



Alan LeBovidge  
Commissioner

Joseph J. Chessey, Jr.  
Deputy Commissioner

# City and Town

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



Volume 16, No. 1 January 2003

## MassDevelopment: Leveraging Public/Private Partnerships by Michael P. Hogan, CEO and President, MassDevelopment

MassDevelopment's mission is to build communities through economic development. We do this in a variety of ways, including partnerships with local officials. We work closely with mayors, city councilors, and selectmen statewide to redevelop blighted properties, increase the amount of available housing, and ensure that businesses stay and grow in their communities. MassDevelopment's staff meets regularly with local officials to determine their needs and to address the issues that are of concern to them.

Some of our recent projects highlight this process. In late 2001, MassDevelopment began working with officials in the Town of Millbury to address environmental contamination at the former Windle Mills (now Cordis Mills), a former wool mill located on the Blackstone River. The site contains environmental contamination, including leaking underground storage tanks.

In order to address the contamination, MassDevelopment provided \$500,000 in site assessment and cleanup monies from the Brownfields Redevelopment Fund. Additionally, MassDevelopment is providing \$9.5 million in tax-exempt bonds to finance a mixed-use development of 112 apartments and medical offices. Approximately 20 percent of these units will be set aside for area residents, specifically targeting residents over age 55. Blackstone officials had identified the lack of age 55 and older housing as a key concern and had expressed a desire to find a new use for the Cordis Mills property. Through its wide range of financial tools, MassDe-

velopment was able to address both concerns and provide the stimulus to make the project a reality.

Another success story is MassDevelopment's work to redevelop former state surplus properties, such as the former Lyman School in Westborough and the former Northampton State Hospital. Our efforts in both of these communities echo a common MassDevelopment theme of working with local officials to turn blighted areas into valuable assets.

In Westborough, MassDevelopment is spearheading the redevelopment of the 27-acre property that once was the Lyman School for Boys. In August, the town accepted MassDevelopment's reuse plan for the site, and the town is finally seeing progress. Plans for the property include 44 for-sale housing units; four to eight units of rental housing developed by the Westborough Housing Authority; 120,000 square feet of commercial space with frontage along Route 9; expansion of Spectrum House (a regional human service provider); and guidelines that will promote "green" building designs and renewable energy technologies. Town officials have hailed the plan as a showcase for innovative, practical development on the local and state level. They also point to the benefit of boosting the tax base and meeting the town's housing needs.

A similar story has emerged at the former Northampton State Hospital. MassDevelopment is taking the lead in developing the 124-acre main campus of the former state mental health hospital, including environmental remediation and

demolition of more than 50 buildings, comprising 900,000 square feet of space. The reuse plan calls for 476,000 square feet of commercial, industrial, and office space; 207 residential units; and 60 to 80 assisted living units. The 207 residential units include 100 single-family homes (25 percent affordable) and 107 rental units (75 affordable). In addition, the project is projected to create 889 new jobs and produce \$1.25 million in new local property tax revenue.

As with the Lyman School project, the Northampton project has the support of local officials, including neighborhood groups and the mayor. Giving the project a further boost was the announcement on July 20 of the first commercial tenant at the site, a Northampton company that needed a larger space and will now remain in the city.

As these three examples illustrate, MassDevelopment has a wide range of

[continued on page seven](#)

### Inside This Issue

<b>From the Deputy Commissioner</b> . . . . .	2
<b>Legal</b>	
FVAC Values Upheld by ATB . . . . .	2
<b>Focus</b>	
A Look at FY02 Split Tax Rates . . . . .	3
<b>DLS Update</b>	
Charter School Proposals . . . . .	8
Motor Vehicle Excise Guidelines . . . . .	8
New Finance Committee Handbook . . . . .	8
Community Firsts . . . . .	8
Cape Cod Land Bank Matching Funds . . . . .	9
Tax Amnesty Program Extended . . . . .	9
FY03 Special Education Costs . . . . .	9
<b>DLS Profile</b> . . . . .	10
Website News . . . . .	10



### From the Deputy Commissioner

A betterment or special assessment is a property tax that is permitted where real property within a limited area receives a special benefit

from the construction of a public improvement. Properties owned by governmental entities are exempt from betterments and special assessments, but properties owned by individuals, charitable and religious organizations are not exempt.

For example, cities, towns and districts may assess all or a portion of the cost of installing water and sewer systems, plants and facilities. This includes the cost of pipes, mains, and other materials and labor. As for sidewalks, no more than 50 percent of the cost of their original construction or reconstruction may be assessed to property owners.

*Betterments and Special Assessments* is a publication that water and sewer officials, assessors, tax collectors and municipal accountants will find especially useful. It contains a section on the responsibilities of various parties (boards of assessors, tax collectors and property owners) and provides examples of apportionments, payment schedules, and committed interest.

This booklet is available on our website ([www.dls.state.ma.us](http://www.dls.state.ma.us)) under "Publications and Forms." Also listed under "Publications and Forms" is our booklet on revenue deficits. New accounting officers will find this guide (*Revenue Deficits: An Overview*) especially useful.

**Joseph J. Chessey, Jr.**  
Deputy Commissioner

# Legal

## in Our Opinion

### FVAC Values Upheld by ATB

by James Crowley

Recently, two decisions were issued that pertain to agricultural land and agricultural use for zoning. One decision concerned the valuation of cranberry bogs classified under M.G.L. Ch. 61A. This Appellate Tax Board (ATB) case is *Mann v. Board of Assessors of Plymouth* decided on November 26, 2001.

Keith Mann operated Mann Farms, Inc. with its 135 acres of cranberry bogs. The bogs were assessed as three separate parcels in accordance with plans in the office of the Plymouth Board of Assessors. For fiscal year 2000 the taxpayer filed timely Ch. 61A applications, which were deemed allowed. When FY2000 tax bills were issued, Mann filed timely abatement applications to contest the agricultural valuations. The Plymouth assessors granted modest abatements and Mann appealed to the ATB. At issue were the agricultural valuations, which were based on the range of values from the Massachusetts Farmland Valuation Advisory Commission (FVAC).

The FVAC annually determines farm values. Under M.G.L. Ch. 61A Sec. 11, the FVAC consists of the Commissioner of Revenue, the Commissioner of Agriculture, the Director of Housing and Community Development, the Dean of the College of Food and Natural Resources of the University of Massachusetts, or their designees, and one member of a local board of assessors. M.G.L. Ch. 61A Sec. 10 requires assessors to use the FVAC range of values as well as their personal knowledge, judgment and experience in valuing farm property. The FVAC figures for the January 1, 1999, assessment date for FY2000 were based on industry income and expense data for the five-calendar-year

period from 1993 through 1997 with the highest and lowest calendar year figures over that period not taken into consideration. The taxpayer argued that the assessors should not have relied on the FVAC guidelines. He contended values should be derived from an income capitalization methodology based on actual income and expenses from his farm. In his view, the income capitalization rate should also have been more realistically calculated in light of the steep decline in cranberry prices.

