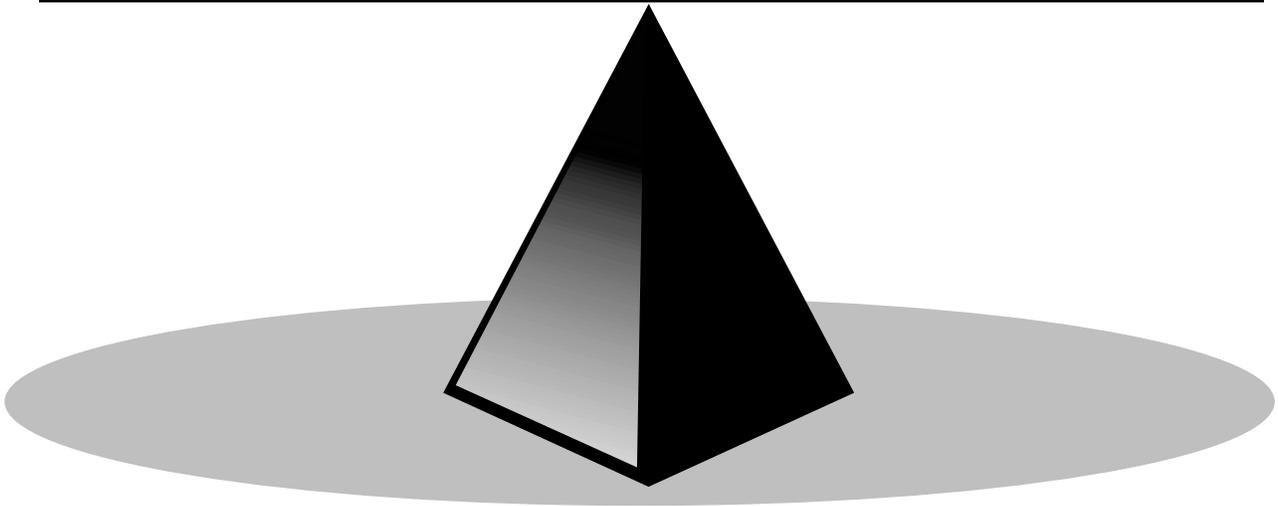


ANNUAL REPORT  
**2000**

LEVELING THE PLAYING FIELD





**To the Honorable Jane Swift, Governor of the Commonwealth, and the Honorable Members of the General Court of Massachusetts:**

It is an honor to present to you the Massachusetts Department of Revenue's Fiscal Year 2000 Annual Report. It was a year in which we witnessed a sea change in the culture at the Department. We have leveled the playing field between the taxpayer and DOR.

The elimination of Pay-to-Play, the creation of the Dispute Resolution Office and the expansion of the Taxpayer Advocate Office, all give taxpayers a better footing when they disagree with a Department decision.

We made the many procedural and system changes necessary to implement the repeal of Pay-to-Play. Now a taxpayer can safely dispute a bill before paying it. The Office of Dispute Resolution settled 120 tax cases before litigation. This work prevented long and costly court proceedings where the outcome was in doubt.

The Taxpayer Advocate Office became fully operational. The Advocate offers an independent review when a taxpayer or child support client disagrees with DOR. The office also worked with the Compliance Division to roll out their new business contact initiative. They reached out to thousands of start-up companies and offered workshops to small business owners across the state.

Thanks to our hard-working frontline troops and some technological investments made over the past few years, we improved our productivity and service to taxpayers. DOR has made it far simpler for our customers to do business with us.

We issued income tax refunds 33 percent faster than last year and 50 percent faster than just five years ago. Customer Service representatives answered taxpayer calls, on average, within seven seconds. Tax practitioners and business people were thrilled with the debuts of our Practitioner Hotline and the online Bay State Business Connection ([baystatebiz.com](http://baystatebiz.com)).

More Massachusetts families than ever before received regular child support payments. Overall, Child Support Enforcement collections increased 14 percent to a record \$333.7 million. CSE customer calls were answered nearly three times faster than last year.

Despite the late passage of the state budget, Local Services still sent local aid payments to communities and approved local property tax rates in a timely way. The Bureau of Local Assessment valued all state-owned land last year to determine the value of land eligible for state reimbursement to cities and towns. Our annual Practitioner Seminars grew in number and popularity; these information-sharing sessions contributed to one of the smoothest filing seasons in recent memory.

As an organization, we grew in scope with the successful integration of the Bureau of Special Investigations. BSI's first year within the Department has been extremely successful. In addition, the Underground Storage Tank program saw increases in every key indicator in FY 2000. We introduced new technologies across DOR last year, in particular the new payroll and human resources system, and spent many hours ensuring that our own systems and those of cities and towns throughout Massachusetts came up intact and fully operational on January 1, 2000.

We are very pleased that Iris Lee, Chief of Desk Audit, was honored this year with the Manuel Carballo Governor's Award for Excellence in Public Service. This award reflects the high quality of work that we have come to expect from our Audit Division. The Criminal Investigations Bureau successfully developed a number of high-profile cases for prosecution by the Attorney General's Office. Our Privacy Protection and Transaction Tracking System, which has been designated a "best practice" by the IRS, was expanded to include COMETS, CSE's computer system.

All of this success — our improved relationship with taxpayers, the dramatic increases in efficiency and productivity, and the expanded use of cutting edge technology — could not have been achieved without dedicated, hard-working Department employees. Their continued efforts bode well for the future of DOR and the Commonwealth.

Sincerely,

A handwritten signature in blue ink that reads "Frederick A. Laskey".

Frederick A. Laskey  
Commissioner

# FY 2000 Year in Review

FY2000 was a successful year for the Department of Revenue and a year in which major operational and customer service improvements were made – leading to a record-setting tax filing season. Here are some of the highlights:

## **Bay State Business Connection and Practitioner Hotline Established –**

The Department introduced two new important customer service tools in FY2000 — the Bay State Business Connection and the Practitioner Hotline. These new tools were welcomed by both businesses and tax professionals. The Bay State Business Connection is a special section of the Department's website that contains information explaining various state tax obligations and requirements; the site also allows taxpayers to conduct a wide variety of their business online e.g., new business registration, new hire reporting, and the ability to pay certain trustee taxes. The Practitioner Hotline, as the name indicates, is a dedicated phone line for the exclusive use of tax professionals and their specific needs. Both tools were well-received by the business community.

## **“Pay-to-Play” Legislation Implemented**

– After years of hard work with the Legislature, the Department was successful in repealing the so-called “pay-to-play” provisions of state tax law. Implementation of this important change eliminated the requirement that taxpayers had to pay disputed taxes up-front before appealing assessments. Under the new legislation, taxpayers may now safely dispute a bill prior to paying it.



## **Filing Season Achieves Record E-File Numbers –**

The 2000 Filing Season saw record numbers of taxpayers and practitioners taking advantage of the Department's electronic filing options. These options included Telefile, PC File, and electronically through a tax preparer. The total number of paperless returns filed was almost 818,000 – an increase of 20 percent over FY99. The Department also began the designing and testing of Webfile – a new online tax filing application for the 2001 filing season.



