

City and Town

Amy Pitter, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



A Publication of the Massachusetts Department of Revenue's Division of Local Services

Give the Gift of *City and Town* This Holiday Season!

City and Town Editorial Board

Like the ringing of bells on the street corner and carols playing over the speakers at the local grocery store, there's a quest that lingers in the air this time of year. What do you get the elected official, government analyst or municipal employee who has it all?

How about a subscription to *City and Town*? It won't break, it doesn't need batteries and it lasts all year. And, best of all, it's free. In the spirit of the season, please feel free to click, copy and share [this link](#). See you in the new year!

How Come DLS Links Don't Work Anymore? Changes to mass.gov

Page not found (error 404)

We're sorry, but the page you were trying to view is not available at this address. We redesigned Mass.Gov in October 2011; in the process, we moved or updated several pages in order to serve you better. The following pages on our site may be able to help you find what you are looking for:

Dave Davies, Information Technology Unit

The Department of Revenue and, therefore, the Division of Local Service's websites are part of mass.gov, the official portal for all state agencies online. Mass.gov determined that it needed to move to new content management software and a massive conversion process affecting hundreds of websites began. Aside from a new look and feel, visitors to DLS's website will find content organized and displayed much as before. The new content management software, however, required web pages to have slightly different addresses. This affected users who had:

- 1.) Saved a DLS webpage address to their browser "favorites"; or
- 2.) Copied a link or links in the DLS website to their local community website, e.g. a financial management report on their town's latest Tax Recap.

These users will have to update these addresses in either their browser or on the city/town website. The updated address can be easily found by locating the content on the DLS website and copying that URL address. Most address changes involve changing "Ador" folder to "dor", substituting hyphens for underscores, and, in some instances, changing uppercase to lowercase characters. We apologize for any inconvenience these changes may cause, but believe the new, streamlined site will provide an improved and more informative browsing experience.

A Room with Review: Analysis of the Local Option Room Occupancy Tax and Revenue

By Robert Bliss, DOR Communications Director and Lisa Juskiewicz, DLS Databank Director

The Division of Local Services (DLS) Municipal Databank reports that slightly more than half of the state's communities now levy the local option room occupancy tax and that in FY11 the option generated \$130,399,777 in unrestricted general revenue for 177 cities and towns.

Cities and towns were granted the authority to increase the local option tax from four percent to six percent in the summer of 2010. The local option occupancy tax is in addition to the 5.7 percent state tax. In cities and towns where the 6 percent local option tax has been adopted, the total tax is 11.7 percent. Local option taxes for both meals and rooms are collected by DOR monthly along with the state tax, and distributed back to the municipalities on a quarterly basis.