The ATB agreed that the taxpayer had found specific factors that could lead to valuations outside the FVAC guidelines. First, the ATB noted the FVAC did not consider current sales data. There was a time lag between the January 1, 1999, assessment date and the 1993–1997 calendar year time period for income and expense figures. The FVAC failed to consider calendar year 1998 income and expense data and also disregarded 1997 figures which were the lowest for the five-year period. Second, the taxpayer presented evidence as to the sharp decline in the per bushel price of cranberries for the relevant time period. Yet, the ATB held that the taxpayer did not present a credible methodology to determine the value of the Ch. 61A land. Although the taxpayer had shown flaws in the FVAC guidelines, he did not provide evidence of excessive valuation. In the ATB's view, the taxpayer's witness had presented evidence as to the value of the business enterprise, not the value of the earning capacity or use value of the *land*.

According to the ATB, there were problems with an income capitalization methodology, which was proposed by the taxpayer. An income approach to value does not distinguish between efficient and inefficient operations and does not make adjustments for the variable con-

continued on page seven

# Focus

## on Municipal Finance

### A Look at FY02 Split Tax Rates

by Amy Januskiewicz with statistical analysis  
by Donna Demirai

Cities and towns that are certified as assessing property at full and fair cash value may elect to shift the tax burden among the major property classes under certain limits established by law. At an annual public hearing, the board of selectmen or the mayor, with the consent of the city council, may separately consider the four local options available to communities. These four options will be discussed in this article.

In FY02, approximately 28 percent of cities and towns in Massachusetts shifted some of the tax burden from the residential and open space classes (R&O) to the commercial, industrial and personal property classes (CIP) by adopting a split tax rate. The adoption of different rates does not change the total property tax levy; rather it determines the share of the total levy to be

borne by each class. When a community has a single tax rate, taxpayers individually and within each class pay the same percentage share of the tax levy. The Classification Act of 1979 established two limits on the ability of cities and towns to shift the property tax burden. The share of the levy raised by the commercial and industrial classes and personal property may be increased 50 percent as long as the residential and open space classes raise at least 65 percent of what they would have raised without the shift. The Department of Revenue (DOR) determines for every community the proportionate amount that the R&O share of the levy would decrease if the CIP share were increased by 50 percent above what it would be if all property were taxed at the same rate. This is called the Minimum Residential Factor (MRF). If the MRF would be less than .65, the community cannot make the maximum shift and must use a CIP factor less than 1.50. DOR's automated recap program will calculate the MRF.

However, the CIP share of the levy is allowed to increase up to 75 percent under Chapter 200 of the Acts of 1988 under certain conditions. If a community's shift using the MRF results in a residential share larger than the prior year's, the CIP share may increase by up to 75 percent as long as the residential share is not reduced by more than 50 percent. However, the residential share cannot be less than it was in any year since the community's values were first certified at full and fair cash value.

In FY02, 82 percent of communities in Massachusetts had an allowable shift factor of 1.50. Two percent had an allowable factor of less than 1.50; five percent had a factor between 1.50 and 1.75; and 12 percent had the maximum factor of 1.75. Information for each city and town is shown in *Table 1*. It lists: the CIP percent of total valuation, the maximum allowable CIP shift, the actual CIP shift, the dollar amount of the shift, the actual residential tax rate, the actual CIP tax rate, and the single tax rate that would have been in effect if there had not been a shift. As shown in *Table 1*, the actual CIP levy share increase chosen by the 100 communities that shift varies from two percent to 75 percent. Only 20 communities elected to shift to their maximum in FY02.

*Figure 1* looks at the use of multiple tax rates as a function of the CIP percent of a community's total assessed value. It shows that the percentage of communities with multiple rates increases as the CIP value increases. For the 128 communities with the lowest CIP share (less than 10 percent), 6 percent have multiple rates and 94 percent chose not to shift the tax burden, an increase of 12 percent since FY00. Of the 127 communities with 10 to 19.9 percent of their assessed value in CIP, 27 percent shift and 15 of those communities shift in the

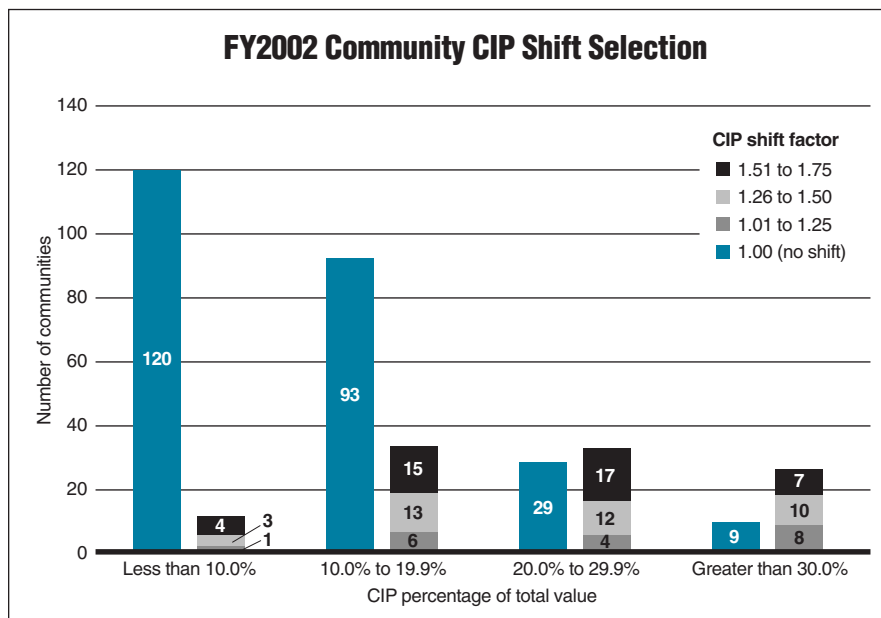


Figure 1

[continued on page six](#)

