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Where to Turn for Motor Vehicle Excise Resources

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Important Dates & Information

FY2024 Preliminary Local Aid Estimates

The Healey-Driscoll administration is pleased to provide local officials with preliminary local aid estimates for FY2024 in advance of next week's release of the administration's budget (House 1).

The administration is funding Chapter 70 at \$6.585 billion, or \$586.4 million above the FY2023 level, increasing Unrestricted General Government Aid (UGGA) by \$24.6 million to \$1.26B, increasing State-Owned Land Reimbursements by \$6.5M to \$51.5M, increasing aid to libraries by \$3.1 million and increasing Regional School Transportation by \$14.9 million to \$97.1M.

For more information about the local aid package to be included in the upcoming budget, please review the budget brief found [here](#).

View the proposed cherry sheet estimates for your community or school district from the link below:

This is the time of year when local assessors process the largest motor vehicle excise commitments. Assessors usually receive more calls on questions regarding excise bills than they do for real estate and personal property tax bills combined. Therefore, we'd like to highlight some useful resources that can assist in answering a variety of motor vehicle excise questions.

The DLS Bureau of Local Assessment has developed an informative [Tuning Your Motor Vehicle Excise Skills](#) webinar. In addition, the [DOR Guide to Motor Vehicle Excise](#) offers Motor Vehicle Excise from the taxpayer's perspective. This [Frequently Asked Questions \(FAQ\): Motor Vehicle Excise \(PDF\)](#) addresses a number of common inquiries and plain language responses. Finally, the [RMV Online Service Center](#) is a great resource for taxpayers and should be bookmarked for easy reference.

An assessing office's administration of Motor Vehicle Excise serves a critical function in the broader municipal finance well-being of the community. For most municipalities motor vehicle excise receipts are the largest local revenue source second only to real and personal property tax. In FY22, municipalities received over \$950 million dollars in motor vehicle excise receipts. Each year thousands of taxpayers apply for excise abatements due to canceling registrations for a variety of reasons including moving out of state and transfer of ownership. As a result, it's vital to understand the

[Municipal receipts and charges](#)
[Regional school receipts and charges](#)

More detailed information regarding Chapter 70 and other school finance related initiatives contained in House 1 and the accompanying legislation can be found on the Department of Elementary and Secondary Education (DESE) website at <http://www.doe.mass.edu/finance/chapter70>.

Information includes the Chapter 70 aid calculations, minimum contributions and net school spending requirements.

Cherry sheet estimates for charter school tuition and reimbursements are based on estimated tuition rates and projected enrollments under charters previously issued by the Board of Elementary and Secondary Education.

Please be advised that charter school assessments and reimbursements will change as updated tuition rates and enrollments become available. Estimates for the school choice assessments may also change significantly when updated to reflect final tuition rates and enrollments.

It is important for local officials to remember that these estimates are preliminary and are subject to change as the legislative process unfolds.

Please contact the Data Analytics and Resources Bureau at databank@dor.state.ma.us with any questions.

Register Now for the DLS Role of the Collector Webinar

The Division of Local Services (DLS) is excited to host the *Role of the Collector* webinar on March 22, 2023 at 10am. This webinar will provide an overview of the role and responsibilities of local collectors and highlight the key duties of the collector, statutory requirements associated with the position, and how other members of the local financial management team must work together with the collector while carrying out their own functions and to ensure thorough management of municipal finances. DLS staff from the Financial Management Resource Bureau and Bureau of Accounts will be available to answer questions following the presentation. A recording of the webinar will be available on the DLS YouTube

[abatement process](#). For more guidance on Motor Vehicle Excise, please visit [DLS Motor Vehicle Excise Training and Resources webpage](#).

