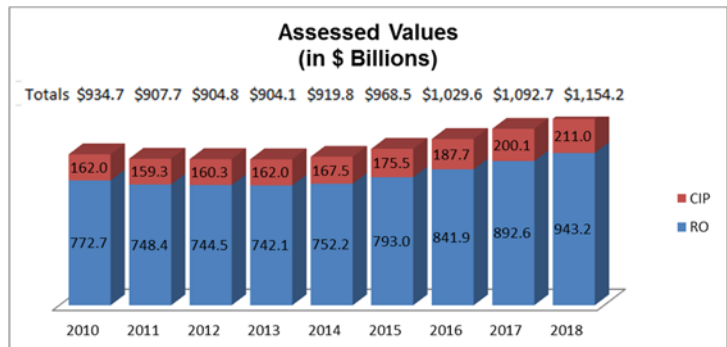
Quick FY2019 Tax Levy Stats

# of Communities Where the Tax Levy Increased	327
# of Communities Where the Tax Levy Decreased	14
Median % for Increases Only	4%
Greatest % Increase	New Ashford 32.6%
Greatest % Decrease	Hancock 26.3%

Assessed Values

The tax levy is distributed among taxpayers based on the assessed value of their properties as determined by the local assessors using proper standards of appraisal and assessment. DOR's Bureau of Local Assessment staff reviews the assessors' estimates to ensure that they comply with these proper standards. This review, which by law in recent fiscal years has been conducted every third fiscal year, will now be conducted every fifth fiscal year as part of the Municipal Modernization legislation which amended [G.L. c. 40, § 56](#).

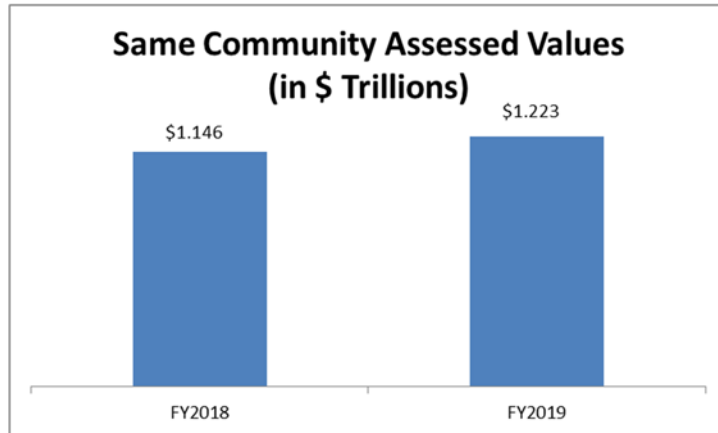
The next graphic shows total assessed values from FY2010 to FY2018. Values from FY2010 to FY2013 fell by 3.3% or by about \$30.6 billion from \$934.7 billion to \$904.1 billion. Values then rose from FY2013 to FY2018 by 27.7% or by about \$250.1 billion from \$904.1 billion to \$1,154.2 billion. In FY2016, assessed values first grew to over \$1 trillion.



In proportion, as seen in the chart below, total assessed value of the CIP classes gained more share of the total over the time period shown, then stabilized in FY2017 and FY2018.

Percentages of Assessed Values									
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
RO	82.7	82.4	82.3	82.1	81.8	81.9	81.8	81.7	81.7
CIP	17.3	17.6	17.7	17.9	18.2	18.1	18.2	18.3	18.3

This next graph shows that in total for the 341 communities, assessed values increased from FY2018 to FY2019 by about 6.7%, or by \$76.7 billion from \$1.146 trillion to \$1.223 trillion.



Quick FY2019 Assessed Value Stats

# of Communities Where Assessed Values Increased	328
# of Communities Where Assessed Values Decreased	13
Median % for Increases Only	5.3%
Greatest % Increase	Rowe 81.1%
Greatest % Decrease	Hawley 3.7%

The Levy Limit

For FY2016, as reported in the [October 20, 2016 edition of City & Town](#), six communities “hit the ceiling” of Prop 2 ½. (As part of Prop 2½’s levy limit, when a community has lost all override capacity its incremental levy limit equals its levy ceiling of 2.5% of assessed value.) Twelve communities “approached the ceiling” (were within 90% to 99% of their levy ceilings). The following chart presents levy limits and levies as percentages of each community’s maximum allowable levy since FY2016.

	Levy Limits and Levies as % of Levy Ceiling							
	FY2016		FY2017		FY2018		FY2019	
	Levy Limit %	FY2016 Levy %	Levy Limit %	FY2017 Levy %	Levy Limit %	FY2018 Levy %	Levy Limit %	FY2019 Levy %
Holyoke	100	100	100	100	100	100	100	100
Pittsfield	100	92	100	96	100	98	100	97
Somerset	100	74	100	74	99	72	100	76
Springfield	100	100	100	100	100	100	100	100
West Springfield	100	88	100	88	100	88	100	87
Worcester	100	98	96	96	96	96	95	94

For communities with levy limits that “hit the ceiling” in FY2016, the above chart shows that in FY2019, all communities except Worcester have found themselves in the same predicament with respect to their levy limit. Note that in only three cases, the community’s tax levy is close to its levy limit as well.