**FY2002 Multiple Tax Rates, CIP Shifts and Amount Shifted**

City/Town	CIP val.	Max. CIP shift	Actual CIP shift	\$ shift to CIP (000s)	Actual res. tax rate	Actual CIP tax rate	Single tax rate	City/Town	CIP val.	Max. CIP shift	Actual CIP shift	\$ shift to CIP (000s)	Actual res. tax rate	Actual CIP tax rate	Single tax rate
Abington	13.70	1.50	1.00		16.46	16.46	16.46	Abington	13.70	1.50	1.00		16.46	16.46	16.46
Acton	14.20	1.50	1.00		15.11	15.11	15.11	Acton	14.20	1.50	1.00		15.11	15.11	15.11
Acushnet	9.50	1.50	1.20	166	15.34	18.80	15.67	Acushnet	9.50	1.50	1.20	166	15.34	18.80	15.67
Adams	20.70	1.50	1.14	164	17.65	20.88	18.32	Adams	20.70	1.50	1.14	164	17.65	20.88	18.32
Agawam	30.60	1.50	1.27	2,513	15.11	21.78	17.15	Agawam	30.60	1.50	1.27	2,513	15.11	21.78	17.15
Afford	3.60	1.50	1.00		6.55	6.55	6.55	Afford	3.60	1.50	1.00		6.55	6.55	6.55
Amesbury	17.60	1.50	1.00		17.64	17.64	17.64	Amesbury	17.60	1.50	1.00		17.64	17.64	17.64
Amherst	13.80	1.50	1.00		19.00	19.00	19.00	Amherst	13.80	1.50	1.00		19.00	19.00	19.00
Andover	25.80	1.50	1.26	4,677	14.13	19.57	15.53	Andover	25.80	1.50	1.26	4,677	14.13	19.57	15.53
Aquinnah	1.40	1.75	1.00		3.49	3.49	3.49	Aquinnah	1.40	1.75	1.00		3.49	3.49	3.49
Arlington	7.00	1.50	1.00		13.85	13.85	13.85	Arlington	7.00	1.50	1.00		13.85	13.85	13.85
Ashburnham	3.80	1.50	1.00		16.65	16.65	16.65	Ashburnham	3.80	1.50	1.00		16.65	16.65	16.65
Ashby	5.30	1.50	1.00		15.84	15.84	15.84	Ashby	5.30	1.50	1.00		15.84	15.84	15.84
Ashfield	9.10	1.50	1.00		16.53	16.53	16.53	Ashfield	9.10	1.50	1.00		16.53	16.53	16.53
Ashland	10.50	1.50	1.06	137	16.79	17.92	16.91	Ashland	10.50	1.50	1.06	137	16.79	17.92	16.91
Athol	14.60	1.50	1.00		16.71	16.71	16.71	Athol	14.60	1.50	1.00		16.71	16.71	16.71
Attleboro	17.40	1.75	1.50	3,004	13.00	21.80	14.53	Attleboro	17.40	1.75	1.50	3,004	13.00	21.80	14.53
Auburn	30.30	1.50	1.46	2,510	13.08	23.87	16.55	Auburn	30.30	1.50	1.46	2,510	13.08	23.87	16.55
Avon (C)	48.30	1.38	1.32	1,438	12.07	22.90	17.24	Avon (C)	48.30	1.38	1.32	1,438	12.07	22.90	17.24
Ayer	47.50	1.52	1.38	1,938	9.85	20.73	15.02	Ayer	47.50	1.52	1.38	1,938	9.85	20.73	15.02
Barnstable	13.40	1.50	1.00		9.26	9.26	9.26	Barnstable	13.40	1.50	1.00		9.26	9.26	9.26
Barre	11.80	1.50	1.00		14.82	14.82	14.82	Barre	11.80	1.50	1.00		14.82	14.82	14.82
Becket	8.40	1.50	1.00		11.42	11.42	11.42	Becket	8.40	1.50	1.00		11.42	11.42	11.42
Bedford (O)	28.30	1.75	1.70	6,183	10.64	24.94	14.67	Bedford (O)	28.30	1.75	1.70	6,183	10.64	24.94	14.67
Belchertown	6.70	1.50	1.00		18.90	18.90	18.90	Belchertown	6.70	1.50	1.00		18.90	18.90	18.90
Bellingham (C)	38.10	1.50	1.08	588	12.21	13.95	12.85	Bellingham (C)	38.10	1.50	1.08	588	12.21	13.95	12.85
Belmont	5.60	1.50	1.00		11.19	11.19	11.19	Belmont	5.60	1.50	1.00		11.19	11.19	11.19
Berkley	4.90	1.50	1.00		12.04	12.04	12.04	Berkley	4.90	1.50	1.00		12.04	12.04	12.04
Berlin	31.30	1.50	1.00		14.97	14.97	14.97	Berlin	31.30	1.50	1.00		14.97	14.97	14.97
Bernardston	15.80	1.50	1.00		21.00	21.00	21.00	Bernardston	15.80	1.50	1.00		21.00	21.00	21.00
Beverly	13.80	1.50	1.50	3,569	12.52	20.42	13.61	Beverly	13.80	1.50	1.50	3,569	12.52	20.42	13.61
Billerica	29.10	1.71	1.61	10,626	12.43	26.67	16.58	Billerica	29.10	1.71	1.61	10,626	12.43	26.67	16.58
Blackstone	33.50	1.50	1.00		13.50	13.50	13.50	Blackstone	33.50	1.50	1.00		13.50	13.50	13.50
Blackford	12.50	1.50	1.00		16.12	16.12	16.12	Blackford	12.50	1.50	1.00		16.12	16.12	16.12
Bolton	12.00	1.50	1.00		16.04	16.04	16.04	Bolton	12.00	1.50	1.00		16.04	16.04	16.04