## **Bureau of Special Investigations Assimilated into DOR –**

The Department assumed the oversight of the Bureau of Special Investigations from the Department of Public Safety in FY2000. The Bureau's mission is to investigate alleged fraud in public assistance programs and prosecute individual and organizations engaged in fraudulent activities.

## **Child Support Enforcement Improvements –**

The Child Support Enforcement Division made many improvements in FY2000. More families than ever received regular child support payments and customer service calls were answered nearly three times faster than in FY99. In addition, child support collections increased 14 percent to a record \$333.7 million.

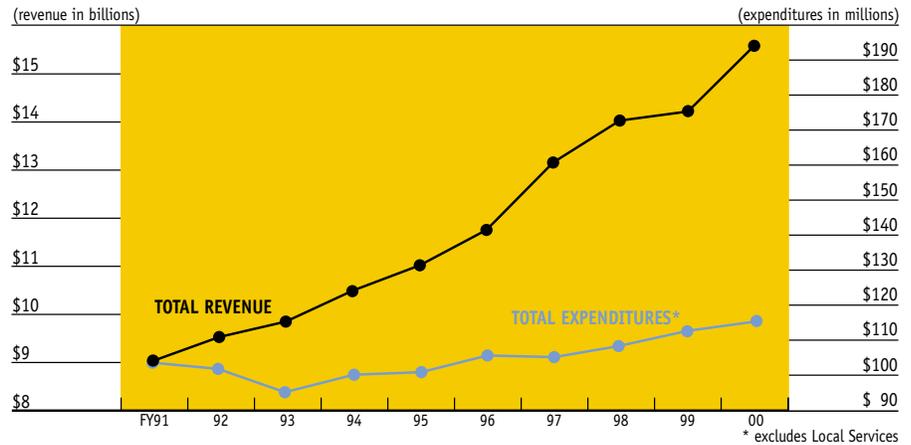
## **New Taxpayer Advocate & Dispute Resolution Offices Excel –**

The Department's Taxpayer Advocate and Dispute Resolution Offices, established in late FY99, both made strong advances in better serving the Commonwealth's taxpayers and practitioners in FY2000. The Taxpayer Advocate worked with other divisions to identify and improve service delivery and hosted a series of taxpayer workshops for small business owners across the state. The Dispute Resolution Office settled 120 tax cases prior to litigation and saved the Commonwealth countless hours and money otherwise spent preparing and trying these cases.

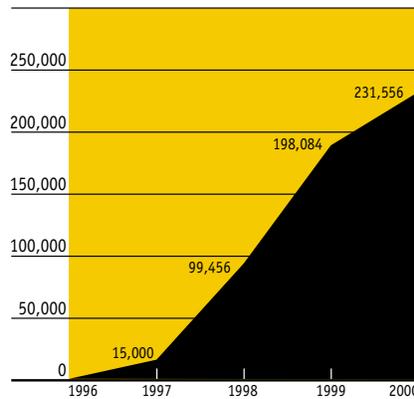
# Tax Administration

FY2000 was a year in which the Department of Revenue made it far easier for its customers to do business with us. Two major priorities of the Commissioner, the Office of the Taxpayer Advocate and the Office of Dispute Resolution, both became fully operational and made a significant impact on the way the Department interacts with its customers. The Office of the Taxpayer Advocate began work on a number of important systemic improvements, including new user-friendly taxpayer notices, establishing Advocate offices throughout the Commonwealth, and the creation of a computerized tracking system to ensure fast and accurate responses. The Taxpayer Advocate also worked with other DOR divisions to introduce educational seminars for taxpayers and a series of small business workshops for business people across the state. The Office of Dispute Resolution settled 120 cases prior to costly litigation and created dispute resolution guidelines for the practitioner community.

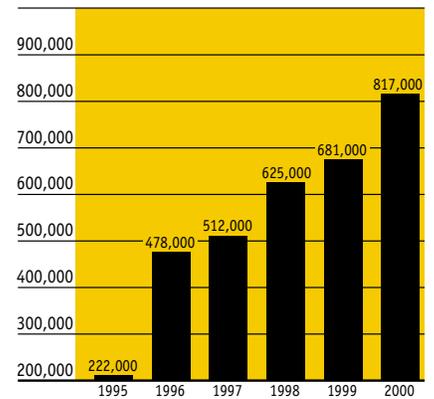
## Revenue and DOR Expenditures



## Refunds Issued by Direct Deposit Up 16% over 1999



## E-Filing Overall Has Nearly Quadrupled Since 1995



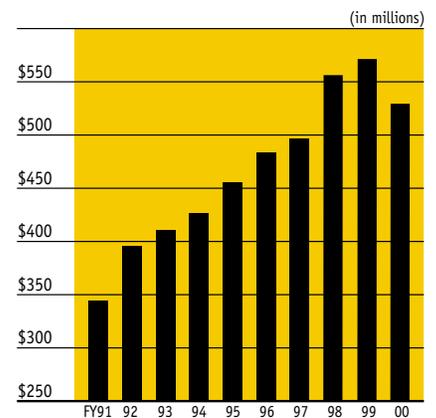
FY2000 also saw the debut of the Bay State Business Connection — a specialized “one-stop shopping tool” for the Massachusetts business community. This important new website allows taxpayers to quickly and easily perform once time-consuming functions such as obtaining a wide variety of written legal opinions and guidelines, registering a new business, reporting new hires, and paying certain taxes.

Another important tool for tax practitioners, the Practitioner Hotline, was also established in FY2000. The Practitioner Hotline, a special telephone line for the exclusive use of tax professionals, provides quick, knowledgeable tax help for those involved in the tax preparation business. More than 2,500 tax professionals used this

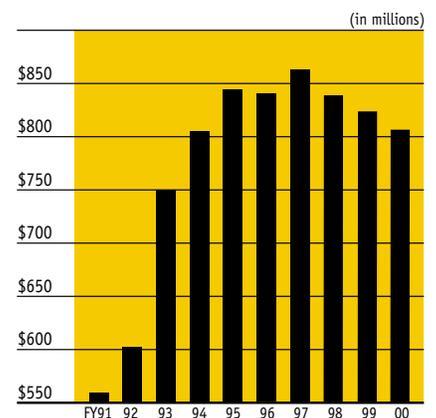
service during its first year. In addition, more than 4,800 taxpayers and practitioners received answers to their tax questions — in an average of two business days — via the Department’s Internet e-mail assistance service.

The Department again continued its commitment to using the latest technology to make filing tax returns as painless as possible — and to get refunds back quickly. Over 817,000 tax returns were filed electronically through one of the Department’s E-file methods. Tax refunds were issued 33 percent faster than last year. During FY2000, the groundwork was also laid for the implementation of Webfile for the 2001 filing season. Webfile allows taxpayers to quickly, easily and securely file their tax returns free of charge via the Department’s website.

