



December 16th, 2021

Announcing the Second Round of the Community One Stop For Growth Grants: “Expression of Interest” Now Open.



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By the Numbers

City & Town provides updates on the progress of the tax rate



Dear Municipal Official,

In January 2021, our Administration launched the Community One Stop for Growth, a new way for municipalities to efficiently access state funding programs. *The One Stop consolidates our most popular grant programs into one application, and transforms the Commonwealth from just a funding source into a partner in local economic and community development strategies.*

The One Stop allows applicants to save hours of valuable staff time and to create better alignment at the State level to make sure projects are reviewed by the best programs for their funding needs. Our goal is to not only be a source of funding for communities, but a true partner in their growth.

In the inaugural round of the One Stop, our Administration had the privilege of announcing 196 grant awards to projects across 122 communities. Approximately \$88.6 million in community and economic development grant funds were awarded, including over \$21.7 million to rural and small towns and another \$28.8 million to gateway cities. This was made possible with support from the Legislature, and we appreciate their ongoing partnership.

I am excited to announce that we are carrying this

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](#).

Preliminary Certifications
Approved: 71

Final Certification: 70 (of
74 total)

LA4 (Assessed Values)
Approved: 347 (348 submitted)

LA13 (New Growth) Approved:
347 (348 submitted)

Tax Rates Approved: 302

Balance Sheets Approved: 217

Total Aggregate Free Cash
Approved: \$1,392,959,235

Important Dates & Information

Register Now for the DLS Best Practices Webinar: Tuning Your Motor Vehicle Excise Skills

DLS is pleased to open registration for our free online training highlighting motor vehicle excise tax billing. The

momentum into the new year with the opening of the FY23 Expression of Interest period. Like last year, the One Stop will begin with an optional, but highly recommended, Expression of Interest (EOI), which is a simple form that allows applicants to seek guidance from EOHEd and partner agencies prior to completing a Full Application. An organization may submit one Expression of Interest at any time between **December 15, 2021 and March 18, 2022**. The EOI form allows prospective applicants to seek feedback on up to two project ideas (or up to 5 project ideas, if submitted prior to February 4, 2022).

The timeline for the Full Application is anticipated to be like last year, with *the application becoming available in late January and a final submission deadline in early June*. We again anticipate that award decisions will be announced in the Fall of 2022.

This year, the One Stop will feature a total of twelve programs offered by EOHEd, DHCD and MassDevelopment (three more grant programs than last year): MassWorks, Urban Agenda, Community Planning Grants, Rural Development Fund, Housing Choice Community Grants, Massachusetts Downtown Initiative, Brownfields, Site Readiness, Underutilized Properties Program, Commonwealth Places (new to One Stop), Real Estate Services (new to One Stop), and Collaborate Workspace Program (new to One Stop).

For more information on the Community One Stop for Growth, please visit www.mass.gov/onestop. We look forward to continuing this great work to enhance community and economic development in cities and towns across the Commonwealth.

Sincerely,

Karyn E. Polito
Lieutenant Governor

interactive presentation will cover an important municipal finance process and provide the opportunity to ask our staff questions.

Wednesday, January 12 at 10:00am – Tuning Your Motor Vehicle Excise Skills:

Introducing a new DLS webinar on motor vehicle excise best practices, excise regulations, and content tips for excise webpages. We will also explore helpful data reports and [informational resources](#) available on the DLS website. Please join us and sharpen your excise skills before the first commitment in 2022. To register, click [here!](#)

We look forward to seeing you then! Please email dlsregistration@dor.state.ma.us with any questions or concerns.

Register Now for the DLS Best Practices Webinar: The Next Step in Financial Forecasting

DLS is pleased to open registration for our free online training regarding financial forecasting. The interactive presentation will provide the opportunity to ask our staff questions.

Wednesday, January 26 at

Speaking of the Overlay

Matt Andre - Bureau of Accounts Field Representative

The term “overlay” can be traced back as far as Chapter 44 of a 1793 Massachusetts Law:

“said Societies may Vote such sum to be laid on the Poll as they ma[ke][y] think proper, and said Assessors may overlay a sum, not exceeding ten Per Cent, for abatements and to avoid fractions;” and they shall make lists of said Assessments on Polls and Estates in the same manner and form as Town Assessors are required to make...”

Today, as in the late 1700’s, the overlay is still used to fund abatements to real and personal property taxes and to avoid fractional divisions in the assessments. In addition, the overlay funds:

- a. exemptions to real and personal property taxes assessed and committed under [G.L. c. 59](#)
- b. interest due and payable on abatements that result in refunds (not due to overpayments), if the interest is not otherwise provided for; and
- c. the municipal share of Social Security and Medicare taxes for a senior work-off ([G.L. c. 59, § 5K](#)) or veterans work-off ([G.L. c. 59, § 5N](#)) abatement program, if the taxes are not otherwise budgeted.

