



Interim
Deputy
Commissioner
Joseph McDermott

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A New Year's Resolution

During my short tenure as Interim Deputy Commissioner for the Division of Local Services, I have learned of the staggering volume of daily interactions that take place between DLS staff and local officials.

DLS now records annually the number of local officials who participate in DLS instructional sessions; that number was 5,872 in FY14, up nearly 300 from the previous fiscal year. These sessions include annual events such as the New Officials Finance Forum, [the Municipal Law seminars](#), [Course 101 for local assessors](#), as well as DLS speaking and/or training engagements at association-sponsored schools, conferences and events. Every bureau in DLS supports these outreach efforts and we've posted their presentations [here](#).

By itself, 5,872 is an impressive number, but it is dwarfed by the tens of thousands of phone calls and emails exchanged between DLS staff and local officials engaged in reviewing everything from local assessments to balance sheets and tax rates. Hundreds of calls come in every day looking for guidance and assistance.

It would not be unusual for a field representative in the Bureau of Accounts or the Bureau of Local Assessment to participate in 700 or 800 phone conversations per year. Attorneys in the Bureau of Municipal Finance Law alone receive about 100 phone calls or emails per week requesting legal advice. The [IT](#) staff is constantly on the phone working with our stakeholders in local government to answer questions and provide advice, much of that focused on correct use of software applications. Our website is visited hundreds of times every day by local officials searching for [guidance](#), information, [best](#)

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DOR 360



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[practices](#), data from our [Municipal Data Bank](#) and [explanatory videos](#).

If you haven't searched [our website](#), attended a training or presentation or reached out to your field representatives, make it a New Year's resolution to do so. We are here to help and we want to hear from you on how we can make your new year more efficient and productive.

Joe McDermott
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By the Numbers

In order to provide an update on the progress of the tax rate and certification season, below please find a final overview. The following information is accurate as of close of business on December 30th, 2014:

Preliminary Certifications: 112 Communities Approved (Submitted)

Final Certification: 110 Communities

La4/ New Growth: 342 Approved (343 Submitted)

Tax Rates: 336 Approved

Balance Sheets: 254 Approved

Aggregate Free Cash Approved Total: \$918,685,358

Ask DLS

This month's *Ask DLS* features frequently asked questions regarding the property tax exemptions available to fraternal organizations. 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 a fraternal organization?

A fraternal organization is a society, order or association of members who share a similar calling, avocation, profession or cultural background or have banded together to aid and assist one another and

promote a common cause. Fraternal societies, orders, or associations often have ritualized forms of meetings and work. They typically operate under the lodge system, or for the exclusive benefit of the members of a fraternity that operates under the lodge system, and they provide life, sick, accident or other benefits for the members or their dependents. See generally [MGL c. 176](#).

Does a fraternal organization qualify for a property tax exemption?

Yes. The following property of a fraternal organization is exempt from local property taxes:

1. The personal property owned by a fraternal organization operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing life, sick, accident or other benefits for the members or their dependents. [MGL c. 59, sec. 5, Clause 7](#).
2. The real property owned by an incorporated fraternal organization, or held in trust for a fraternal organization, if (1) the organization is organized for charitable purposes and actually operates as a public charity and (2) the real estate is occupied by the organization for its charitable purposes, or another charitable organization for its charitable purposes. [MGL c. 59, sec. 5, Clause 3](#).

Is a fraternal organization required to file an exemption application or annual return in order to obtain a property tax exemption?

A fraternal organization is not required to file an exemption application or annual return ([Form 3ABC](#)) unless it is seeking an exemption as a charitable organization under [MGL c. 59, sec. 5, Clause 3](#) for real property it owns and uses for its charitable purposes. If a tax bill is issued for any fiscal year, however, the organization must apply on or before the due date for abatement applications for that year in order for the assessors to grant the exemption. Abatement applications are due the same day as the first installment payment of the actual, not preliminary, tax bill for the fiscal year. Applications may be made using [State Tax Form 128](#) (abatement application).

If the fraternal organization is claiming a charitable exemption for its real property under [MGL c. 59, sec. 5, Clause 3](#), it must meet the same standards and follow the same procedures as a charitable organization to obtain the exemption.

Specifically, the organization must make an initial application to the

assessors in the first fiscal year it claims exempt status for a particular parcel of real property it owns on July 1. The organization may use a charitable exemption application form ([State Tax Form 1-B-3](#)) or an abatement application ([State Tax Form 128](#)) to apply. The application deadline for any year is the same as the deadline for property tax abatement applications, i.e., the date the first actual tax installment for the year is due.

In addition, if the organization owns real property on January 1 for which it claims a charitable exemption for the fiscal year that begins on the next July 1, it must file a property return ([Form 3ABC](#)) with the assessors in order to receive or continue an exemption for that year. [MGL c. 59, sec. 5, Clause 3\(b\)](#). See the [Ask DLS in the October 2, 2014 City & Town](#) for further information about the procedural requirements for charitable organizations to obtain exemptions of their real property.

Does a fraternal organization have to attach a report to the Public Charities Division of the Attorney General's Office ([Form PC](#) with federal form 990) to its annual return to obtain a property tax exemption?

Not as a general rule. The Public Charities Division of the Attorney General's Office does not consider most fraternal organizations to be charities subject to registration and annual reporting ([Form PC](#)) because they are primarily member benefit organizations.

January Municipal Calendar

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| January 1 | Assessors | Property Assessment Date This is the effective date (not for exemption purposes) for statewide valuation and assessment of all property for the following fiscal year. |
| January 31 | DESE | Notify Communities/Districts of Estimated Net School Spending Requirements for the Next Year As soon as the Governor releases the ensuing year's |

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| | | budget, DESE notifies communities/districts of the estimated NSS requirements. These figures are subject to change based on the final approved state budget. |
| Final Day of Each Month | State Treasurer | <p>Notification of monthly local aid distribution.</p> <p>Click www.mass.gov/treasury/cash-management to view distribution breakdown.</p> |
| <p>To unsubscribe to <i>City & Town</i> and all other DLS Alerts, please click here.</p> | | |