PERAC's January 1, 2023 List of Retirement Boards by Funded Ratio

Tony Rassias - BOA Deputy Director of Accounts

The [Public Employee Retirement Administration Commission \(PERAC\)](#) is responsible for oversight, guidance, monitoring and regulation of 99 city, town, county, special purpose district and regional school district public pension systems (municipal systems), and six state public pension systems inclusive of the system for Boston teachers. It publishes quarterly a list of retirement boards and their last valuation date (the date when the system's actuarial valuation was last performed). The most recent [list](#) is as of January 1, 2023. The Governmental Accounting Standards Board (GASB) requires a new valuation at least every two years. PERAC's report includes three common fiscal metrics as reported by each system that can help assess whether a retirement system is fiscally healthy: Funded Ratio, Investment Return Assumption (IRA, commonly referred to as Assumed Rate of Return or ARR), and Funding Schedule ([G.L. c. 32, §22F](#)) for amortizing the system's unfunded actuarial liability (UAL). This article will review the latest list of 99 municipal systems and determine how their metrics have changed from one year ago.

PERAC lists each system's funded ratio, the total value of a plan's assets weighed against its accrued liabilities as of its last valuation date. It indicates the extent to which assets cover system liabilities. A system with a greater funded ratio is considered a stronger system. Leading this list is Leominster at 110% with Springfield at the end of the list at 36%. The group median is 73%, up from last year's 66%. The following two tables list the five highest and five lowest funded ratios along with their valuation dates in greater detail.

channel for those unable to attend the live presentation.

Click [here](#) to register. If you have any questions about this webinar, please email us at dlsregistration@dor.state.ma.us. A confirmation with login details for the webinar will be shared once you have registered.

As a reminder, you can view recordings of our [DLS-hosted webinars](#), including the *Role of the Treasurer* webinar on our [YouTube page](#). Be sure to review and bookmark the [Municipal Finance Training & Resource Center](#) for related content as well.

Upcoming Massachusetts Dredging Program 2023 Regional Equipment Grants Executive Office of Housing and Economic Development

In early March, the Executive Office of Housing and Economic Development (EOHED) will open its first Regional Equipment Grant Round for the [Massachusetts Dredging Program](#). Grants will be competitively awarded for the purchase of capital assets to support regional dredging, with a focus on new purchases that increase regional capabilities, and support the economic vitality, tourism, and ecosystem health of Massachusetts's harbors.

Applications will be accepted from the Commonwealth's 78 [coastal municipalities](#) and any county commissions representing two or more of these municipalities. A minimum 50% non-state match will be required for any application to be considered. Successful applicants will be required to complete all capital purchases by June 30, 2023. Full details about this grant round will be available through the program's [How to Apply page](#) no later than March 17. To be added to the round's notification list, please send your name, organization, and email address to EOHEDgrants@mass.gov, subject line: "Dredging Program Email List."

FY2024 Budget Issues and Other Related Matters

The Division of Local Services (DLS) Bureau of Accounts (BOA) has issued and posted Bulletin (BUL) 2023-2. This Bulletin addresses several topics that cities, towns, regional school and other districts should consider for FY2024 budgeting and other related matters.

[BUL-2023-2: FY2024 Budget](#)

System	Funded Ratio	Valuation Date
Leominster	110.3%	1/1/2021
Shrewsbury	105.8%	1/1/2022
Watertown	103.6%	1/1/2022
Quincy	101.2%	1/1/2022
Greater Lawrence	97.0%	1/1/2021