This article will provide examples of questions that have been asked of the Bureau of Accounts staff and our responses to them.

Who determines the overlay amount?

In cities, towns and tax levying special purpose districts, it’s the board of assessors. Like Cherry Sheet assessments and certain deficits that are provided for in the tax levy without appropriation, so too is the overlay. Given this and the fact the overlay is raised inside the Prop 2½ levy limit, assessors must communicate their determined amount to local budget officials.

10:00am – The Next Step in

Financial Forecasting: After a community builds its base forecast model, the community needs to model various scenarios such as collective bargaining negotiations, ongoing service contract renewals, capital acquisition and construction plans, and building reserves. Our staff from the Financial Management Resources Bureau will discuss how a forecast enables the user to play “What If”, examining and projecting revenue streams, using varying assumptions, analyzing the potential cost implications in the current and following years, and developing reasonable budget options in the best interest of the community. To register, click [here](#).

We look forward to seeing you then! Please email dlsregistration@dor.state.ma.us with any questions or concerns.

Latest Issue of *Buy the Way* Now Available

Don't miss Issue #13 of [Buy the Way](#), the monthly magazine of the Operational Services Division (OSD).

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

How much overlay is needed?

The overlay balance must be adequate for its purposes and the amount raised in the tax levy each fiscal year must be reasonable. The Municipal Modernization Act ([Chapter 218 of 2016](#)) amended the overlay law ([G.L. c. 59, § 25](#)) to allow for individual fiscal year balances to be combined into one single balance rather than to be recognized separately. The board of assessors must continue to manage this account prudently.

Adequacy is determined by reviewing the entire overlay balance against current and potential future needs.

Reasonableness is judged by the Bureau of Accounts during the tax rate approval process by reviewing form OL-1, a form which reviews overlay use over the recent 5-year period. Circumstances such as a revaluation or an Appellate Tax Board decision that could distort the average and affect this determination are taken into consideration.

What if the total overlay balance is insufficient?

This is known as an overlay deficit. If the overlay account is in a deficit balance at the end of a fiscal year, the deficit must be raised by taxation in the next annual tax rate or be provided for otherwise.

What if the total overlay balance is deemed in excess?

An overlay balance may be deemed in excess but only by the Board and such excess may then be transferred out by either one of two methods:

1. The board of assessors must make a determination of excess within 10 days of a written request by the Chief Executive Officer. In a city or town the CEO may be the manager, mayor or select board and within a district the CEO may be the commissioners, prudential committee or other designated officer
2. The board may declare an excess by its own motion.

your inbox.

Office of the Inspector General ARPA Resources

Under the American Rescue Plan Act (ARPA), Massachusetts state, county, tribal and local entities are receiving millions of dollars in federal aid to respond to the public health and economic impacts of the public health emergency created by the COVID-19 pandemic.

The Office of the Inspector General has compiled the following rules and resources related to the ARPA from our Office, the federal government, other state agencies and private organizations. Our Office also has compiled [Bulletin articles](#) related to using ARPA funds, including articles about:

- paying for supplies and services with federal funds
- reviewing invoices
- analyzing data
- auditing vendors
- applying Chapter 30B
- preventing bid manipulation

IGR Related to Property Tax

How much overlay may be deemed in excess?

The overlay may be in excess once the Board determines that the overlay is no longer needed to cover all unpaid real and personal property taxes, abatement of paid real and personal property taxes as well as interest and Medicare taxes not otherwise provided for. In making this decision, the board of assessors will:

- determine all prior fiscal years' unpaid real and personal property taxes
- estimate current fiscal year real and personal property taxes that will remain unpaid on June 30
- estimate potential abatement of all prior year's paid real and personal property taxes
- estimate potential abatements of current fiscal year paid real and personal property taxes
- estimate need for current fiscal year interest and Medicare taxes

The board may also reserve overlay for real property taxes in tax title and potential overlay needed for future fiscal years. The board of assessors uses their record of overlay balance reconciled to the accounting officer's record (or the lesser amount if records are in variance) and the collector's/treasurer's record of receivable balances reconciled to the accounting officer's record (or the greater amount if records are in variance).

Example #1 - Overlay excess determination (tax title included, no interest or Medicare taxes)

- Balance \$2,000,000
- Determine PFY unpaid RE & PP taxes - \$1,000,000
- Estimate CFY RE & PP taxes that will remain unpaid on June 30 – \$800,000

Exemptions for Solar/Wind/Fuel Cell and Energy Storage Systems

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-24 informing local officials about property tax exemptions for solar powered systems, wind powered systems, fuel cell powered systems and energy storage systems, including under a negotiated tax agreement.