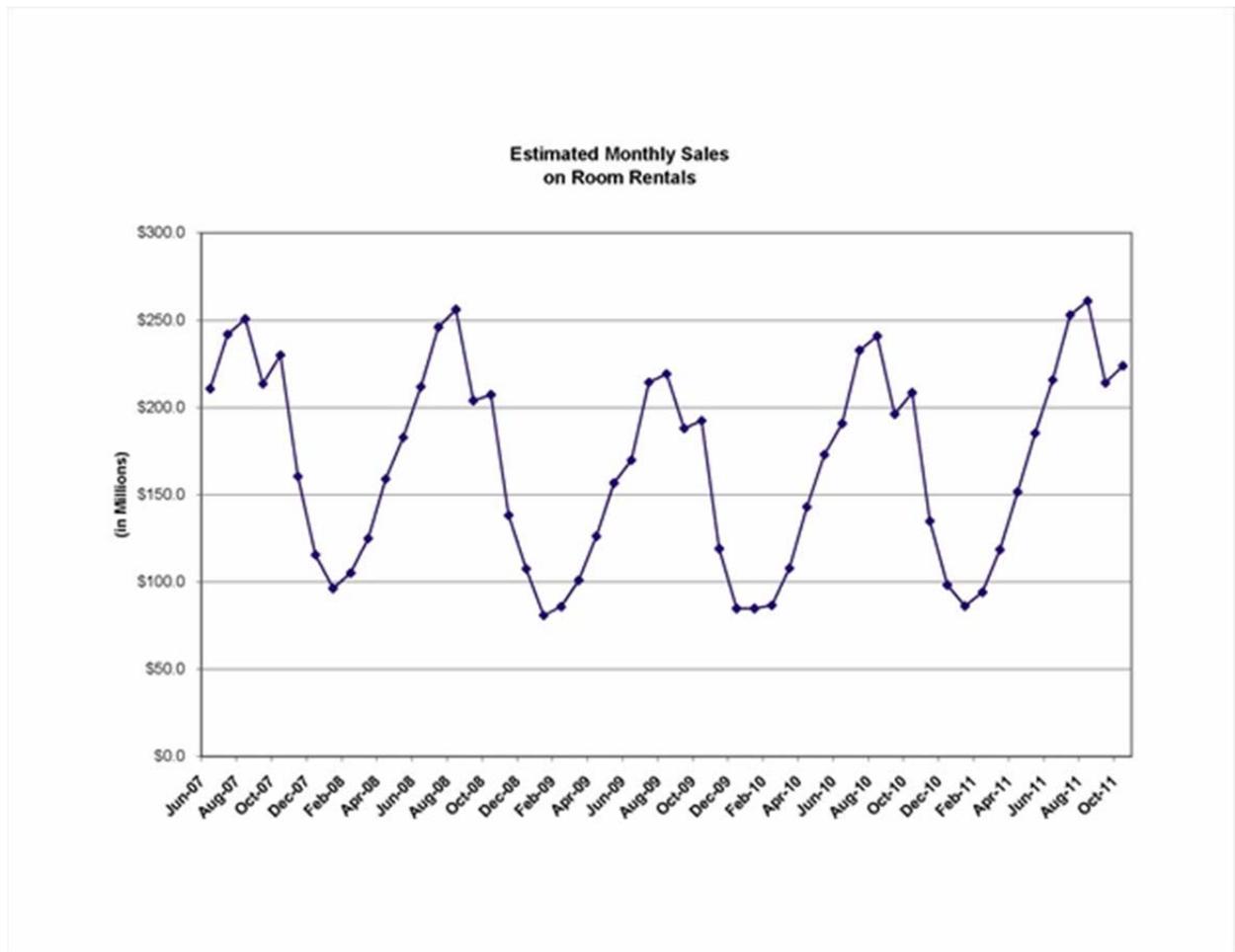
Since the enactment of the additional two percent levy, 93 of the 177 cities and towns with the local option tax (53 percent) have elected to increase the rate from four percent to six percent. Eighty cities and towns (45 percent) have elected to keep the local option tax rate at four percent.

Two communities (Adams and Bolton) levy the tax at two percent, while two additional communities levy at five percent (Salem and New Bedford). The rate in New Bedford is set to increase to six percent in January 2013.

As the number of communities adopting the local option has increased, the amount of revenue generated has increased as well. This is particularly noticeable in the travel and tourism sector as it recovered from the revenue and general economic decline following FY2009, a year in which overall state revenue collections tumbled \$2.5 billion.

Fiscal Year	Local Option Rooms Tax Distributions
2008	\$96,638,736
2009	\$90,893,331
2010	\$97,825,005
2011	\$130,399,777

The line chart below of estimated monthly sales of room rentals indicates that – not surprisingly – there is great seasonal variation in room rentals, with spikes in the summer and troughs in the winter. It also indicates that monthly sales of rooms topped \$25 million in August of this year for the first time since August of 2008, and did so at a slightly higher level. The level of August monthly sales shows recovery from the economic tailspin seen in 2009. While this data is not definitive and needs to be observed for a longer period of time, it does indicate that a higher level of taxation on room rentals has not sent the industry into decline.



There is no requirement that communities dedicate the revenue to a particular purpose or fund. Communities have taken a variety of approaches to utilization of the revenue. Some simply absorb it into their general funds, others set it, or some portion, aside for economic development and promotion.

One last note, while it is true that 45 percent of the state's cities and towns have not enacted the local option tax, it is fair to note that 124 cities and towns lack a taxable hotel, motel, or bed and breakfast that is larger than three rooms. Bed and breakfasts with three rooms or less do not levy the room occupancy tax.

For a list of communities with the local option room occupancy tax and related data (please note that data has been removed for communities with three or fewer establishments), click [here](#).

For a timeline of adoption or modification of the local option occupancy and meals tax, click [here](#).

For a map of communities with the local option room occupancy tax, click [here](#).

The Who, What, When, Where and How of Community Innovation Challenge Grants

Last month, DLS was pleased to announce that the Patrick-Murray Administration, through the Executive Office for Administration and Finance, is soliciting plans and proposals for a competitive grants program to provide incentives and financial support to offset time or transitional costs to improve local government service delivery, efficiency, quality, and cost savings.

In the FY2012 budget, Governor Patrick authorized the development of a competitive grant program to invest in and incent innovation among local government to find new and more efficient ways to deliver core local services. The Community Innovation Challenge Grant Program was proposed in the Governor's budget and supported by the Legislature. It provides \$4 million for regionalization and other initiatives.