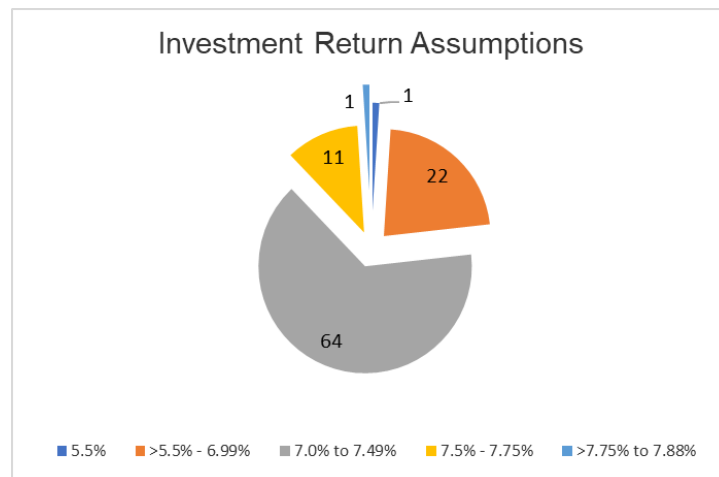
Source: PERAC, January 1, 2023

System	Funded Ratio	Valuation Date
Pittsfield	52.0%	1/1/2021
Worcester Regional	50.9%	1/1/2022
Andover *	46.9%	1/1/2021
Fall River	44.5%	1/1/2021
Springfield	35.6%	1/1/2022

Source: PERAC, January 1, 2023 *Andover issued Pension Obligation Bonds

(POBs) in December of 2021 - the town estimates a 90% Funded Ratio after the system's next valuation is completed.

A system's IRA is a major component in a retirement system's projected asset growth because of the importance of investment earnings to the system. The IRA is chosen by the retirement system and should represent the long-term rate of return based upon a retirement system's investment policy. The current list shows that no system has reported an IRA greater than Plymouth County at 7.9%, with the lowest in Leominster at 5.5%. Forty-two systems reported an IRA of 7% which is the group median.



Source: PERAC, January 1, 2023

State law mandates that each system must amortize its UAL by a fiscal year of its choosing, but no later than by FY2040. A system's UAL is the difference between its projected future pension costs,

Issues and Other Related Matters

To view the bulletin, [click here](#). To access additional IGRs and Bulletins, please visit this [webpage](#).

Proposed FY2024 State-Owned Land Valuation under MGL C. 58 § 13-17

The Division of Local Services has posted on its website proposed FY2024 state-owned land values based on the fair cash value of certain state owned lands (SOL) pursuant to [MGL Ch. 58, §§ 13-17](#). These lands are reimbursed for loss of local tax revenue on the Cherry Sheet's State-Owned Land line.

Click [here](#) to display the proposed municipal state-owned land values and their share of the total state-owned land. In addition, please see the DLS [Frequently Asked Questions](#) about this [program](#).

The Bureau of Local Assessment (BLA) is notified of acquisitions, deletions and agency transfers by the Department of Capital Asset Management & Maintenance (DCAMM). In preparation for the FY2024 final numbers, if your community has newly reported and outstanding acquisitions from calendar year 2021 and 2022, you will be notified by mid-February by BLA for processing in the Gateway system by March 1, 2023.

It is imperative you respond to any request for information within fifteen (15) days to have the additional acreage included in your FY 2024 valuation issued on June 1, 2024.

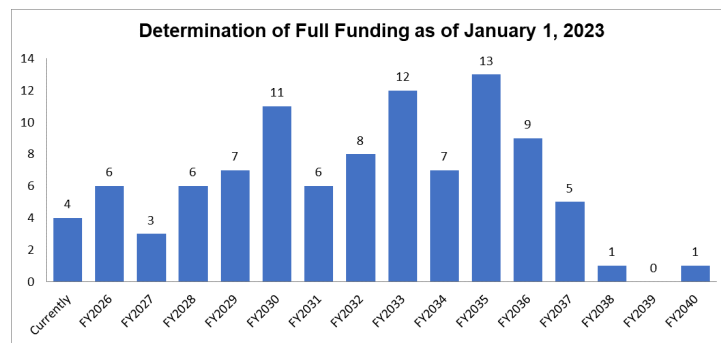
Final 2022 Equalized Valuations (EQVs)

On January 25, 2023 the Bureau of Local Assessment issued the final 2022 Equalized Valuations (EQVs), representing the full and fair cash value of all taxable property for each municipality as of January 1, 2022 to the [DLS Gateway website](#) by clicking on LA19 Equalized Valuation Report.