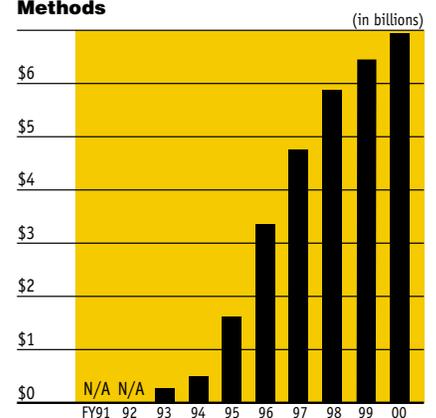
**Collections of Delinquent Taxes**



**Accounts Receivable**



**Total Receipts from All Electronic Filing Methods**



# Child Support Enforcement

The mission of the Department of Revenue's Child Support Enforcement Division (CSE) is to protect the economic well-being of children by enforcing the financial responsibilities of parenthood.

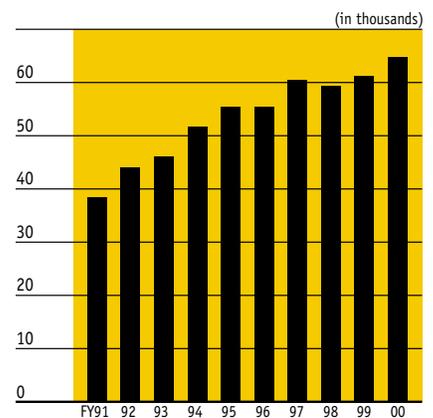
Child Support collections were at an all time high, \$333.7 million in payments were made during FY2000, up 14 percent over last fiscal year. The millions of dollars of payments made by noncustodial parents went to support a record nearly 65,000 families, helping them to remain self-sufficient and off the welfare rolls.

Wage attachment continues to be the number one tool used by the Department and the most convenient way for parents to pay support. A total of \$227.8 million was collected through wage attachment in FY2000.

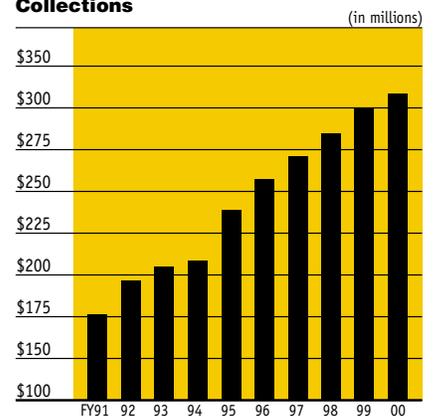
CSE continues to utilize cutting-edge technology to better enforce court-ordered child support orders and collect on past-due accounts. One such enforcement tool, the Insurance Intercept program, netted \$4.1 million last year. Insurers are required to report settlements via a secure Internet site that matches the names of individuals that owe child support and those receiving settlements.

CSE continues to support community-based programs that promote responsible parenthood and job training. CSE's Community Outreach Unit exceeded their goal by reaching more than 3,500 professionals that serve families in FY2000. The presentations focused on building collaborations with various organizations to include the benefits of child support in their mission.

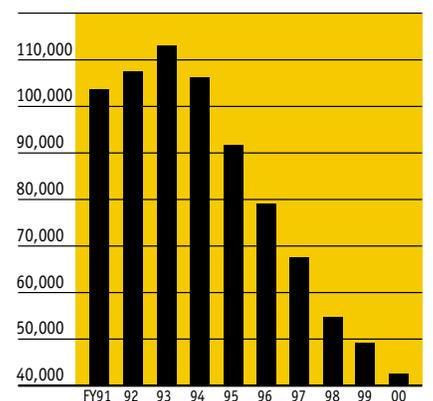
**Families Receiving Child Support**



**Total Child Support Enforcement Collections**



**Welfare (AFDC) Caseload**



Child Support Enforcement is one of several factors affecting welfare caseload. Others include welfare reform measures, economic conditions, etc.

# Division of Local Services

The Division of Local Services (DLS) has oversight of property taxation and municipal finance for Massachusetts' 351 cities and towns. DLS' objective is to ensure successful municipal finance management through technical assistance, training and oversight. More specifically, the Division provides financial management reviews, certifies property values, distributes local aid and audits local school districts.

During FY2000, DLS performed a complete revaluation of all state-owned land. This valuation is undertaken once every five years and includes land eligible for Cherry Sheet reimbursement and Metropolitan District Commission watershed land. In FY2000, the new value of these lands was more than \$2 billion — a 50 percent increase from 5 years ago. Local Services determined the equalized valuation of all cities and towns in the Commonwealth. In FY2000, the equalized valuation for Massachusetts was \$485,207,765,200 — up 19 percent from 1998. This amount is used to calculate the distribution of certain state aid and assessment amounts for state or county taxes.

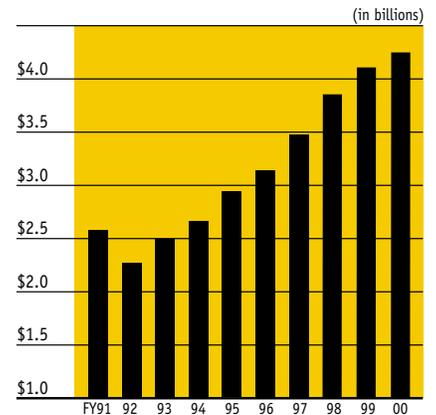
Continuing the work started last year, DLS oversaw the financial details of the dissolution of Berkshire County. The Division also worked with various legislators and banks to structure special legislation to finance the embezzlement losses of the Southern Worcester County Regional Vocational School District over a 10-year period.

Local Services successfully completed the Y2K Local Outreach Program, delivering on-site assistance to 178 towns and districts. The innovative Community Software Consortium, managed by DLS staff, completed testing and began installations and conversions in 76 member communities. A successful application to move all DLS data and processes into a system that can support e-government development in FY2001 was also implemented.

In FY2000, DLS issued 12 audits of local and regional school districts to determine if the Education Reform Act of 1993 is achieving its goals in these school districts. The three major goals of the Act are to reach adequate funding for schools, bring equity to school spending based on a community's ability to pay and to improve student achievement.

New customer service tools were introduced in FY2000. A new comprehensive legal database was created for DLS managers. This database, containing a wide array of important legal materials, gives these managers instant access to this valuable resource. In addition, new guidelines were created that streamline and standardize DLS policies and procedures, new editions of municipal finance bulletins were created in CD-ROM format, and training seminars were conducted to educate local officials about changes in municipal law. The Division also fully completed its Web-based "Community Report Builder" program that allows Web users to create their own custom reports online. As a result of their outstanding work with client communities, the Technical Assistance Unit won the Commonwealth's Pride in Performance award.

**Total Cherry Sheet Receipts  
FY1991-FY2000**



# Underground Storage

The Underground Storage Tank program (UST) was created by Chapter 524 of the Acts of 1990. The Department of Revenue assumed administration of the program in FY98. The Underground Storage Tank program is designed to reimburse owners and operators of qualifying underground storage tank systems for costs incurred in cleaning up their property during environmental response actions and to reimburse cities and towns for costs associated with removal and replacement of UST systems. UST revenue is derived from two fees assessed upon dispensing facilities — an annual \$200 per tank fee and a 1/2 cent per gallon fee assessed upon the sale of gasoline and diesel delivered to those facilities. In FY2000, the program collected \$17.7 million.