[IGR-2021-24 – Property Tax Exemptions for Solar Powered, Wind Powered, Fuel Cell Powered, and Energy Storage Systems](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

8 of 58 Abatement Applications Now Submitted Via DLS Gateway

Starting Wednesday October 6, 2021, applications to abate a locally assessed tax or charge pursuant to G.L. c. 58, § 8 should be submitted through DLS Gateway. Upload of a completed [Schedule 58.8](#) is required for submission. Visit [the Municipal Finance Law Bureau's 8 of 58 webpage](#) for

- Estimate potential abatement of all PFY paid RE & PP taxes – \$50,000
- Estimate potential abatement of CFY paid RE & PP taxes – \$350,000
- Estimate potential abatement of ATB appeals not included - \$100,000
- Estimate potential abatement of RE taxes in tax title - \$50,000

Conclusion: \$0 excess Overlay (\$2,000,000 < (\$1,000,000 + \$800,000 + \$50,000 + \$350,000 + \$100,000 + \$50,000))

Example #2 – Overlay excess determination (tax title, interest, Medicare taxes not included)

- Balance \$2,000,000
- Determine PFY unpaid RE & PP taxes - \$500,000
- Estimate CFY RE & PP taxes that will remain unpaid on June 30 \$250,000
- Estimate potential abatement of all PFY paid RE & PP taxes – \$150,000
- Estimate potential abatement of CFY paid RE & PP taxes – \$550,000
- Estimate potential abatement of ATB appeals not included - \$400,000

Conclusion: \$150,000 excess (\$2,000,000 > (\$500,000 + \$250,000 + \$150,000 + \$550,000 + \$400,000))

What happens to Overlay deemed in excess?

An overlay balance deemed in excess by the board is transferred to the overlay surplus account which may then be appropriated by the city's, town's or tax rate setting district's legislative body for any lawful purpose. When the transfer is made, the board notifies the accounting officer in writing of their vote, and if their determination is made after

more information on the application process. Step-by-step instructions for submitting 8 of 58 applications using Gateway can be found on the Gateway landing page.

For general guidance on the standards and policies governing applications for authority to abate local taxes and charges under G.L. c. 58, § 8, please refer to Informational Guideline Release [\(IGR\) 2020-10](#).

Departmental Revolving Funds IGR

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-23 informing local officials about the procedures and requirements of departmental revolving funds.

[IGR-2021-23 – DEPARTMENTAL REVOLVING FUNDS](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

Webinar on Yarmouth’s Streamlined Tax Rate Recap Process

On August 4th, local officials

the CEO’s written request, the CEO is also notified of their vote in writing.

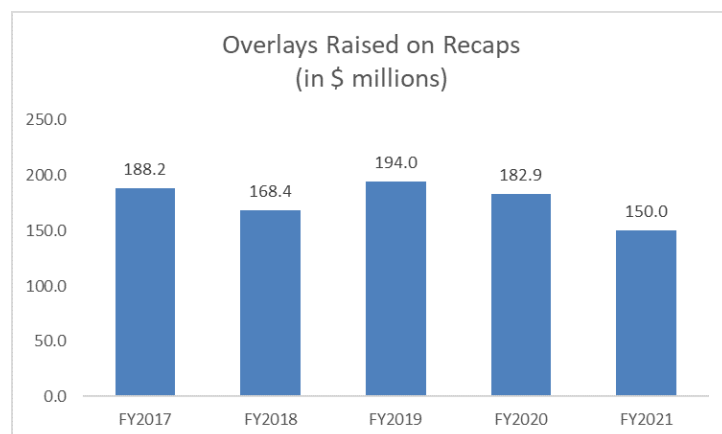
If a balance remains in overlay surplus at the close of business on June 30, the balance is closed to the city’s, town’s or district’s general fund. This information is then reported to the Bureau of Accounts by the accounting officer during the balance sheet submission process which will increase the potential for certified free cash.

What if too much overlay is transferred out by the board of assessors?

In Informational Guideline Release (IGR) [17-23](#), the Director of Accounts authorized the accounting officer to verify the amount transferred. If the amount appears to the accounting officer in excess, the transfer is not effective to the extent of the greater amount and the excess is not recorded to overlay surplus. The board (and CEO if excess was declared pursuant to the CEO’s request) is/are so notified.

How much overlay has been raised by cities and towns in recent fiscal years?