Boston (R)	41.40	1.69	1.69	277,626	11.07	30.33	17.94	Boston (R)	41.40	1.69	1.69	277,626	11.07	30.33	17.94
Bourne	13.80	1.50	1.00		12.87	12.87	12.87	Bourne	13.80	1.50	1.00		12.87	12.87	12.87
Boxborough	26.00	1.50	1.00		15.47	15.47	15.47	Boxborough	26.00	1.50	1.00		15.47	15.47	15.47
Boxford	2.20	1.50	1.00		12.54	12.54	12.54	Boxford	2.20	1.50	1.00		12.54	12.54	12.54
Boylston	10.40	1.50	1.00		13.04	13.04	13.04	Boylston	10.40	1.50	1.00		13.04	13.04	13.04
Braintree (C)	28.60	1.60	1.50	6,934	12.41	23.34	15.53	Braintree (C)	28.60	1.60	1.50	6,934	12.41	23.34	15.53
Brewster	8.30	1.50	1.00		10.69	10.69	10.69	Brewster	8.30	1.50	1.00		10.69	10.69	10.69
Bridgewater	11.70	1.50	1.00		15.18	15.18	15.18	Bridgewater	11.70	1.50	1.00		15.18	15.18	15.18
Brimfield	12.90	1.50	1.00		16.47	16.47	16.47	Brimfield	12.90	1.50	1.00		16.47	16.47	16.47
Brookton	20.90	1.75	1.67	10,283	13.91	28.23	16.90	Brookton	20.90	1.75	1.67	10,283	13.91	28.23	16.90
Brookfield	8.40	1.50	1.00		19.52	19.52	19.52	Brookfield	8.40	1.50	1.00		19.52	19.52	19.52
Brookline (R)	9.70	1.75	1.75	7,552	12.90	21.07	12.06	Brookline (R)	9.70	1.75	1.75	7,552	12.90	21.07	12.06
Buckland	20.90	1.50	1.00		18.98	18.98	18.98	Buckland	20.90	1.50	1.00		18.98	18.98	18.98
Burlington	43.00	1.53	1.50	10,922	9.10	22.10	14.69	Burlington	43.00	1.53	1.50	10,922	9.10	22.10	14.69
Cambridge (R)	38.70	1.69	1.69	50,072	7.22	18.81	11.13	Cambridge (R)	38.70	1.69	1.69	50,072	7.22	18.81	11.13
Canton	25.70	1.50	1.50	4,573	12.24	22.20	14.80	Canton	25.70	1.50	1.50	4,573	12.24	22.20	14.80
Carlisle	1.90	1.50	1.00		15.78	15.78	15.78	Carlisle	1.90	1.50	1.00		15.78	15.78	15.78
Carver	15.20	1.75	1.35	625	18.73	26.98	19.98	Carver	15.20	1.75	1.35	625	18.73	26.98	19.98
Charlmont	14.70	1.50	1.00		17.88	17.88	17.88	Charlmont	14.70	1.50	1.00		17.88	17.88	17.88
Chatham	15.20	1.50	1.00		12.80	12.80	12.80	Chatham	15.20	1.50	1.00		12.80	12.80	12.80
Chatham	8.40	1.50	1.00		6.94	6.94	6.94	Chatham	8.40	1.50	1.00		6.94	6.94	6.94
Chelmsford	21.50	1.50	1.00		15.84	15.84	15.84	Chelmsford	21.50	1.50	1.00		15.84	15.84	15.84
Chelsea (R)	30.50	1.75	1.75	5,153	14.52	33.18	18.96	Chelsea (R)	30.50	1.75	1.75	5,153	14.52	33.18	18.96
Cheshire	9.20	1.50	1.00		11.50	11.50	11.50	Cheshire	9.20	1.50	1.00		11.50	11.50	11.50
Chester	8.00	1.50	1.00		18.34	18.34	18.34	Chester	8.00	1.50	1.00		18.34	18.34	18.34
Chesterfield	6.60	1.50	1.00		18.98	18.98	18.98	Chesterfield	6.60	1.50	1.00		18.98	18.98	18.98
Chicopee	31.10	1.67	1.60	6,136	16.27	31.75	19.85	Chicopee	31.10	1.67	1.60	6,136	16.27	31.75	19.85
Chilmark	1.70	1.50	1.00		1.77	1.77	1.77	Chilmark	1.70	1.50	1.00		1.77	1.77	1.77
Clarksburg	4.50	1.50	1.00		12.85	12.85	12.85	Clarksburg	4.50	1.50	1.00		12.85	12.85	12.85
Clinton	15.60	1.75	1.70	1,280	16.20	31.62	18.60	Clinton	15.60	1.75	1.70	1,280	16.20	31.62	18.60
Coltasset	6.50	1.50	1.00		11.48	11.48	11.48	Coltasset	6.50	1.50	1.00		11.48	11.48	11.48
Colrain	11.70	1.50	1.00		16.86	16.86	16.86	Colrain	11.70	1.50	1.00		16.86	16.86	16.86
Concord	10.90	1.50	1.00		9.83	9.83	9.83	Concord	10.90	1.50	1.00		9.83	9.83	9.83
Conway	9.20	1.50	1.00		16.40	16.40	16.40	Conway	9.20	1.50	1.00		16.40	16.40	16.40
Cummington	12.60	1.50	1.00		13.71	13.71	13.71	Cummington	12.60	1.50	1.00		13.71	13.71	13.71
Danvers	30.30	1.50	1.20	2,384	12.92	16.98	14.15	Danvers	30.30	1.50	1.20	2,384	12.92	16.98	14.15
Dartmouth	17.80	1.50	1.00		10.55	10.55	10.55	Dartmouth	17.80	1.50	1.00		10.55	10.55	10.55
Dedham	21.80	1.75	1.75	6,547	13.37	29.60	16.91	Dedham	21.80</						

