



Informational Guideline Release

Municipal Data Management/Technical Assistance Bureau
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SMART GROWTH SCHOOL COST REIMBURSEMENTS

(G.L. c. 40S)

This Informational Guideline Release (IGR) informs local officials in communities with approved smart growth zoning districts of the reporting procedure to be followed in order to receive an annual state reimbursement for additional school costs resulting from an increase in public school students living in developments within the zoning districts.

Questions should be referred to the [Data Bank](#) by e-mailing databank@dor.state.ma.us or calling Lisa Juskiewicz (617) 626-2386, Jared Curtis (617) 626-2320 or Donnette Benvenuto (617) 626-2360.

Topical Index Key:

Local Aid

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City/Town Councils
City Solicitors/Town Counsels

SMART GROWTH SCHOOL COST REIMBURSEMENTS

(G.L. c. 40S)

SUMMARY:

These guidelines explain the procedure that municipalities with approved smart growth zoning districts must follow to obtain an annual smart growth school cost reimbursement.

A municipality with a smart growth zoning district approved by the Department of Housing and Community Development (DHCD) under [General Laws c. 40R](#) may receive an annual reimbursement under [G.L. c. 40S](#) for additional education costs attributable to public school students living in new smart growth housing developments that are not defrayed by new revenues from property taxes, motor vehicle excises and Chapter 70 education aid generated by the developments. Additional education costs are based on the number of additional pupils in the new housing units on the previous October 1 and the actual net school spending per pupil established under Chapter 70 for the district the students attend. Based on the statewide education spending percentage, a portion of the additional property taxes and motor vehicle excises are allocated to defray those costs. The additional education costs are further defrayed by any additional Chapter 70 aid attributable to the pupils. The reimbursement is "school revenue" under Chapter 70 in the year received.

Each year, the Division of Local Services (DLS) calculates the reimbursements for eligible municipalities based on data received from the Department of Elementary and Secondary Education (DESE), Registry of Motor Vehicles (RMV) and local smart growth reporting officers and subject to funding by the legislature, includes it on annual cherry sheets.

Municipalities with approved smart growth zoning districts must report annually to the DHCD the number of new housing units completed and occupied during the previous fiscal year. [760 Code of Massachusetts Regulations \(CMR\) 59.07, Smart Growth Overlay Zoning District](#). Based on this information, some municipalities with approved districts may have had pupils from new smart growth developments attending public school on October 1, 2009 and therefore, may be eligible for reimbursements beginning in fiscal year 2011.

The specific responsibilities of state and local officials in implementing the reimbursement program, the procedure and schedule for seeking a reimbursement and the formula for computing the reimbursement are detailed in [830 CMR 40S.1.1, Smart Growth School Cost Reimbursement Procedures](#). These guidelines prescribe the procedure and form eligible communities must use to report the necessary data to DLS and claim a reimbursement each fiscal year. The regulations and guidelines were developed after consultation with the DHCD, DESE and RMV.

GUIDELINES:

I. LOCAL SMART GROWTH REPORTING OFFICER

A. Designation

The chief executive officer of every municipality with a smart growth zoning district must appoint a local smart growth reporting officer (local reporting officer).

The chief executive officer is the mayor in a city and the board of selectmen in a town, unless the charter designates another officer as the chief executive officer.

B. Duties

1. Reimbursement Waiver

For any fiscal year in which the municipality may be eligible for a Chapter 40S smart growth school cost reimbursement (Chapter 40S reimbursement), the chief executive officer may notify the local reporting officer that the municipality will not claim the reimbursement. The notice must be in writing and a copy must be retained. The local reporting officer must notify the DLS of the decision to waive by September 15. See Sections I-B-2-c and II-A below.

2. Reimbursement Claim

For all other years, the local reporting officer must coordinate the collection of all municipal data required to calculate the reimbursement and report the data to the applicable state agencies in a timely manner. Attachment 1 sets out the annual reporting schedule established by [830 CMR 40S.1.1\(4\)\(c\)](#).

a. Occupancy Permits

By July 1 of each year, the local reporting officer must submit data on the number of occupancy permits issued during the previous fiscal year for properties with smart growth development to the DHCD. This information must include the address of each property and the date the occupancy permit was granted. The DHCD will provide instructions for submitting this information.

Smart growth development means any new residential or commercial development, or substantial redevelopment, that is permitted under the approved G.L. c. 40R smart growth zoning district and is built after the district is adopted. Substantial redevelopment means development that changes the use of the building from non-residential to residential or costs more than 50 percent of the building's pre-renovation assessed valuation.

b. Smart Growth Address List

The DHCD will determine whether the submitted properties qualify as smart growth development, and the municipality remains eligible for density bonus payments, under the approved G.L. c. 40R smart growth zoning district as of June 30. If it so determines, it will combine the newly submitted addresses and occupancy dates with any reported and included in previous years. By July 22, it will send a complete list of addresses and occupancy dates for all properties with smart growth development for which occupancy permits have been issued as of the previous June 30 (smart growth parcels) to the reporting officer of each municipality, the DLS, DESE and RMV.

By August 1, the local reporting officer must distribute the list of addresses and occupancy dates for smart growth parcels received from the DHCD to school superintendents and the board of assessors.

(1) School Superintendents

The address list must be distributed to the superintendent of all public school districts, including the head of charter schools and school choice districts, where students from the municipality enroll.

(a) Enrollment Reports

By September 1, each superintendent and charter school head who received the address list must report the names and addresses of smart growth students who were enrolled in their district or school on the previous October 1 to DESE. For example, the information for a Chapter 40S reimbursement claimed for FY2011 is based on the new public school students enrolled on the October 1 during FY2010 (October 1, 2009). The DESE will provide instructions for submitting this information.