These EQVs will be used as a basis of comparison among the 351 municipalities within the Commonwealth for certain state and local purposes. Specifically, EQV is used in the allocation of aid to public libraries, in the calculation of Chapter 70 funding, and in the reimbursement rate of school construction projects. Certain Cherry Sheet charges also use EQV: County Tax, Boston Metropolitan Transit District, Mosquito Control Projects and Air Pollution Control Districts. In addition, EQV is used in

demographic and economic events and the value of its invested assets. Projecting these costs and values requires an actuarial review that includes many factors. PERAC's FY2021 Annual Report, its most current annual report, shows an unfunded liability for the 99 municipal systems of about \$17.8 billion (about \$63.4 billion when including all 105 systems within PERAC's oversight).

The following graph illustrates when all 99 systems reportedly will reach full funding as of their current valuation. Note that as of January 1, 2023, four systems are considered fully funded and six are expected to be fully funded in FY2026. The most common date for expected full funding is 2035.



Source: PERAC, January 1, 2023

When comparing PERAC's most recent list to its January 1, 2022 list, 72 of the 99 municipal systems have updated their valuation. If a system's valuation was not updated, there is no change to the information listed. Therefore, the following analysis reviews the 72 systems reporting new information. Of these 72 systems, 66 updated their valuations to January 1, 2022, (60 from January 1, 2020, six from January 1, 2021). The remaining six systems updated their valuations to January 1, 2021, (three from January 1, 2019 and three from January 1, 2020). For comparison, this analysis will review these 72 systems by their consistent valuation date.

Seen as a group, all 66 retirement systems increased their funding ratios, 51 decreased their IRAs while 15 IRAs remained the same. No system IRA was increased. Twenty-five systems shortened their funding schedule, one lengthened it (Brockton), 38 showed no change and two are at full funding. Of the three systems that reached full funding in 2023, Shrewsbury and Watertown were

calculating a community's debt limit (M.G.L. c.44, § 10).

Questions regarding this report should be directed to James J. Paquette at paquettej@dor.state.ma.us.

BULLETIN 2023-1: Summary of 2022 Municipal Finance Law Changes

The DLS Municipal Finance Law Bureau has issued a new Bulletin. To keep local officials informed of legislative developments, DLS periodically publishes a Bulletin summarizing new laws that affect municipal budgets and local tax assessment, administration and collection. Each issue contains a cumulative summary of session laws enacted to that time and indicates whether the Division has issued any further implementation guidelines. This edition of the LEGISLATIVE BULLETIN includes any legislative changes affecting municipal finance found in Chapters 1 - 448 of the Acts of 2022.

[BUL-2023-1](#) – Summary of 2022 Municipal Finance Law Changes

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

Additional Opioid Settlement Dollars Available to Cities and Towns Attorney General's Office

The Attorney General's Office has reached opioid settlements with Teva, Allergan, Walgreens, Walmart and CVS. On February 9, 2023, Rubris, the National Opioid Settlement Implementation Administrator, emailed municipalities a package of information and materials. Municipalities must complete and return participation forms for each of the settlements on or before April 18, 2023 to receive abatement funds from these settlements. A municipality must fill out these forms even if it has already agreed to participate in settlements with Johnson & Johnson and Cardinal, AmerisourceBergen and McKesson.

Additional information about the settlements is available on the [AG's website](#) (including [estimated settlement payments](#) to participating municipalities and [answers to frequently asked questions](#)), or by emailing the Attorney General's Office at MAOpioidSettlements@mass.gov.

Community One Stop for

scheduled to do so and Quincy shortened its schedule to 2023 after issuing POBs. Individually, Quincy increased its funded ratio the most from 45.9% to 101.2%, Brockton decreased its IRA the most from 7.75% to 6.75% and extended its funding schedule by three years. Easthampton and Northbridge each reduced their funding schedules the most by four years.

Seen as a group, five of six retirement systems increased their funding ratios, three of six systems decreased their IRAs and four of six systems shortened their funding schedules. Individually, Winthrop increased its funded ratio percentage the most from 83.2% to 92.7%. Lexington, Milton and Winthrop all decreased their IRAs the most by 0.25 percentage points and Winthrop reduced its funding schedule the most by 4 years from FY2030 to FY2026. Leominster was already scheduled to reach full funding prior to 2023.