City	CIP pct. of valuation	Max. CIP shift	Actual CIP shift	\$ shift to CIP (000s)	Actual res. tax rate	Actual CIP tax rate	Single tax rate
Methuen	17.00	1.50	1.45	3,167	14.38	22.97	15.94
Middleborough	18.50	1.50	1.10	360	14.76	16.61	15.10
Middlefield	7.90	1.50	1.00		18.40	18.40	18.40
Middleton	19.30	1.50	1.00		12.13	12.13	12.13
Milford	24.20	1.65	1.50	4,058	14.28	25.49	16.99
Milbury	18.20	1.50	1.00		19.16	19.16	19.16
Mills	10.50	1.50	1.00		15.14	15.14	15.14
Milville	5.30	1.50	1.00		15.06	15.06	15.06
Milton	4.50	1.50	1.40	689	16.87	24.07	17.19
Monroe	71.90	1.14	1.00		14.00	14.00	14.00
Monson	11.60	1.50	1.00		17.78	17.78	17.78
Montague	31.10	1.50	1.20	508	17.36	22.90	19.08
Monterey	5.70	1.50	1.00		9.32	9.32	9.32
Montgomery	4.90	1.50	1.00		15.65	15.65	15.65
Mt. Washington	4.10	1.50	1.00		4.62	4.62	4.62
Nahant	3.00	1.50	1.00		9.39	9.39	9.39
Nantucket (R)	8.50	1.75	1.75	2,202	4.21	7.62	4.35
Natick	25.90	1.50	1.00		12.62	12.62	12.62
Needham	14.90	1.75	1.61	4,907	10.58	19.07	11.85
New Ashford	31.40	1.50	1.25	18	9.19	12.98	10.38
New Bedford	21.40	1.75	1.75	9,820	15.41	33.88	19.36
New Braintree	8.50	1.50	1.00		16.78	16.78	16.78
New Marlborough	7.40	1.50	1.00		10.36	10.36	10.36
New Salem	6.40	1.50	1.00		15.90	15.90	15.90
Newbury	4.80	1.50	1.00		10.44	10.44	10.44
Newburyport	15.60	1.50	1.00		13.11	13.11	13.11
Newton	11.00	1.75	1.72	12,870	9.94	18.77	10.91
Norfolk	4.90	1.50	1.00		14.32	14.32	14.32
N. Adams	26.10	1.58	1.58	1,186	14.33	28.31	17.98
N. Andover	14.20	1.50	1.18	969	12.66	15.40	13.05
N. Attleborough	25.90	1.50	1.00		11.85	11.85	11.85
N. Brookfield	12.60	1.50	1.00		12.94	12.94	12.94
N. Reading	14.80	1.50	1.00		12.45	12.45	12.45
Northampton	22.80	1.50	1.00		15.91	15.91	15.91
Northborough	21.70	1.50	1.00		16.58	16.58	16.58
Northbridge	11.20	1.50	1.00		12.79	12.79	12.79
Northfield	39.20	1.50	1.00		14.60	14.60	14.60
Norton	15.70	1.50	1.00		15.86	15.86	15.86
Norwell	17.60	1.50	1.00		16.16	16.16	16.16
Norwood	32.00	1.50	1.33	3,752	13.06	20.56	15.46
Oak Bluffs	7.70	1.50	1.00		7.04	7.04	7.04
Oakham	7.60	1.50	1.00		11.88	11.88	11.88
Orange	18.60	1.50	1.00		18.77	18.77	18.77
Orleans	8.60	1.50	1.00		5.36	5.36	5.36
Otis	8.20	1.50	1.00		9.00	9.00	9.00
Oxford	18.00	1.50	1.00		14.60	14.60	14.60
Palmer	21.30	1.50	1.00		17.99	17.99	17.99
Paxton (O)	5.00	1.50	1.00		16.63	16.60	16.60
Peabody	26.50	1.70	1.57	7,874	8.94	17.65	11.25
Pelham	4.10	1.50	1.00		19.97	19.97	19.97
Pembroke	14.00	1.50	1.00		13.12	13.12	13.12
Pepperell	7.60	1.50	1.00		12.64	12.64	12.64
Peru	8.90	1.50	1.00		17.83	17.83	17.83
Petersham	8.30	1.50	1.00		14.02	14.02	14.02
Phillipston	6.30	1.50	1.00		15.45	15.45	15.45
Pittsfield	27.20	1.50	1.31	3,825	19.19	28.52	21.73
Plainfield	14.70	1.50	1.00		15.20	15.20	15.20
Plainville	21.70	1.50	1.00		17.23	17.23	17.23
Plymouth	31.10	1.50	1.00		14.26	14.26	14.26
Plympton	9.10	1.50	1.00		13.64	13.64	13.64
Princeton	3.60	1.50	1.00		15.37	15.37	15.37
Provincetown	26.00	1.50	1.00		6.30	6.30	6.30
Quincy	20.10	1.75	1.69	16,067	13.15	28.91	15.92
Randolph	16.20	1.56	1.53	2,601	12.83	21.86	14.29
Rayham	28.50	1.50	1.09	359	13.57	15.34	14.07
Reading	7.20	1.50	1.00		12.24	12.24	12.24
Rehoboth	8.80	1.50	1.00		11.92	11.92	11.92
Revere	14.60	1.75	1.75	4,375	12.89	25.86	14.78
Richmond	6.30	1.50	1.00		10.94	10.94	10.94
Rochester	14.70	1.50	1.00		13.83	13.83	13.83
Rockland	23.70	1.50	1.00		17.84	17.84	17.84
Rockport	7.30	1.50	1.00		11.90	11.90	11.90
Rowe	93.80	1.03	1.02	48	3.44	5.42	5.30
Royalton	14.20	1.50	1.00		11.66	11.66	11.66
Royalist	6.20	1.50	1.00		12.11	12.11	12.11
Russell	14.10	1.50	1.46	94	15.85	25.04	17.15
Rutland	5.20	1.50	1.00		13.41	13.41	13.41
Salem	25.30	1.75	1.65	8,146	13.53	28.62	17.35
Salisbury	21.20	1.50	1.00		12.92	12.92	12.92
Sandisfield	10.20	1.50	1.00		10.00	10.00	10.00
Sandwich	17.30	1.50	1.00		12.86	12.86	12.86
Saugus	23.50	1.75	1.75	5,961	10.03	22.83	13.04
Savoy	5.20	1.50	1.00		15.60	15.60	15.60
Scituate	5.40	1.50	1.00		15.31	15.31	15.31
Seekonk	27.50	1.50	1.36	1,936	15.69	24.71	18.17
Sharon	6.10	1.50	1.00		17.85	17.85	17.85
Sheffield	14.60	1.50	1.00		13.00	13.00	13.00
Shelburne	21.90	1.50	1.00		12.34	12.34	12.34
Sherborn	3.20	1.50	1.00		14.96	14.96	14.96
Shirley	12.10	1.50	1.00		13.57	13.57	13.57
Shrewsbury	16.30	1.50	1.00		13.58	13.58	13.58
Shutesbury	3.30	1.50	1.00		19.97	19.97	19.97
Somerset (R.C)	38.40	1.75	1.58	6,107	12.13	27.44	17.32
Somerville (R)	18.30	1.75	1.75	8,408	13.72	23.42	13.38
S. Hadley	11.80	1.50	1.00		17.86	17.86	17.86
Southampton	7.60	1.50	1.00		15.24	15.24	15.24
Southborough	20.50	1.50	1.00		12.66	12.66	12.66
Southbridge	24.40	1.50	1.00		15.78	15.78	15.78
Southwick	13.00	1.50	1.00		15.99	15.99	15.99
Spencer	15.00	1.50	1.00		11.40	11.40	11.40
Springfield	27.80	1.75	1.45	13,899	19.88	34.82	24.04
Sterling	12.70	1.50	1.00		16.08	16.08	16.08
Stockbridge	12.80	1.50	1.00		8.60	8.60	8.60
Stonham	15.20	1.50	1.12	524	16.21	18.56	16.57
Stoughton	19.00	1.60	1.49	3,095	13.53	22.77	15.28
Stow	9.20	1.50	1.00		14.70	14.70	14.70
Sturbridge	23.50	1.50	1.00		16.44	16.44	16.44
Sudbury	6.70	1.50	1.32	962	17.09	23.09	17.49
Sunderland	12.50	1.50	1.00		14.45	14.45	14.45
Sutton	10.10	1.50	1.00		16.62	16.62	16.62
Swampscott	7.00	1.75	1.70	1,270	13.13	23.56	13.86
Swansea	21.10	1.50	1.50	1,674	12.17	21.07	14.05
Taunton	23.00	1.68	1.67	6,453	11.95	24.93	14.94
Templeton	10.30	1.50	1.00		13.56	13.56	13.56
Tewksbury	23.10	1.50	1.44	3,903	13.00	21.65	15.00
Tisbury (R)	11.30	1.75	1.68	897	7.32	12.66	7.54
Tolland	9.50	1.50	1.00		5.70	5.70	5.70
Topsheld	7.50	1.50	1.00		13.70	13.70	13.70
Townsend	9.90	1.50	1.00		16.75	16.75	16.75
Truro	8.10	1.50	1.00		5.38	5.38	5.38