Since the transfer of UST to the Department, there have been a number of significant improvements in the program. For example, in FY2000, the UST board approved 1,865 claims and 321 reconsiderations which amounted to \$17.4 million in reimbursements for dispensing facilities. In addition, the claims processing period was reduced from in excess of twelve months to an average of six months — a greater than 50% reduction. The Municipal Grants portion of the UST program provides reimbursement of up to 50% to cities and towns for costs incurred in removing and/or replacing underground storage tanks. In FY2000, UST issued \$850,000 in grant awards.

Since assuming administration of the program, the Department has revised the UST regulations to allow smaller, independent businesses to qualify for reimbursements, streamlined staff operations to provide enhanced customer service, and fully automated the UST billing, reimbursement and collection processes. A new computer system also permits UST to exchange important information with other agencies involved with administering storage tank operations.

# Bureau of Special Investigations

The Bureau of Special Investigations (BSI) joined the Department of Revenue in November 1999 as part of Governor Cellucci's and Lt. Governor Swift's government streamlining initiative. BSI had been under the oversight of the Department of Public Safety.

The Bureau was created to prevent fraud in a number of Massachusetts assistance programs, including transitional assistance, food stamps, medical assistance and welfare. Working with the State Police, National Insurance Fraud Bureau, and the Social Security Administration, BSI

identifies fraud and prosecutes perpetrators if necessary. BSI's Field Investigation Unit annually receives approximately 10,000 referrals of transitional assistance fraud and assigns 7,500 of those for investigation. About 3,500 cases are forwarded for prosecution. The Bureau's Front End Detection Program receives approximately 6,000 requests a year for review of potentially fraudulent welfare applications, and finds sufficient cause to deny almost 3,000 applicants. The Special Operations Unit annually matches and disseminates over 15,000 fraud warrants with the police and helps them arrest hundreds of fugitives.

Since joining the Department, BSI has been successful in bringing criminals to justice. In FY2000, BSI had a productive and successful year. The Bureau decreased the average case time frame by 54 days while increasing fraud referrals and warrant enforcement. This resulted in 2,020 arrests or surrenders and the uncovering of almost \$8.2 million in alleged fraud.

# Legislative Review

## Legislative Update

**An Act Making Appropriations for the Fiscal Year 2000 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements (St. 1999, c. 127)** — This act repeals the so-called “pay-to-play” provisions of Massachusetts tax law, reduces the tax rate on Part B taxable income, changes the calculation of capital gains, provides various tax reductions in the form of new or increased deductions and credits, extends the 3 percent investment tax credit for corporations, provides new sales tax exemptions, transfers the Bureau of Special Investigations to the Department of Revenue, and makes several other changes relating to state tax law and tax administration.

## Tax Administration

### **Repeal of So-Called “Pay-to-Play” Provisions**

In general, under new subsection (e) of M.G.L. c. 62C, § 32, a taxpayer is not required to pay any amount of tax that the taxpayer is contesting at the Department level under M.G.L. c. 62C, § 37, or at the Appellate Tax Board (ATB) or probate court under M.G.L. c. 62C, § 39. The taxpayer may also delay paying any amount determined not to be due by the ATB or probate court if there is an appeal taken from that decision. Department collection activities are stayed during this period to the extent of the amount of tax in dispute. However, in the case of trustee taxes (sales tax, withholding, room occupancy excise, etc.), a trustee must remit to the Department any trustee taxes withheld or collected even if the trustee disputes the tax. These provisions apply only to an assessment or portion thereof that is in dispute. An undisputed assessment or portion thereof must be paid, and may be collected as under current law. Under certain circumstances, taxpayers will be required to post security if they wish to delay payment of the tax. The statute of limitations on collections is suspended during the period that collection of the tax is stayed under the amendment. Interest and penalties other than the penalty provided under § 33(c) will con-

tinue to accrue on the unpaid disputed tax amount even though collection activity has been stayed. These changes are effective July 1, 1999. The Department will issue a Technical Information Release on this new legislation which will supersede TIR 99-11. *St. 1999, c. 127, § 83 amending M.G.L. c. 62C, § 32 by adding paragraph (e); and St. 1999, c. 127, § 86 amending M.G.L. c. 62C, § 65.*

### **Bureau of Special Investigations**

Effective July 1, 1999, these provisions establish within the Department of Revenue a Bureau of Special Investigations to investigate fraudulent claims for payment or services under assistance programs administered by the Department of Transitional Assistance (DTA) or the Department of Social Services (DSS). The new law establishes a fraudulent claims commission consisting of the Commissioner of Revenue, the Colonel of the State Police, the Commissioner of Transitional Assistance and the Attorney General (or their designees). The purpose of the Commission is to advise the Commissioner of Revenue regarding the investigation of fraud under any assistance program administered by DTA or DSS. *St. 1999, c. 127, §§ 26, 87, 147, amending M.G.L. c. 14, by adding new §§ 9, 10, 11, and making technical corrections to other sections reflecting this change.*

## Corporate Excise

### **Investment Tax Credit Extension**

This provision extends the 3 percent investment tax credit to December 31, 2003. Under prior law, the credit was set to expire July 1, 1999. *St. 1999, c. 127, § 88, amending M.G.L. c. 63, § 31A(k), (l).*

### **Massachusetts Low-Income Housing Credit Added in 2001**

Effective for tax years beginning on or after January 1, 2001, a new low-income housing credit will be available to corporations for the building or development of low-income housing. Certain taxpayers that claim a federal low-income housing credit for the building or development of low-income housing under IRC § 42 may also be eligible for a state credit. The amount of credit a taxpayer can take for a qualified Massachusetts project will be allocated by the Massachusetts Department of Housing and Community Development, based

on a total pool of money awarded to the Commonwealth. A qualified Massachusetts project is a “qualified low-income housing project” as that term is defined in IRC § 42, which is located in Massachusetts, meets the requirements of M.G.L. c. 63, § 31H, and whose owner enters into a regulatory agreement with the Department of Housing and Community Development. The credit is taken over five years. If any portion of the federal low-income housing credit is required to be recaptured under IRC § 42, the Massachusetts low-income housing credit with respect to such qualified Massachusetts project will also be recaptured. *St. 1999, c. 127, §§ 90, 378, amending M.G.L. c. 63 to add new § 31H.*