(b) Additional Education Costs and Chapter 70 Aid

Using the pupil data submitted by the superintendents and charter school heads, the DESE will calculate the total education costs attributable to the municipality's smart growth students for the previous fiscal year. It will also calculate the additional Chapter 70 aid attributable to those students that year. See [830 CMR 40S.1.1\(2\)](#). The DESE will certify these amounts to the DLS by October 1.

(2) Board of Assessors

By September 1, the board of assessors must provide the local reporting officer with the additional property tax and motor vehicle excise revenues generated by smart growth parcels.

(a) Smart Growth Property Tax Revenues

The assessors must calculate the additional property taxes assessed for the previous fiscal year attributable to smart growth parcels and submit the information to the local reporting officer. See Section II-A below.

(b) Smart Growth Motor Vehicle Excise Revenues

The RMV will send the assessors a list of the motor vehicle excises generated in the previous fiscal year for vehicles garaged at smart growth parcel addresses for verification. The assessors must review the list against their commitments and submit the additional excise data to the local reporting officer. See Section II-A below.

c. Chapter 40S Reimbursement Claim/Waiver

By September 15, the local reporting officer must submit to DLS (a) a request for a Chapter 40S reimbursement by reporting the local smart growth property tax and excise tax revenues for the previous fiscal year or (b) a waiver of any reimbursement for that year. See Section II-A below.

II. REIMBURSEMENT REPORTING PROCEDURES

A. Form and Content

Chapter 40S reimbursement requests or waivers are made by submitting a “Smart Growth School Cost Reimbursement Report” to DLS each year. The [report](#) and detailed [instructions](#) for completing it are found on the [DLS website](#).

The report consists of an excel spreadsheet with multiple parts (tabs). The local reporting officer completes Part 1. The assessors complete the other parts in order to calculate and report the additional property taxes and motor vehicle excises due to smart growth development. Documentation that supports the submitted report should be retained by local officials for at least 5 years in the event of an audit.

B. Submission

Local reporting officers must submit their reports electronically by e-mailing them to databank@dor.state.ma.us.

C. Time Period

Information reported is for the fiscal year before the year the reimbursement is payable. For example, the information for a Chapter 40S reimbursement payable in FY2011 is based on FY2010 local property taxes and motor vehicle excises assessed during FY2010.

III. REIMBURSEMENT PAYMENT PROCEDURE

By October 15, the DLS will calculate the Chapter 40S reimbursements and complete all other actions required under the program for the fiscal year.

A. Calculation

The DLS will combine the information contained in the smart growth school cost reimbursement reports submitted by local reporting officers and the data submitted by DESE to determine the Chapter 40S reimbursement, if any, due to each eligible municipality.

A municipality will not receive a reimbursement if the municipality's additional educational costs are covered by the additional Chapter 70 aid, property taxes and motor vehicle excises attributable to the smart growth students and parcels.

B. Payment

Subject to funding by the legislature, the DLS will certify the Chapter 40S reimbursement due each municipality to the State Treasurer for payment in a single installment.

If available funds are insufficient to fully fund all reimbursements, the DLS will calculate the percentage of each municipality's reimbursement as a share of the statewide reimbursement, and pro-rate each municipality's reimbursement proportionally.

C. Cherry Sheet Revision

The DLS will revise the cherry sheet of each municipality due a Chapter 40S reimbursement. This will enable the revenue to be used during the tax setting process in most communities.

The reimbursement for a fiscal year will be used as the estimated Chapter 40S cherry sheet aid for the next fiscal year until the actual aid is determined and certified in the following October. For example, Chapter 40S reimbursements certified on October 15, 2010 for FY2011 will serve as FY 2012 Chapter 40S cherry sheet estimates until the actual FY2012 reimbursements are certified and the FY2012 cherry sheet is revised in October 2011.

D. School Revenue

The DLS will notify the DESE of the Chapter 40S reimbursement each community will receive for the fiscal year. The reimbursement is treated as school revenue in determining compliance with net school spending requirements for the year received.

Attachment 1

SMART GROWTH SCHOOL COST REIMBURSEMENT SCHEDULE

	<u>Date</u>	<u>Official</u>	<u>Action</u>
1.	July 1	Local reporting officers	Submit occupancy permits issued in prior fiscal year for properties in approved smart growth zoning districts to DHCD
2.	July 22	DHCD	Distribute smart growth address list as of July 1 to local reporting officers, DLS, DESE and RMV
3.	August 1	Local reporting officers	Distribute DHCD smart growth address list to school superintendents and assessors
4.	September 1	RMV	Distribute list of motor vehicle excises generated during prior fiscal year for properties on DHCD smart growth address list to assessors
5.	September 1	School superintendents	Report eligible pupils as of prior October 1 to DESE
6.	September 1	Assessors	Report local smart growth property tax and excise revenues for prior fiscal year to local reporting officer
7.	September 15	Local reporting officers	Submit Smart Growth School Cost Reimbursement Report to DLS to report (a) local smart growth property tax and excise tax revenues for prior fiscal year or (b) municipality's waiver of reimbursement
8.	October 1	DESE	Calculate total net school spending of all districts for prior fiscal year and submit to DLS Calculate total education cost for eligible students and additional chapter 70 aid for prior fiscal year for each eligible municipality and submit to DLS
9.	October 15	DLS	Calculate total regional school district aid and general fund municipal spending for prior fiscal year Calculate education percentage for prior fiscal year Calculate Chapter 40S reimbursement for each eligible municipality and certify reimbursements to the State Treasurer for payment Revise current fiscal year Cherry Sheet of each eligible municipality to include reimbursement and notify each municipality of revision Notify DESE of reimbursement for each eligible municipality