Notes:  
 C — Small commercial exemption  
 O — Open space discount  
 R — Residential exemption  
 WS — Water-sewer debt shift

Table 1

**Split Tax Rates**

*continued from page three*

maximum range (1.51 to 1.75). This is a 67 percent increase since FY00. In communities with a 20 to 29.9 CIP percentage of total value, 53 percent chose to shift, slightly higher than the FY00 percentage of 51 percent. The percentage of communities with more than 30 percent of CIP value that chose to shift has remained fairly steady since FY00 at about 74 percent and their shift factors have also remained somewhat constant.

Also shown in *Figure 1* are the ranges of the actual shift factor as a function of the CIP percentage of total assessed value. As the CIP percentage of assessed value increases, communities are more likely to use multiple rates. In addition, communities are able to shift a larger percentage of the total levy share onto the CIP properties. The percentage of communities using a shift factor greater than 1.50 ranges from 3 percent (for the communities with the lowest CIP percentage of value) to 27 percent (for communities with 20 to 29.9 percent of CIP value). Of the communities with CIP value greater than 30 percent, 21 percent have a shift factor greater than 1.50.

As indicated in *Figure 2*, the statewide CIP shift factor increased from 1.50 in FY00 to 1.55 in FY02. The CIP shift factor is calculated by dividing the CIP percentage of the total levy by the CIP percentage of total value. *Figure 2* also shows that the CIP percentage of total value has been slightly decreasing over the past few years. The percentage was 21.29 percent in FY00 and was 20.05 percent in FY02. During this same time period, the CIP tax levy as a percentage of total levy also decreased from 32 percent to 31.07 percent. Because these percentages have decreased significantly over the past 16 years, communities have increased shift factors to somewhat maintain steady share percentages.

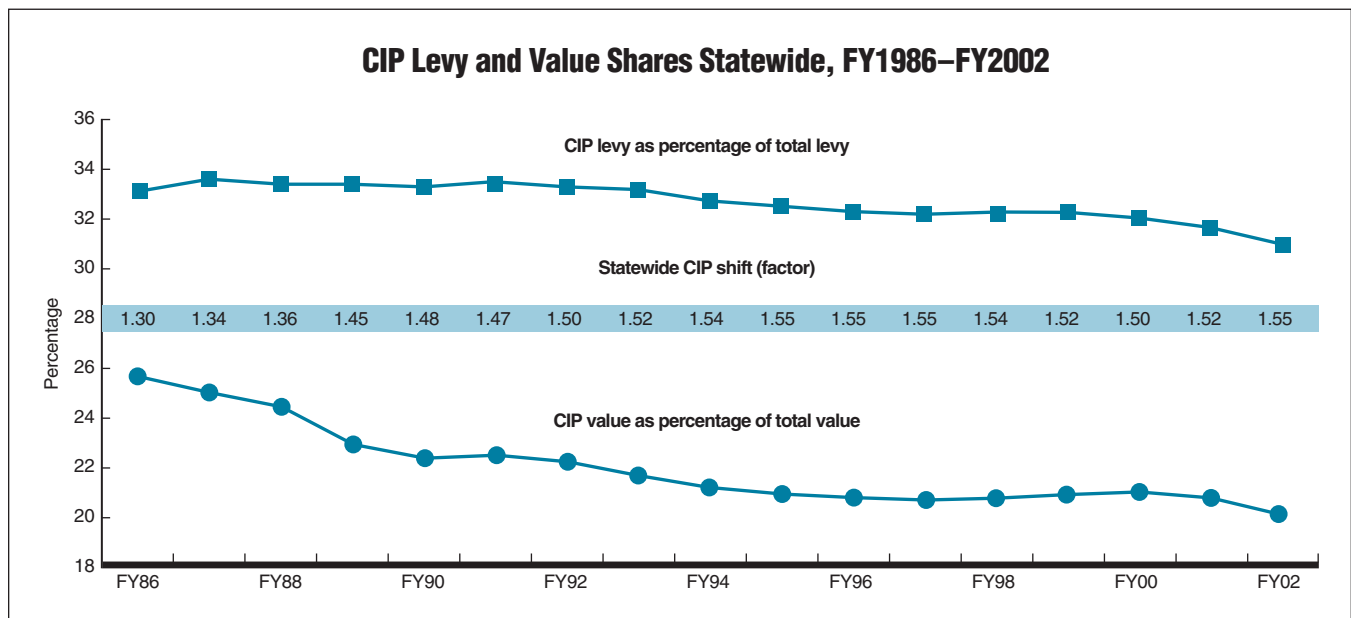
There were 86 communities with a split tax rate in FY87. In FY02, 81 of those communities still opted to shift. The number of communities that shift has remained fairly constant over the past few years at about 100. In FY02, two communities, Bellingham and Ludlow opted to shift for the first time.

Once properties have been classified and certified, there must be a public hearing at which the assessors present information to the board of selectmen or

the city council and mayor who vote whether to establish different rates or continue to tax all classes of property by the same rate. It is also at this public hearing where three other local options may also be considered. In addition to a split tax rate, a residential exemption, an open space discount and a small commercial exemption are available to communities.

The selectmen or mayor with the consent of the city council, may opt to exempt a percentage of the assessed value of every residential property that is the principal residence of a taxpayer. This residential exemption effectively shifts some of the tax burden from owner-occupied properties worth less than average, to more expensive residential properties and those owned by nonresidents. Generally two types of communities adopt the residential exemption: communities with a substantial number of apartment buildings, and resort communities with property owned by nonresidents. The discount can be up to 20 percent of the average assessed value in the residential class of property. Since the residential class of property still has to raise the same

*continued on page seven*



**Figure 2**

**MassDevelopment****continued from page one**

tools at its disposal. We redevelop and manage real estate property, lend money to businesses and developers for business expansions and housing development, and we administer the state's Brownfield's Redevelopment Fund. Most importantly, the key to making our projects work is not the tools, but the people, both within our agency and in the towns in which we do busi-

ness. MassDevelopment's success lies in its ability to work closely with local officials and businesses and to focus on the specific projects that are priorities of cities and towns throughout the state.