## Personal Income Tax

### **Capital Gains Tax Calculation Changed**

Retroactively effective for tax years beginning on or after January 1, 1996, the Legislature enacted changes regarding the income tax treatment of capital gains and losses. The new law provides four benefits to taxpayers: (1) short-term capital losses are now deductible against long-term capital gains, (2) excess Part B deductions can now reduce long-term capital gains effectively connected with a taxpayer’s trade or business, (3) any net long-term capital gains eventually net against all net long-term capital losses, regardless of their respective holding periods, and (4) long-term capital losses can now reduce Part A interest and dividends. Unused short-term losses can be carried forward as short-term losses in subsequent tax years. Similarly, unused long-term losses can be carried forward as long-term capital losses. All of these changes are retroactive to 1996. Taxpayers who recalculate their tax liability (for tax years 1996, 1997 and 1998) and derive a tax benefit from the new legislation have the option of seeking an abatement for the recalculated prior tax years, and therefore a refund of the tax benefit. Alternatively, they can take the tax benefit as a credit on their 1999 Massachusetts tax return. For a detailed explanation of the new law, see Technical Information Release 99-17. *St. 1999, c. 127, §§ 64, 67, 77, 376, amending M.G.L. c. 62, §§ 2, 4; St. 1999, c. 127, §§ 278, 279, 280, uncodified.*

### **Reduction in Tax Rate on Part B Income**

The Act reduces the tax rate on Part B taxable income in three stages. Part B income is comprised of such items as wages, salaries, interest from Massachusetts banks, taxable pensions, business income, rental income, alimony, winnings, etc. The rate is reduced from the current rate of 5.95 percent to 5.85 percent for the tax year beginning January 1, 2000; from 5.85 percent to 5.80 percent for the tax year beginning January 1, 2001; and from 5.80 percent to 5.75 percent for tax years beginning on or after January 1, 2002. *St. 1999, c. 127, §§ 73, 74, 75, 372, 373, 374, amending M.G.L. c. 62, § 4.*

### **Exemption for Adoption Agency Fees Increased in 2001**

An exemption is allowed for fees paid to a licensed adoption agency in connection with the adoption of a minor child by the taxpayer to the extent that such fees exceed 3 percent of Part B adjusted gross income. Starting with tax year 2001, the exemption for adoption agency fees is allowed for the full amount of fees paid by the taxpayer regardless of the amount of adjusted gross income. In addition, the exemption is broadened to include fees paid by the taxpayer within the taxable year to any agency licensed to place children for adoption on account of the adoption process of a minor child regardless of whether an adoption actually takes place during the tax year. *St. 1999, c. 127, §§ 72, 379, amending M.G.L. c. 62, § 3B(b)(5).*

### **Rental Deduction Increased in 2001**

Renters are allowed a deduction for one-half their rent for their principal place of residence if located in Massachusetts. The deduction may not exceed \$2,500 for a single person, a husband and wife, or a person who qualifies as a head of household. Starting with tax year 2001, the rental deduction is increased from the current maximum of \$2,500 to a maximum of \$3,000. *St. 1999, c. 127, § 127, §§ 70, 379, amending M.G.L. c. 62, § 3B(a)(9).*

### **New Deduction for Payments on Educational Debt in 2001**

Under current law at M.G.L. c. 62, § 2(d)(1), Massachusetts allows a deduction against Part B gross income for student loan interest equal to the amount of federal student loan interest deduction allowed under IRC § 221. Starting with tax year 2001, taxpayers will enjoy a more favorable Massachusetts deduction for interest payments on educational debt. A new deduction is allowed against Part B adjusted gross income for interest payments paid by the taxpayer on education debt during the tax year. "Education debt" includes any loan which is or was administered by the financial aid office of a two-year or four-year college at which the taxpayer or taxpayer's dependent was enrolled as an undergraduate. The new deduction, codified at M.G.L. c. 62, § 3B(a)(12), is not limited to the amount of the federal deduction at IRC § 221. However, if a taxpayer claims the new deduction, he or she may not also claim the deduction based on the federal deduction at M.G.L. c. 62, § 2(d)(1). *St. 1999, c. 127, § 71, 379, amending M.G.L. c. 62, § 3B(a) to add new subsection (12).*

### **Work-Related Child and Dependent Care Deduction Increased in 2001**

A deduction is allowed for dependent care expenses up to the amount of employment-related expenses used for determining the federal dependent care credit under IRC § 21. Starting with tax year 2001, a taxpayer may exceed the federal limit on the work-related child and dependent care deduction. For the period from January 1, 2001, to December 31, 2001, the maximum deduction is \$3,600 for one qualifying individual, and \$7,200 for two or more qualified individuals. For the periods after January 1, 2002, the maximum deduction is \$4,800 for one qualifying individual, and \$9,600 for two or more qualifying individuals. *St. 1999, c. 127, § 68, amending M.G.L. c. 62, § 3.*

### **Non-Work-Related Child Deduction Increased in 2001**

A \$1,200 deduction is allowed to taxpayers that maintain a household which includes one or more dependents under age 12. Beginning January 1, 2001, the non-work-related child and dependent care deduction is increased and extends to households with (a) one or more dependents under age 12, or (b) one or more dependents who are age 65 or older, or who are disabled. For tax year 2001, the deduction is increased to \$2,400 for a single dependent, and \$4,800 for two or more dependents. For periods after January 1, 2002, the deduction is increased to \$3,600 for a single dependent, and \$7,200 for two or more dependents. *St. 1999, c. 127, § 69, amending M.G.L. c. 62, § 3B(a)(8).*

### **Earned Income Credit Increased in 2001**

Certain low-income taxpayers are allowed to claim an earned income credit equal to 10 percent of the federal earned income credit claimed by the taxpayer for the taxable year. For tax years beginning on or after January 1, 2001, the earned income credit is increased to 15 percent of the federal credit allowed under IRC § 32. *St. 1999, c. 127, §§ 79, 379, amending M.G.L. c. 62, § 6(h).*

### **Circuit-Breaker Tax Credit Up to \$375 Added in 2001**

Starting in 2001, a new tax credit is allowed to an owner or tenant of residential property located in Massachusetts equal to the amount by which the real estate tax payment or the rent constituting real estate tax payment exceeds 10 percent of the taxpayer's total income, but the credit can not exceed \$375. The real estate tax payment includes water and sewer debt service charges assessed under M.G.L. c. 59, § 21C(n). In order to qualify for the credit, a taxpayer must be age 65 or older and must occupy the property as his or her principal residence. "Rent constituting real estate tax payment" is 25 percent of the rent actually paid by the taxpayer, under a good faith rental agreement, for the right of occupancy of the residence during the taxable year. The amount of the credit is subject to limitations based on the taxpayer's total income and the assessed value of the real estate. No credit is allowed if the taxpayer receives a federal or

state rent subsidy or is the dependent of another taxpayer. For tax years beginning on or after January 1, 2002, the maximum amount of the credit is increased to \$750. *St. 1999, c. 127, §§ 80, 81, amending M.G.L. c. 62, to add new subsection (k).*

#### **Massachusetts Low-Income Housing Credit Added in 2001**

Effective for tax years beginning on or after January 1, 2001, a new low-income housing credit will be available to individual taxpayers and entities subject to income tax under M.G.L. c. 62. Certain taxpayers that claim a federal low-income housing credit for the building or development of low-income housing under IRC § 42 may also be eligible for a state credit. The amount of credit a taxpayer can claim for a qualified Massachusetts project will be allocated by the Massachusetts Department of Housing and Community Development, based on a total pool of money awarded to the Commonwealth. A qualified Massachusetts project is a "qualified low-income housing project" as that term is defined in IRC § 42 which is located in Massachusetts, meets the requirements of M.G.L. c. 62, § 6I and whose owner enters into a regulatory agreement with the Department of Housing and Community Development. The credit is taken over five years. If any portion of the federal low-income housing credit is required to be recaptured under IRC § 42, the Massachusetts low-income housing credit with respect to such qualified Massachusetts project will also be recaptured. *St. 1999, c. 127, §82, amending M.G.L. c. 62 to add new § 6I.*