The new Community Innovation Challenge Grant Program will identify compelling strategies that will help cities and towns in the Commonwealth to maintain critical local services and stretch every tax payer dollar as far as possible.

Municipalities, regional schools, school districts considering forming a regional school district or regionalizing services, and other agencies and councils of governments are all encouraged to apply. Ideal projects for the grant program include those with potential for the greatest impact, high levels of innovation and substantial potential cost savings for municipalities.

Informational meetings were held in Ashland, Plymouth, Greenfield, and Brookfield. At these meetings, we heard from a number of interested parties from across the Commonwealth and received a variety of questions such as:

What are the eligible uses of funds?

(Answer: Funds may be used for one-time costs, transitional costs or seed money for regionalization and other efficiency initiatives.)

What is the timeline for the project?

(Answer: Projects must be completed before or by December 31, 2012. However, special consideration may be given to extend timelines for extraordinary projects. Note if the project timeline is attached as a separate document.)

What are possible purposes of grant funds?

(Answer: The goal of the grant is to provide significant incentives and financial support for one-time or transitional costs related to improving local government service delivery efficiency, service quality, and achieving cost savings through either:

Regionalization- Shared services, joint or regional facilities, intergovernmental agreements, consolidations, mergers, and other types of collaborations; OR

Other reform and efficiency initiatives- For a single entity to plan and implement innovative internal efficiency initiatives to improve the quality and efficiency of service delivery in ways that achieve cost savings.)

Is there a page/word limit for grant applications?

(Answer: No. Applicants should write what is necessary to make their case and explain the purposes and benefits of their proposal as well as how the proposal will fit into the purposes of the grant program. That being said, applications should also not be excessively long in length.)

Please visit [this website](#) to find the grant application and more information. If you have further questions, please call (617) 725-1000 or email CICgrants@state.ma.us.

These grants are intended to support cities and towns and foster new ideas. The deadline is January 17th, 2012. Recipients will be announced in February, 2012. If your community has an innovative project you feel would qualify, we highly encourage you to apply.

Robert G. Nunes
Deputy Commissioner & Director of Municipal Affairs

Equalized Valuations in 2012
Marilyn Browne, Bureau of Local Assessment Director

The biennial Equalized Valuation Study is occurring behind the scenes and without additional documentation from local assessors. You recall that equalized valuations (EQV) are used in some local aid formulas for distribution and charges as well as a determination of municipal debt limits, etc. The Bureau of Local Assessment (BLA) reduced redundant documentation submissions and now provides the information it receives in as many ways as is possible.

Annually assessors submit their sales reports to BLA and with that came the opportunity to use those reports not only for computing interim year adjustments to real property but also for the EQV study. From that data we are also able to automatically generate an annual interim report for assessors for their review and submission to the Bureau.

So, on or before June 1, 2012 assessors will be notified of their proposed equalized figures. Remember, only the calendar year sales will be used when computing EQVs. Should assessors disagree with the proposed values there will be time for both a direct appeal to the Bureau as well as a formal appeal to the Appellate Tax Board should that be deemed necessary. EQVs will be finalized early in 2013. So while you are no longer being bombarded with repeated request for sales reports please know the EQV study is happening right now.

December and January Municipal Calendars

December 15: Taxpayer

Deadline for Applying for Property Tax Exemptions for Persons. If tax bills are mailed after September 15, taxpayers have 30 days from the mailing date to file applications for exemptions.

December 15: Accountant/Superintendent/School Committee

Submit Amendments to End of School Year Report to DESE - Last filing date to impact next year's Chapter 70 State Aid.

December 31: State Treasurer

Notification of Quarterly Local Aid Payments on or Before December 31

December 31: Water/Sewer Commissioners

Deadline for Betterments to be Included on Next Year's Tax Bill (M.G.L. Ch. 80, Sec. 13; Ch. 4, Sec. 42I and Ch. 83, Sec. 10A)

December 31: Selectmen

Begin to Finalize Budget Recommendation for Review by Finance Committee

December 31: Assessors

Mail 3-ABC Forms to All Eligible Non-Profit Organizations

December 31: Collector

Deadline for Mailing Actual Tax Bills. For communities using the annual preliminary billing system on a quarterly or semi-annual basis, the actual tax bills should be mailed by this date.

JANUARY

January 1: Assessors

Property Assessment Date: this is the effective date (not for exemption purposes) for statewide assessed value for all properties for the following fiscal year.

January 31: DESE

Notifies Communities/Districts of Estimated Net School Spending Requirements for the Next Year
As soon as the Governor releases the ensuing year's budget, DESE notifies communities/districts of the estimated NSS requirements. These figures are subject to change based on the final approved state budget.

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