Retirement board information shown in PERAC's January 1, 2023 listing only reflects system performance as of the valuation date shown. This listing only reflects data as of the valuation date of each retirement system. Review determined that all systems that updated their valuation showed an increase to funded ratio, and all systems are scheduled to amortize their unfunded liability before the legal deadline of FY2040. In addition, Investment Return Assumptions remain conservative.

Here are some final words of caution:

- An asset portfolio dependent upon the capital markets always carries a risk of value and revenue loss which then negatively affects the system's funded ratio
- When the UAL reaches \$0, the system is said to be fully funded after which appropriations are only required to cover the Normal Cost, costs that represent a portion of the Actuarial Present Value of pension plan benefits to be paid in a single fiscal year. However, the funding status can change. Actuarial and investment losses, changes in plan provisions, and/or assumption changes can increase UAL, or

Growth FY24 Expression of Interest Now Open

Executive Office of Housing and Economic Development

The Executive Office of Housing and Economic Development is pleased to announce the opening of the FY24 Round of the Community One Stop for Growth with the launch of the Expression of Interest period.

The Expression of Interest (EOI) is an optional, but highly recommended, form that allows applicants to briefly describe their prospective project ideas to receive written feedback from EOHED and partner agencies prior to completing a Full Application(s).

The EOI period is open through March 17, 2023. Each organization may submit one (1) EOI form for the FY24 Round. Prospective applicants will be able to seek feedback on up to two project ideas.

For more information on the Expression of Interest and the FY24 Round of the One Stop, please visit www.mass.gov/onestop.

MBI Municipal Digital Equity Planning Program is Live

The Massachusetts Broadband Institute (MBI) is accepting applications for the [Municipal Digital Equity Planning Program](#)!

The ability to engage in digital equity planning activities will be a critical step for municipal leaders and staff to build a broad understanding of how internet access, or lack thereof, affects residents of their community, and to develop actionable solutions to bridge the digital divide.

Specifically, the Municipal Digital Equity Planning activities will support municipalities in:

- Decision-making and investments related to services and infrastructure that will increase access, adoption, and usage of the internet for the populations most impacted by the COVID-19 pandemic.
- Preparing to submit grant proposals to existing or forthcoming state or federal opportunities related to solving the digital divide.

Municipalities participating in this program will receive expert advisement from a network of prequalified consultants identified by the MBI.

even return a fully funded system to a less than fully funded status

- In a near future local budget, systems with low funded ratios could experience their annual fixed cost assessment consuming a far greater portion of their annual operating budget.

View this [link](#) to see PERAC's complete list of Retirement Board Funded Ratios.

Highly Recommended: Planning for Unfunded Accrued Liabilities

Financial Management Resource Bureau

The DLS [Financial Management Resource Bureau](#) (formerly the Technical Assistance Bureau) has offered financial management advice to municipalities across the state for over 30 years. To share this guidance more broadly, we thought it would be helpful to highlight some of our more useful, timely, or interesting recommendations for the benefit of City & Town readers.

Actuarial liabilities are calculated based on benefits that members are projected to receive in the future. An Unfunded Accrued Liability (UAL) is the difference between the estimated cost of those future benefits and the assets that have already been set aside to pay for the benefits. In Massachusetts communities, there are two primary UALs: Pension benefits in the contributory retirement system and Other Post-Employment Benefits (OPEB) covering eligible retired employees.

Communities must participate in a contributory retirement system, either through a regional multi-unit system or a local city or town system, in order to administer public employee pensions in accordance with Massachusetts General Laws and regulations promulgated by the Public Employee Retirement Administration Commission (PERAC). Systems are required to perform a biennial actuarial valuation to determine each participating unit's contribution

[Click here to find full program details, eligibility requirements, and apply!](#) For questions or additional information, please reach out via email at eichen@masstech.org.