#### **Title V Septic System Credit**

Subject to certain limitations, an owner of residential property located in Massachusetts who occupies the property as his or her principal residence is allowed a credit for design and construction expenses for repair or replacement of a failed cesspool or septic system. The amount of the credit is limited to \$1,500 per year for 40 percent of such expenditures (up to \$15,000). Unused credit may be carried forward five years. M.G.L. c. 62, § 6(i). The new law requires the Department to promulgate new regulations with respect to the Title V Septic Credit. The new rules require a single interest rate to be used in computing the interest subsidy component of the credit. *St. 1999, c. 127, § 281, uncodified.*

#### **Reduction in Local Property Tax is Not Income**

Starting July 1, 1999, cities and towns are authorized to provide residents over age 60 with a local property tax reduction, up to \$500, in exchange for volunteer services. The amount of the tax reduction is not subject to personal income tax. *St. 1999, c. 127, § 59, amending M.G.L. c. 59, adding new § 5K.*

#### **Sales and Use Tax**

##### **Photocopying by Certain Non-Profit Libraries**

Effective January 1, 2000, this provision excludes from the definition of "sale" in the sales and use tax statutes the furnishing of information by photocopy by libraries that are exempt from federal income tax under IRC § 501(c)(3). *St. 1999, c. 127, §§ 91, 383, amending M.G.L. c. 64H, § 1.*

##### **Commercial Gun Safes and Trigger Lock Devices**

Effective January 1, 2000, there is a sales and use tax exemption for the sales of commercial gun safe and trigger lock devices. *St. 1999, c. 127, §§ 92, 383, amending M.G.L. c. 64H, § 6, adding new paragraph (rr).*

##### **An Act Relative to Income Taxation and Certain Income Eligibility Calculations for Certain Recovered Assets of Holocaust Survivors (St. 2000, c. 79)**

— This act provides a deduction from Massachusetts gross income for any payments received by a Holocaust survivor (or his or her heirs) because of persecution for racial or religious reasons by Nazi Germany or any other Axis regime. In addition, certain income from stolen assets, proceeds of insurance policies, and other restitution or reparations arising from Holocaust persecution is also nontaxable when received by a taxpayer who was a victim of such persecution (or his or her heirs) and who was the first recipient of such assets after their recovery. This provision is effective for any tax year beginning on or after January 1, 1998. *St. 2000, c. 79, amending M.G.L. c. 62, § 2(a)(2) by adding new subparagraph K.*





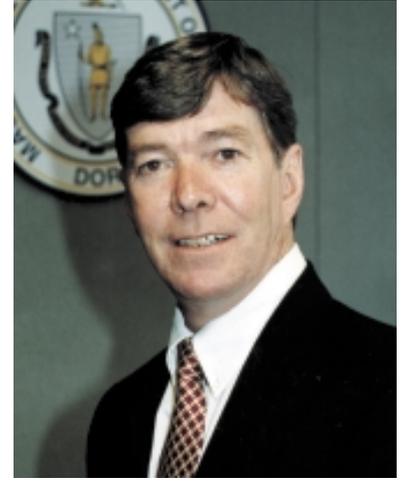
# Deputy Commissioners



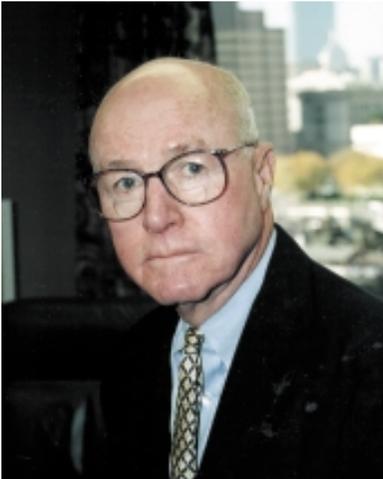
**Frederick Beebe**  
Audit Division



**Joseph Chessey**  
Division of Local Services



**Bernard F. Crowley, Jr.**  
Senior Deputy Commissioner



**Donald Evans**  
General Counsel



**Alan Golobski**  
Processing Division



**Sheila LeBlanc**  
Taxpayer Service Division



**John Moynihan**  
Inspectional Services Division



**Robert Nevins**  
Research & Development



**Vincent Piccinni**  
Information Services Organization,



**Rosemarie Day**  
Child Support Enforcement Division



**Stephen Moffatt**  
Compliance Division



**Martha Walsh**  
Administrative Services Division

“... a free and open government depends upon a tax system... carried out with the highest standard of professionalism and ethical behavior... and that its officials and employees act with integrity, impartiality and equality.”

Massachusetts General laws Chapter 14, section 1



**Senior Management Group**

# The Taxes FY 2000

TYPE OF TAX	MEASURE	RATE <sup>1</sup>	RETURN DUE
<b>Personal Income and Fiduciary Income</b>	Dividends, net capital gains, <sup>2</sup> interest other than	12.0%	On or before April 15 for calendar year filings. The 15th day of the 4th month for fiscal year filings.
	Mass. bank interest and interest received by pawnbrokers		
	Other income	5.95%	
<b>Nonresident</b>	Mass. source income		
<b>Estimated Tax</b>	Liability in excess of \$200		Due quarterly on or before the 15th day of April; June, September and January.
<b>Withholding</b>	Wages	5.95%	Varies depending on amount of tax withheld in calendar year. If annual withholding: up to \$100 — annual filing; \$101–1,200 — quarterly filings; \$1,201–25,000 — monthly filings; over \$25,000 — quarterly filings, weekly payments.
<b>Estate</b>	Federal taxable estate	0.8%–16% <sup>3</sup>	Within 9 months after date of decedent's death.
<b>Nonresident</b>	Mass. real and tangible property		Within 9 months after date of decedent's death.
<b>Alcoholic Beverages</b>	Malt (31-gal. bbl.)	\$3.30	Monthly, on or before the 20th day of the month.
	Cider 3%–6% (wine gal.)	\$ .03	
	Still wine 3%–6% (wine gal.)	\$ .55	
	Sparkling wine (wine gal.)	\$ .70	
	Alcoholic beverages 15% or less (wine gal.)	\$1.10	
	Alcoholic beverages more than 15%–50% (wine gal.)	\$4.05	
	Alcoholic beverages more than 50% or alcohol (proof gal.)	\$4.05	
<b>Cigarettes</b>	20-count package	\$ .76	Monthly, on the 20th day of the month. Unclassified acquirers must file upon importation or acquisition.  Quarterly, on or before the 20th day following the close of the tax period.
	Smokeless tobacco (percentage of price paid by licensee)	75%	
	Cigars and smoking tobacco (percentage of price paid by licensee)	15%	
<b>Marijuana and Controlled Substances Tax</b>	Weight of marijuana	\$3.50 per gram	Payment due immediately upon acquisition or possession in Massachusetts by dealer. Payment evidenced by stamps purchased from the Commissioner.
	Weight of controlled substance	\$200 per gram	
	Dosage unit of controlled substance	\$2,000 per 50 dosage units	
<b>Deeds</b>	Sales price (less mortgage assumed) of real estate	\$2.28 <sup>4</sup> per \$500	Monthly, on or before the 10th day of the month (filed by Registers of Deeds).
<b>Motor Fuels</b>	Gasoline and diesel fuel per gallon	19.1%	Monthly, on or before the 20th day of the month.
	Average wholesale price (21¢ minimum)		
	Propane, liquified gas, etc. (no minimum)	19.1%	
	Aviation (10¢ minimum)	7.5%	
	Jet fuel at local option (5¢ minimum)	5%	
<b>Room Occupancy</b>	Transient room occupancy	5.7%	Monthly, on or before the 20th day following the close of the tax period.
	At local option, up to	4.0%	
	Convention Center Financing Fee	2.75%	
	(Boston, Cambridge, Springfield and Worcester)		
<b>Club Alcoholic Beverages</b>	Gross receipts	0.57%	On or before April 15.