For more information on MassDevelopment programs, contact the agency at (800) 445-8030 or visit our website at [www.massdevelopment.com](http://www.massdevelopment.com). ■

**Split Tax Rates****continued from page six**

amount as it would have raised without the shift, the result is a higher residential tax rate. Over the past few years, there have been 11 communities that have annually adopted this exemption. Of these 11 communities, two have a large number of seasonal homes and eight have a substantial number of apartments. (See September 2002 issue of *City and Town* for further information about this local option.)

An open space discount reduces the tax burden for properties classified by the assessors as open space, defined as land in an open or natural condition contributing to the public benefit and enjoyment. Such land may not include chapter land (M.G.L. Ch. 61, 61A, 61B), property held for income production, or property with a permanent conservation restriction. The discount may be up to 25 percent of the class tax burden. The cost of the discount is shifted to the residential class. In the last few years, only two communities, Bedford and Paxton, have chosen this option.

The selectmen or mayor with the approval of the city council, may also opt to exempt a percentage of the assessed

value of commercial parcels that are occupied for business with average annual employment of 10 or less and valued at less than \$1 million. The exemption may be up to 10 percent. The small commercial exemption shifts taxes from qualified commercial parcels to those in the commercial and industrial class not eligible for the exemption. The four communities that chose this option in FY02 were Avon, Bellingham, Braintree and Somerset.

Over the past few years the number of communities that adopt the four local options has remained fairly constant. The same communities have chosen the residential exemption, open space discount and the small commercial exemption each year except one new community chose the small commercial exemption in FY02. The number of communities adopting a split tax rate has remained at about 100 since FY99. Between FY96 and FY00 no communities adopted a shift for the first time and during this time two communities stopped shifting. As previously mentioned, in FY02, two communities opted to shift for the first time. ■

**FVAC Values****continued from page two**

dition of weather. On the other hand, the FVAC, by promulgating a range of values, attempts to achieve uniformity in the assessment of each category of farmland. The FVAC provides a per acre range of values for each category of land with three descriptions: below average, average and above average. In the case at hand, the ATB found that the Plymouth assessors had properly valued the cranberry bogs in accordance with the FVAC Guidelines. Mann has appealed this decision to the Appeals Court.

In a zoning case, *Bateman v. Board of Appeals of Georgetown*, Mass. App. Ct. (2002), the Appeals Court upheld the granting of a variance and special permit to an owner who planned to build a riding academy and public stable. Abutters objected and claimed, among other things, that a special permit was necessary since the proposed use of the land did not fit within the agricultural use exemption to the zoning law. Relying on the earlier decision of *Steege v. Board of Appeals of Stow*, 26 Mass. App. Ct. 970 (1988), the Appeals Court held that using the land to raise, train and board horses came under the agricultural use exemption to the zoning law as set forth in M.G.L. Ch. 40A Sec. 3. Since use of the land for raising, boarding and training horses was agricultural for zoning purposes, the owner did not require a special permit. The *Bateman* case was exclusively a zoning case, and the Appeals Court did not consider whether the proposed uses could qualify the land for classification under the provisions of M.G.L. Ch. 61A. ■

# DLS Update

## Charter School Proposals

Currently, the Department of Education (DOE) is considering proposals for 11 new charter schools. The proposals are for six schools in Boston, and one each in Haverhill, North Adams, Salem, Waltham and Worcester. In this application cycle, there are 19 Commonwealth and 34 Horace Mann charters available.

Information gathered in January from public comment and a series of public hearings will be used by the state Board of Education to evaluate the proposals. The Board will take its final vote on these applications in February 2003.

Charter schools have been operating in Massachusetts since 1995. They are independent public schools started by teachers, parents, social service organizations and community leaders. The schools have the freedom to organize around a core mission, curriculum, theme or teaching method. They are also allowed to control their own budgets and personnel decisions. Schools are given five years to attract students and produce positive results in order to retain their charter.

A Commonwealth charter school is a public school independent of any school committee. A Horace Mann charter school is a school or part of a school that operates under a charter approved by the local school committee and the local teachers' union.

In the 2002-03 school year, 46 charter schools (40 Commonwealth and six Horace Mann) are open and together enroll more than 17,000 students from more than 200 school districts. Six Commonwealth charter schools are scheduled to open in the fall of 2003.

For more information on Massachusetts Charter Schools, visit the DOE website at [www.doe.mass.edu/charter](http://www.doe.mass.edu/charter).

## Motor Vehicle Excise Guidelines

The Department of Revenue (DOR) recently issued Technical Information Release 02-23 on an amendment to M.G.L. Ch. 90, the motor vehicle registration statute, which became effective July 1, 2002.

This new legislation is designed to prevent evasion of sales/use tax and the local motor vehicle excise by individuals who improperly register a motor vehicle in another state, or misrepresent the principal place of garaging of a motor vehicle within Massachusetts. This law may be enforced by the Department of Revenue, the Registry of Motor Vehicles, local boards of assessors, and state and local police. The presence of any of the criteria listed in this new legislation creates a prima facie case that the owner of a motor vehicle is a resident of Massachusetts, that the vehicle should be registered in Massachusetts and, for local excise purposes, garaged at the address contained in the referenced records.

Improper registration of a motor vehicle or misrepresentation of the place of garaging may subject an individual to substantial fines. For more information and a list of the new criteria, Technical Information Release 02-23 is available on the DOR website at [www.mass.gov/dor](http://www.mass.gov/dor) under "Rulings and Regulations."

## New Finance Committee Handbook

The Association of Town Finance Committees has released a revised version of the *Finance Committee Handbook* in CD format.

This CD replaces the three-hole punch paper editions previously published. All files are in PDF format and can be viewed by downloading the Adobe Acrobat Reader, which is available on the CD.

The CD also contains the following Division of Local Services' publications: *Costing Municipal Services*; *Developing a Capital Improvement Plan*; *A Guide to Financial Management for Town Officials*; *Levy Limits: A Primer on Proposition 2½*; *Municipal Finance Glossary*; and *Proposition 2½ Ballot Questions*.

Copies of the CD can be obtained by contacting Michael Pingpank at the Massachusetts Municipal Association at (617) 426-7272, ext. 160.