Latest Issue of *Buy the Way* Now Available

Don't miss [Issue #19 of Buy the Way](#), the official magazine of the Operational Services Division (OSD).

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

Pandemic Flexibility Provisions Extended

On July 16th, 2022, Ch. 107 of the Acts of 2022 was signed into law, extending certain pandemic-related policy measures. This bill authorized the continuation of remote meetings and public access under the Open Meeting Law and other remote meeting provisions (including for Massachusetts nonprofit corporations and Massachusetts public companies) until March 31, 2023. [Click here to view the law.](#)

For additional related information and resources, please see the [DLS COVID-19 Resources and Guidance for Municipal Officials page](#).

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](#)

requirements. The valuation, based on the system's financial condition, calculates the UAL as the total actuarial liability less the actuarial value of the assets.

The UAL is amortized to establish a funding schedule that each system adopts as the basis for the annual assessments needed to achieve full funding. Each retirement system determines the year of full funding by employing a number of factors, but in all cases full funding must be assumed by the year 2040. Communities can find their retirement system's unfunded liability in PERAC's annual report by clicking [here](#). Complete detailed information regarding funding activity and schedule, actuarial assumptions and methods, and system provisions are in individual retirement system's actuarial valuation report found in [Massachusetts Public Retirement Systems](#) on the PERAC website.

Retirement systems annually provide their participating units with the appropriation amounts needed to meet the next fiscal year's funding requirement as calculated and reported in their system's actuarial valuation (Copies of appropriation letters for the last five years can be found in the systems link above). As part of the forecast and budget processes, communities should be aware of and understand the funding schedule and the factors that affect each valuation and subsequent scheduled contribution. As a required recurring expense, funding for the pension appropriation is generally provided in each annual budget within the fiscal year tax levy limitation.

OPEB is the community's obligation to provide benefits (such as health insurance) to current and future retired employees. Communities that accept [M.G.L. c. 32B, § 20](#) are required to establish an OPEB Trust Fund to accumulate assets to pay for these obligations and perform biennial actuarial valuations to estimate the value of its OPEB liability. Although there is no current requirement to fully fund this liability, a majority of communities routinely address their OPEB liability using a variety of funding strategies implemented with the goal of narrowing the gap between the community's annual pay-as-you go amount and its Annual Required Contribution (ARC) as identified in the valuation. Cities and towns appropriate funds to



provide annual funding to their OPEB Trust Fund using the tax levy or one-time revenue sources such as free cash and overlay surplus.

A sample of strategies for policymakers to consider when funding the OPEB liability include:

- Annually appropriating an amount from raise and appropriate equal to 10% of the prior fiscal year's excess capacity or new growth amount or \$50,000, whichever is greater.
- Annually appropriating an amount that is equivalent to 10% of meals and room occupancy excise revenues or \$100,000, whichever is greater.
- Appropriating an incrementally increasing percentage of ongoing revenues each year.
- Designating a specific percentage of free cash to appropriate annually.
- Transferring unexpended funds from insurance line items to the OPEB Trust Fund.
- Identifying and including OPEB and Pension costs as indirect cost components to be recovered from enterprise funds.
- Once the pension system is fully funded, on a subsequent annual basis, appropriating to the OPEB Trust Fund the amount equivalent to the former unfunded liability expense (i.e., separate from the ongoing, or normal cost).

Cities and towns should adopt an UAL policy to fund both the pension system and OPEB. This policy should include options for using the tax levy, reserves, and excess or unexpected revenue. A prudent funding plan for OPEB will ensure fiscal sustainability while achieving generational equity among those called upon to fund this liability and thereby avoid transferring costs into the future. Further, the Pension Reserve Fund, as provided for in [M.G.L. c. 40, § 5D](#), is available to offset anticipated funding costs for the contributory

retirement system. Appropriations to this reserve, which can be used only to fund the retirement system, can mitigate spikes in annual appropriations due to a downturn in investment return or a change in actuarial assumptions.

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