<sup>1</sup> Tax rates as of August 1, 1999.

<sup>2</sup> Effective for the 1999 tax year, interest and dividends are taxed at 5.95%, short-term capital gains are taxed at 12%, gains on property (other than collectibles) held more than one year but not more than two years are taxed at 5%, if held more than two years but not more than three years taxed at 4%, if held more than three years but not more than four years taxed at 3% and if held more than four years taxed at 2%. Effective for the 2000 tax year, interest and dividends are taxed at 5.85%, short-term capital gains are taxed at 12%, gains on property (other than collectibles) held more than one year but not more than two years are taxed at 5%, if held more than two years but not more than three years taxed at 4%, if held more than three years but not more than four years taxed at 3% and if held more than four years but not more than five years taxed at 2% and if held more than five years taxed at 1%.

<sup>3</sup> Resident rate is equal to federal credit for state death taxes. Nonresident rate is equal to Massachusetts proportionate share of federal credit for state death taxes.

<sup>4</sup> In Barnstable County, the rate is \$5.70 per \$1,000.

TYPE OF TAX	MEASURE	RATE	RETURN DUE
<b>Sales and Use Tax</b>	Sale, rental or use of tangible personal property, including cigarettes, telecommunication services and certain fuel.	5%	On or before the 20th day following the close of the tax period. If annual liability: up to \$100 — annual filing; \$101–1,200 — quarterly filings; over \$1,200 — monthly filings.
<b>Sales Tax on Meals, Prepared Food and All Beverages</b>	All “restaurant” food and on-premises consumption of any beverages in any amount.	5%	Monthly, on or before the 20th day following the close of the tax period.
<b>Business and Manufacturing Corporations</b>	Net income Tangible property or net worth Minimum	9.5% <sup>5</sup> \$2.60 per \$1,000 \$456	On or before the 15th day of third month after close of taxable year.
<b>Estimated Tax</b>	Liability in excess of \$1,000		Due quarterly as follows: 15th day of 3rd (40%), 6th (25%), 9th (25%) and 12th (10%) months of taxable year. <sup>6</sup>
<b>Security Corporation</b>			
Non-bank Holding Co.	Gross income	1.32%	Same as business corporations.
Bank Holding Company	Gross income	0.33%	
	Minimum	\$456	
<b>Financial Institutions</b>			
Commercial Bank and Thrift Institution	Net income	10.91% <sup>7</sup>	Same as business corporations.
Other Financial Institutions	Net income Minimum	10.50% \$456	
<b>Public Utilities</b>	Net income	6.5%	Same as business corporations.
<b>Ship Excise Tax</b>	Value (equity interest) of the corporation’s interest in a ship or vessel engaged in interstate or foreign trade.	0.379%	Same as business corporations.
<b>Insurance Company</b>			
Domestic Life	Premiums	2.0%	On or before March 15.
	Mass. net investment income	14.0%	
Foreign Life	Premiums	2.0%	On or before May 15.
	Domestic Casualty	Premiums	
	Gross investment income	1.0%	
Foreign Casualty	Premiums	2.28%	
Ocean Marine	Underwriting profit	5.7%	
Preferred Provider Arrangements	Premiums	2.28%	On or before March 15.
<b>Motor Vehicle</b> garaged outside Massachusetts	90% to 100% of manufacturer’s list price	\$25 per \$1,000	On or before 30 days from issuance of tax bill.
<b>Boston Sightseeing Tour</b>	Ticket purchase price of any water- or land-based sightseeing tourist venue or entertainment cruise or trolley tour originating or located in Massachusetts and conducted partly or entirely in Boston.	5%	Quarterly, on or before the 20th day following the close of the tax period.
<b>Boston Vehicular Rental Transaction Surcharge</b>	Each vehicular rental transaction contract executed in Boston.	\$10	Quarterly, on or before the 20th day following the close of the tax period.
<b>Parking Facilities Surcharge in Boston, Springfield and/or Worcester</b>	Parking facilities built in conjunction with or as part of a project authorized by the Convention Center Financing act in Boston, Springfield or Worcester.	\$2 per vehicle day	Quarterly, on or before the 20th day following the close of the tax period.

<sup>5</sup>S corporations: 4.5% if total receipts \$9 million or more; 3% if total receipts are \$6 million or more but less than \$9 million.

<sup>6</sup>30%, 25%, 25% and 20% for corporations with fewer than 10 employees in their first full tax year.

<sup>7</sup>Effective for the 2000 tax year the rate is 10.50%.