## Community Firsts

Deputy Commissioner Joseph J. Chessey, Jr. congratulates the following communities for their first place finish in the categories of first to receive tax rate approval, free cash certification and Schedule A submission. For tax rate approval, Eastham in the state's eastern region received tax rate approval on August 29, 2002, while Williamstown in the west received certification on August 30, 2002. Lenox was the first community statewide to receive free cash certification on July 26, 2002. It was also the first community to submit the FY01 Schedule A to the Bureau of Accounts on August 2, 2002. Hats off to Montague for a strong second place finish in the Schedule A category with a submittal date of August 5, 2002. ■



# DLS Update

## Cape Cod Land Bank Matching Funds

Alan LeBovidge, Commissioner of Revenue, has announced the distribution of \$5.4 million under the Cape Cod Open Space Acquisition Fund. Fiscal year 2002 was the third year of operation of this fund, otherwise known as the "Cape Cod Land Bank." Under the law that created this program, each town received state matching funds of 50 percent of the sum collected from the 3 percent surcharge on real and personal property tax bills during FY00, FY01 and FY02.

For fiscal year 2002, a total of \$5,428,517 was distributed among the 15 towns on Cape Cod. (See *Table 2* for individual community reimbursement totals.) The Department of Revenue is responsible for administering the distribution of the matching funds, which were wired to the communities by the state treasurer in mid-November 2002.

Collections for the Cape Cod Land Bank totaled \$8,967,274 in FY00; \$9,530,780 in FY01; and \$10,857,036 in FY02, and reimbursements totaled \$4,483,637 in FY00; \$4,765,391 in FY01; and \$5,428,517 in FY02.

Funds collected under the program may be expended, upon appropriation, for land acquisition purposes only. Any real property interest purchased with the Land Bank funds must be retained in a natural, scenic or open condition. Monies from the Land Bank Fund may not be used to purchase land improved with buildings or other structures or to demolish improvements to land. Each community has appointed a town open space committee to carry out the provision of the program with respect to open space. Property may be acquired only upon a recommendation by the town open space committee and a majority vote of town meeting, or in Barnstable, the town council.

### FY02 Cape Cod Land Bank Reimbursements

<b>Municipality</b>	<b>Reimbursement</b>
Barnstable	\$1,004,897
Bourne	321,528
Brewster	251,462
Chatham	408,278
Dennis	320,741
Eastham	158,828
Falmouth	756,045
Harwich	368,714
Mashpee	344,965
Orleans	184,284
Provincetown	132,424
Sandwich	437,824
Truro	100,760
Wellfleet	169,728
Yarmouth	468,039
<b>Total</b>	<b>5,428,517</b>

**Table 2**

## Tax Amnesty Program Extended

The tax amnesty program offered by the Department of Revenue (DOR) has been extended through February 28, 2003. This program allows taxpayers who have not already filed a Request for Amnesty in the initial program to resolve their accounts without incurring any penalty charges. Technical Information Release (TIR 02-25), Extended Amnesty Program, available on the DOR website at [www.mass.gov/dor](http://www.mass.gov/dor), explains the extended program in detail.

Taxpayers interested in participating in the extended amnesty program must submit a completed Request for Extended Amnesty application, along with all required tax return(s) and full payment of tax and interest, to DOR no later than 5:00 p.m. on February 28, 2003. The Request for Extended Amnesty application, tax return(s) and payment should be mailed to Department of Revenue, PO Box 55485, Boston, MA 02205-5485.

Request for Extended Amnesty applications and further information about the extended amnesty program is available on the DOR website at [www.mass.gov/dor](http://www.mass.gov/dor), or by calling DOR at (617) 887-MDOR or 1-800-392-6089 toll-free in Massachusetts.

## FY03 Special Education Costs

The Department of Education (DOE) administers a program (the so-called "50/50" program) in which the state pays for approximately half the tuition cost for special education students in private, residential schools. DOE's current fiscal year appropriation is insufficient to pay all anticipated claims. As a result, DOE has notified school districts that it will only pay for services rendered through the end of the third quarter. Private schools will be instructed to bill the sending school districts for the full cost of services rendered in the fourth quarter.

At the same time, DOE has announced the availability of a one-time federal grant, which districts can use for these tuition costs. DOE expects the federal grant will cover most, if not all, of the shortfall. However, DOE will not be able to make any payments under the federal grant until it has received the final fourth quarter FY03 accounting of actual costs from districts. These payments are not likely to be made until mid- to late-August, after the closing of the fiscal year.

The Division of Local Services cautions that school budgets for FY04 should be developed recognizing the uncertainty of the level of funding for the "50/50" program. ■

## DLS Profile: Property Tax Bureau Staff

Under the direction of bureau chief Daniel J. Murphy, the Division of Local Services' Property Tax Bureau (PTB) provides advice and interpretations of municipal finance law, issues Informational Guideline Releases and writes opinion letters on legal matters.

Moreover, the PTB attorneys regularly provide instruction on municipal law at statewide schools for associations of local officials and make presentations at seminars, workshops and other meetings. Annually, in the fall, the PTB presents the "What's New in Municipal Law" seminars in both the western and eastern regions of the state. The bureau also approves assessments to unknown owners, certifies land of low value, and certifies taxes in litigation.

**Gary Blau** has served as tax counsel for the PTB for over 15 years and specializes in municipal finance, personal property tax and public employment law. Prior to his state service, Gary was Assistant and Associate Solicitor for the City of Newton for eight years. He is a 1970 graduate of the Massachusetts Institute of Technology with a combined Bachelor's Degree in Literature and Electrical Engineering and obtained his Juris Doctorate from Boston College Law School in 1974.

According to Dan Murphy, "Gary's expertise is invaluable. His particular knowledge and experience in very special areas of municipal law have helped just about every community in the state."

**Jodi Beaton** is the administrative assistant for the bureau. She has worked in this capacity for 22 years. Jodi tracks all of the bureau's correspondence, fields numerous telephone inquiries, assists with filling requests for public information, and proofreads and edits correspondence, IGRs and bulletins. Jodi enjoys her coworkers in the Property Tax Bureau, and referring to the fact that she has worked with them for many years, said that "we're like family."

Dan Murphy noted that as the sole administrative person in the bureau, Jodi is "indispensable." "She manages every piece of information we process and coordinates all the bureau's activities. Best of all, she does this capably and pleasantly." ■



**Gary Blau and Jodi Beaton**

## Website News

The Division of Local Services' (DLS) website ([www.dls.state.ma.us](http://www.dls.state.ma.us)) now features a new online report: Approved Tax Rates. This report is generated directly from the DLS tax rate production database system several times a day, indicating the approval date and the rates under different property classes. It is sorted alphabetically by community. Also available on the DLS website are applications for motor vehicle excise exemptions. These forms are located under "Forms and Brochures" in the "Quick Links" box. The Approved Tax Rates list is also available under "Quick Links." ■

### City & Town

City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

**Joan E. Grouke**, *Editor*

To obtain information or publications, contact the Division of Local Services via:

- website: [www.dls.state.ma.us](http://www.dls.state.ma.us)
- telephone: (617) 626-2300
- mail: PO Box 55490, Boston, MA 02205-5490

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