For communities with levy limits that “approached the ceiling”

in FY2016, the below chart shows that some have since backed off, some have since continued their approach and new entrants (shown in **bold**) have since arrived.

	Levy Limits that "Approached the Ceiling" in FY2016					FY2016			
	FY2016	FY2017	FY2018	FY2019		FY2016	FY2017	FY2018	FY2019
	%	%	%	%		%	%	%	%
Agawam	94	95	96	95	Marlborough	99	100	97	93
Avon	92	94	95	99	Monroe	93	95	100	
Chester	86	89	92	95	North Adams	89	91	94	98
Chicopee	88	91	93	92	Pelham	83	86	87	90
Everett	92	88	83	83	Peru	86	84	88	90
Fitchburg	90	90	87	83	Russell	95	97	97	95
Framingham	93	91	89	86	Shutesbury	89	92	95	96
Greenfield	89	90	93	93	Warwick	87	88	91	93
Heath	97	100	100	100	Wendell	97	100	100	
Longmeadow	90	87	90	89	Westfield	90	92	94	96

(Note: Avon's tax levy is 95% and Heath's is 85% of maximum allowable levy.)

As the incremental lower limit of Prop 2½ continues to increase, the extent to which future changes to the real estate market, either locally or statewide, add to or subtract from the number of communities found in either category remains to be seen.

Tax Shift

At the annual classification hearing, mayors, city/town councils and boards of selectmen decide how to further distribute the tax levy. These boards may decide within certain legal limits upon:

- a single tax rate structure which distributes the tax levy in proportion to the share that their property class bears to the total assessed valuation of the community; or
- a multiple tax rate structure which shifts some of the taxes that would be paid by RO taxpayers under a single tax rate structure onto CIP taxpayers.

These boards and councils may also decide to grant:

- a residential exemption;
- an open space class discount;
- a small commercial exemption.

By the Percentages

[The April 7, 2016 issue of City & Town](#) reported that most communities do not shift the tax burden, and that generally those that do shift have done so for many years.

The chart below shows that among the 341 communities, this multiple tax rate pattern has generally continued. For the ten tax rates yet to be certified, three have traditionally shifted the burden.

Shifting the Burden							
	No Shift	101% to 110%	Between 111% to 130%	Between 131% to 150%	Between 151% to 174%	> 174% to 175%	Communities Reporting
FY2017	242	5	20	17	36	31	351
FY2018	243	6	19	16	38	29	351
FY2019	235	7	17	17	36	29	341

Tax Rates

The calculation of the annual tax rate involves the efforts of many local officials as well as the citizenry who, in some cases, assemble data and in other cases vote financial policy. Timely tax rate setting is an important key to a successful financial operation and helps avert a cash shortfall, temporary borrowing costs, and work flow disruption in city and town hall financial offices.

Quick FY2019 Tax Rate Stats

FY2019 Highest Res. Tax Rate	\$24.09	Longmeadow
FY2019 Highest Commercial Tax Rate	\$41.61	North Adams
Greatest \$ Inc. from FY2018 in Res. Tax Rate	\$3.44	New Ashford
Greatest \$ Dec. from FY2018 in Res. Tax Rate	\$2.12	Athol
FY2019 Lowest Res. Tax Rate	\$2.88	Chilmark
FY2019 Lowest Commercial Tax Rate	\$2.88	Chilmark
Greatest \$ Inc. from FY2018 in Commercial Tax Rate	\$4.25	Chelmsford
Greatest \$ Dec. from FY2018 in Commercial Tax Rate	\$6.71	Rowe

For more information on tax rates, assessed values, shifts and levy limits, please visit the [DLS Databank](#).

Ask DLS: State-Owned Land

This month's *Ask DLS* features frequently asked questions about the State-Owned Land program under [G.L. c. 58, §§ 13-17](#). Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. We would like to hear from you.

What is the State-Owned Land (SOL) Program?

The Commissioner of Revenue, through the Bureau of Local Assessment (BLA) of the Division of Local Services, determines the fair cash value of certain tax-exempt state owned land (SOL) to be used to determine the Cherry Sheet Payment in Lieu of Tax (PILOT) distributed to the city or town each year. Criteria for reimbursement under the SOL PILOT program generally depends upon three factors: **taxable status at the time of state acquisition, land use, and the particular state agency owning or “holding” the land.** [G.L. c. 58, § 13-17](#). All state-owned lands are being used for public purposes and as such are exempt from local taxation.

How is SOL Valued?