The graph below shows the amount of overlay that has been raised by taxation by all cities and towns for FY2017 to FY2021.



What causes a fluctuation in total overlay amounts raised?

from Yarmouth joined DLS in hosting a webinar to walk through how their financial management team completes prepares the tax rate recap. In their presentation, the team in Yarmouth highlighted not only the technical aspects that streamlines this process, but also how collaboration amongst the financial management team leads to success.

The town is routinely amongst the first communities to submit its tax rate recap to DLS for review each year. The [recorded version](#) of the webinar is now available online. In addition, the slides from their presentation are available for reference [here](#). You can also find [DLS' Budget and Tax Rate Planning Tool](#), which the team Yarmouth uses as part of their automated process, on our website, along with other helpful [tools and templates](#).

Municipal Audits Webinar and Training Materials

Thank you to all who joined our *Overview of Municipal Audits* webinar hosted by the Office of the Inspector General and the Division of Local Services. The [recorded webinar](#) is now available on [the DLS Municipal Finance Training & Resource Center](#). The training provides

Although reasons may differ for tax rate setting entities, they may include:

- additional amounts raised in property revaluation years
- a local decision to allow the total Overlay balance to fund current needs
- large dollar reductions in large cities or towns

What percentages of the total tax levy were the overlays from FY2017 to FY2020?

FY2017 – 1.2%

FY2018 – 1.0%

FY2019 – 1.1%

FY2020 – 1.0%

FY2021 – 0.8%

Final facts

The total overlay raised in FY1983 was about \$132.2 million; the total tax levy in FY1983 was about \$3 billion. This means:

- in FY1983, Overlay represented almost 4.5% of the total tax levy
- since FY1983, Overlay increased by about \$18 million or by about 14%
- since FY1983, the total tax levy increased by about \$16 billion or by over 500%

To learn more about the overlay and other municipal finance topics, please visit the [DLS Municipal Finance Training and Resource Center](#).

information on the different components of the audit, the benefits of having an audit completed, the best practices for procuring a local audit, and how often a community is required to have an external audit completed. DLS and OIG staff also answered other questions from attendees. The [slides](#) from the presentation are also available online.

In addition, you can review the [Municipal Audits: FAQs](#) document that provides answers to common questions regarding municipal audits, including procurement and preparing for audits.

We look forward to offering training opportunities on this and other municipal finance topics in the future! Be sure to bookmark the [Municipal Finance Training & Resource Center](#) and subscribe to our [YouTube channel](#) to stay updated on new items added.

Land of Low Value Post Affidavit Process and Deeds in Lieu of Foreclosure IGR

The Division of Local Services (DLS) has issued and posted Informational Guideline Release (IGR) 2021-22 informing local officials of the administrative foreclosure

Data Highlight: Overlay Reserves

This month's data highlight focuses on overlay reserves. The overlay is an account used to fund anticipated abatements and exemptions of committed real and personal property taxes, as well as a portion of senior and veteran work off programs.

Historical overlay information dating back to 2004 can be found [here](#). To view overlay amounts raised by taxation for all cities and towns, see our [Municipal Finance Trend Dashboard – Category One](#). DLS also offers a YouTube overview of the overlay [here](#). Please subscribe our channel and check back often to view our trainings and webinars

If you have any questions or comments on any of the data found in this highlight, please email us at databank@dor.state.ma.us.

process following the receipt of a Commissioner of Revenue's affidavit pursuant to a Land of Low Value tax title foreclosure application and how communities may accept title from the owners of properties on which there are municipal liens as an alternative to tax taking and foreclosure proceedings.

IGR-2021-22 – [LAND OF LOW VALUE POST AFFIDAVIT PROCESS AND DEEDS IN LIEU OF FORECLOSURE](#)

To access additional IGRs and Bulletins, please visit this [webpage](#).

Cybersecurity Health Check Program

The Office of Municipal and School Technology provides the following program available to Massachusetts municipalities and schools. If you have any questions, please contact Catherine.Marques@mass.gov

[Cybersecurity Health Check](#)

The Cybersecurity Health Check Program provides opportunities for local government to access basic cyber security services at no cost.

These services can be a good

first step in discovering,
assessing and identifying
cybersecurity gaps that could
impact IT systems that support
essential business functions.
This is a rolling application.

DLS Links:

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

[Events & Training Calendar](#)

[Municipal Finance Training and
Resource Center](#)

[Local Officials Directory](#)

[Municipal Databank](#)

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

[Bulletins](#)

[Tools and Financial Calculators](#)



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Contact *City & Town* with questions, comments and feedback by emailing us at cityandtown@dor.state.ma.us. To view previous editions, please [click here](#).

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