Before the [Municipal Modernization Act, St. 2016, c. 218](#), the value of SOL in each community was individually determined every four years after a hearing and appeal process. Starting in FY 19, the process for valuing SOL changed. Under the new process, BLA determined a **base year** SOL valuation for each community as of January 1, 2017. After a hearing and appeal process, base year SOL valuations were finalized and then used to determine the FY 2019 PILOT payments distributed to participating cities and towns this past July. Going forward under the new process, the base year valuations will be adjusted every two years by a percentage equal to the change in a city or town's equalized cash value (EQV). Therefore, a community's value of SOL on January 1, 2019 (two years after the base year valuation date) will be determined by adjusting its base year valuation by its EQV percentage of change. SOL valuations are also updated annually to include the value of any SOL acquisitions and/or dispositions in a community. The January 1, 2019 SOL valuation will be used to determine a community's share of the FY 2020 SOL PILOT appropriation in the state budget.

What is "EQV"?

EQV is the fair cash value of all property in a city or town subject to local taxation as of January first as determined by the Commissioner of Revenue. [G.L. c. 58, § 9-10C](#). EQVs are used in determining aid or reimbursements to cities and towns under a variety of programs, including the Chapter 70 school aid program, public library grants and school construction projects. Certain Cherry Sheet assessment programs also use EQV to determine assessments such as county tax, Boston Metropolitan district, mosquito control projects and air pollution control projects. EQVs are also used to determine the second and third rounds of Community Preservation Act state matching funds and in calculating a community's debt limit under [G.L. c. 44, § 10](#). EQV is determined every two years. The EQV determination process includes a public hearing and appeal component.

Why would a community's SOL reimbursement amounts increase/decrease?

A community's SOL PILOT payment is based upon the value of a city or town's SOL compared with the value of all SOL. If a community's SOL value is one percent of the total value of all SOL, then the community's PILOT payment will be one percent of the annual appropriation included in the state budget for PILOT payments for all SOL. Therefore, even if a community's SOL value is unchanged, its PILOT distribution may still change because of changes in SOL values in other communities. *(This is no change in how the state appropriation has been divided among SOL communities.)*

When will my community's PILOT reflect the recent land bought or sold by the state?

BLA is notified quarterly of acquisitions, deletions and agency transfers by the Department of Capital Asset Management (DCAM). Under the new law, in preparation for the FY2020 valuation numbers, all newly reported and outstanding acquisitions from calendar year 2017 and 2018 will be uploaded to the new Gateway State Owned Land module by BLA by March 1, 2019. If a community has acquisitions / dispositions, its local assessing office will be asked to supply additional information to verify eligibility. Final SOL valuations, including acquisitions, deletions and transfers, will be determined by the commissioner by June 1.

Can my community appeal the value issued?

There is no appeal of the commissioner's determination under the new SOL procedure. Therefore, communities should be aware of the appeal process for determining its EQV because, as previously indicated, a community's EQV will form the basis of the adjustment factor for its SOL valuation.

Data Highlight of the Month: **[State-Owned Land Values](#)**

Anthonia Bakare - DLS Municipal Databank

Beginning this fiscal year, the Municipal Databank will publish [state-owned land values](#) which are based on the fair cash value of certain state-owned land (SOL) pursuant to [MGL Ch. 58, §§ 13-17](#). The SOL properties are reimbursed for loss of local tax revenue on the [Cherry Sheet's](#) State Owned-Land line.

Click [here](#) for the proposed municipal state-owned land values and their share of the total state-owned land. These values will be used to determine the FY2020 estimates. The figures will be available approximately on January 23rd once the Governor's H1 budget proposal is released. For more information regarding changes to the State-Owned Land program, please visit the DLS page dedicated to the [State-Owned Land program](#).

Remember to visit the [Municipal Finance Trend Dashboard](#) which includes additional financial data related to communities.

We hope you become better acquainted with the data the Division of Local Services has to offer through the *Data Highlight of the Month*. For more information, contact us directly at databank@dor.state.ma.us or (617) 626-2384.

January Municipal Calendar

- 31DESE **Notify Communities and Districts of Estimated NSS Requirements**
As soon as the Governor releases the ensuing year's budget, DESE notifies communities and districts of that next year's NSS estimates, which are subject to change once the final state budget is approved.
- 31Pipeline Company **Deadline for Pipeline Company to File Form of List with BLA**
- 31State Treasurer **Notification of Monthly Local Aid Distributions**, see [IGR 17-17](#) for more cherry sheet payment information, monthly breakdown by program is available [here](#).

To view the municipal calendar in its entirety, please [click here](#).

Editor: Dan Bertrand

Editorial Board: Sean Cronin, Anthonia Bakare, Linda Bradley, Paul Corbett, Theo Kalivas, Ken Woodland and Tony Rassias

Contact *City & Town* with questions, comments and feedback by emailing us at cityandtown@dor.state.ma.us.

To unsubscribe to *City & Town* and all DLS alerts, email dls_alerts@dor.state.ma.us.