# Revenue Collections FY 2000

In thousands	FY96	FY97	FY98	FY99	FY00	FY99-00 %Change
<b>STATE TAXES COLLECTED BY DOR</b>						
<b>Tax on Personal Income</b>						
<b>TOTAL</b>	<b>\$ 6,706,870</b>	<b>\$ 7,181,821</b>	<b>\$ 8,031,943</b>	<b>\$ 8,036,585</b>	<b>\$ 9,041,936</b>	<b>12.5</b>
<b>Taxes on Business</b>						
Corporations	\$ 876,341	\$ 963,873	\$ 1,066,865	\$ 1,008,662	\$ 1,130,544	12.10
Insurance Companies	284,905	289,272	302,765	317,206	306,018	(3.50)
Public Utilities	132,890	109,220	131,976	132,471	82,983	(37.30)
Commercial Banks <sup>1</sup>	150,583	98,984	157,307	118,818	92,451	(22.20)
Savings Institutions <sup>1</sup>	68,047	41,249	(1,249)	(10,278)	375	(103.60)
<b>TOTAL</b>	<b>\$ 1,512,766</b>	<b>\$ 1,502,598</b>	<b>\$ 1,657,664</b>	<b>\$ 1,566,879</b>	<b>\$ 1,612,371</b>	<b>2.90</b>
<b>Taxes on Commodities Sold</b>						
Motor Fuels	\$ 598,773	\$ 602,841	\$ 621,292	\$ 636,551	\$ 652,597	2.50
Cigarettes	232,845	281,708	300,812	284,439	279,945	(1.60)
Alcoholic Beverages	59,741	60,302	60,162	60,988	63,146	3.50
Sales & Use <sup>2</sup>	2,252,083	2,494,702	2,572,560	2,833,644	3,108,430	9.70
Sales on Meals	358,010	381,364	389,975	436,184	456,836	4.70
<b>TOTAL</b>	<b>\$ 3,501,453</b>	<b>\$ 3,820,916</b>	<b>\$ 3,944,801</b>	<b>\$ 4,251,806</b>	<b>\$ 4,560,954</b>	<b>7.30</b>
<b>Other Taxes</b>						
Estate & Inheritance	\$ 188,021	\$ 202,707	\$ 191,336	\$ 173,867	\$ 166,511	(6.80)
Room Occupancy Excise	72,857	80,544	96,156	119,467	137,005	14.70
Deeds Excise <sup>3</sup>	42,679	48,332	64,992	73,013	81,426	11.50
Club Alcoholic Beverage Excise	525	578	687	532	621	16.70
Motor Vehicle Excise	102	128	152	168	151	(10.10)
Controlled Substances	0	0	0	0	0	0.00
Convention Center Surcharge	0	0	1,954	12,436	12,594	1.30
<b>TOTAL</b>	<b>\$ 304,183</b>	<b>\$ 332,288</b>	<b>\$ 355,827</b>	<b>\$ 379,483</b>	<b>\$ 398,308</b>	<b>5.00</b>
<b>Total State Taxes Collected by DOR</b>	<b>\$12,025,272</b>	<b>\$12,837,623</b>	<b>\$13,989,685</b>	<b>\$14,234,753</b>	<b>\$15,613,569</b>	<b>9.70</b>

<sup>1</sup> Due to bank tax reform legislation starting in FY98, all bank tax transactions (both savings and commercial) for tax years 1998 or later now appear in the Commercial Bank Excise category.

<sup>2</sup> Include sales and use tax on motor vehicles.

<sup>3</sup> Due to different accounting methods, amounts reported for the deeds excise differ from those amounts reported by the comptroller.

Because of rounding, detail may not add to Totals.

The figures contained herewith are DOR figures pending the Comptroller's Fiscal Year 2000 Statutory Basis Annual Financial Report.

	FY96	FY97	FY98	FY99	FY00	FY99-00 %Change
<b>LOCAL TAXES COLLECTED BY DOR ON BEHALF OF COMMUNITIES</b>						
Urban Redevelopment	\$ 37,632	\$ 38,317	\$ 40,734	\$ 40,849	\$ 42,765	4.70
Local Option Airplane Jet Fuel	12,520	13,059	12,984	14,896	15,650	5.10
Local Option Room Occupancy	49,868	55,599	60,677	68,471	78,119	14.10
Local Rental Vehicle (Convention Center 10%) <sup>1</sup>	0	0	213	1,281	1,286	0.40
<b>Total Local Taxes Collected by DOR on Behalf of Communities</b>	<b>\$ 100,020</b>	<b>\$ 106,976</b>	<b>\$ 114,608</b>	<b>\$ 125,497</b>	<b>\$ 137,820</b>	<b>9.80</b>
<b>OTHER REVENUE</b>						
Utility & Insurance Assessments	\$ 8,598	\$ 3,386	\$ 4,772	0	\$ 0	0.00
Department Fees, Licenses, etc.	4,612	6,604	7,399	7,287	7,911	8.60
County Correction Fund — Deeds	6,204	6,969	9,457	10,603	11,713	10.50
Abandoned Deposits — Bottle	16,421	17,213	20,025	25,683	29,684	15.60
<b>Total Other Revenue</b>	<b>\$ 35,836</b>	<b>\$ 34,172</b>	<b>\$ 41,653</b>	<b>\$ 43,573</b>	<b>\$ 49,308</b>	<b>13.20</b>
<b>STATE TAXES COLLECTED BY OTHER AGENCIES</b>						
Horse & Dog Racing	\$ 11,377	\$ 10,185	\$ 9,193	\$ 8,269	\$ 7,829	(5.30)
Beano and Boxing	3,954	3,854	3,606	3,340	3,180	(4.80)
Raffles/Bazaars	1,024	1,023	1,039	989	925	(6.50)
Special Insurance Brokers	9,234	8,484	8,076	7,968	8,182	2.70
UI Surcharge <sup>2</sup>	0	0	0	11,200	20,435	82.50
Deeds, Secretary of State <sup>1</sup>	0	0	14,292	25,306	34,496	77.00
<b>Total State Taxes Collected by Other Agencies</b>	<b>\$ 25,589</b>	<b>\$ 23,471</b>	<b>\$ 36,206</b>	<b>\$ 57,072</b>	<b>\$ 75,047</b>	<b>31.50</b>
<b>TAXES ON PROPERTY COLLECTED BY LOCAL GOVERNMENT</b>						
Real Estate	\$ 5,611,382	\$ 5,838,099	\$ 6,130,097	\$ 6,416,515	\$ 6,754,397	5.27
Personal Property	309,312	322,086	325,795	336,571	348,350	3.50
Motor Vehicles	381,538	413,194	469,266	436,808	456,401	4.50
<b>Total Taxes on Property Collected by Local Government</b>	<b>\$ 6,302,232</b>	<b>\$ 6,519,037</b>	<b>\$ 6,925,159</b>	<b>\$ 7,189,894</b>	<b>\$ 7,559,148</b>	<b>4.61</b>
<b>TOTAL ALL TAXES</b>	<b>\$18,488,949</b>	<b>\$19,521,279</b>	<b>\$21,107,311</b>	<b>\$21,650,788</b>	<b>\$23,434,891</b>	<b>8.30</b>

<sup>1</sup>Restated FY98 and FY99 to include these taxes.

<sup>2</sup>Restated FY99 to include these taxes.

Because of rounding, detail may not add to Totals.

The figures contained herewith are DOR figures pending the Comptroller's Fiscal Year 2000 Statutory Basis Annual Financial Report.

# Cherry Sheet Estimates

by Program, FY 1996–FY 2000

All municipalities and regional school districts	FY96	FY97	FY98	FY99	FY00
<b>EDUCATION AID</b>					
Chapter 70	\$1,831,818,547	\$2,061,593,725	\$2,288,742,702	\$2,566,134,016	\$2,803,332,955
School Transportation	57,600,000	57,600,004	57,599,996	57,600,000	57,600,000
School Construction	174,348,518	187,466,016	211,135,705	234,572,324	273,977,528
Regional School Transportation	26,939,604	27,939,604	28,639,607	33,987,758	40,605,178
Retired Teachers' Pensions	35,500,000	35,000,000	35,000,000	35,000,000	39,000,000
Tuition of State Wards	3,986,947	7,508,959	16,585,422	17,082,980	14,129,445
Racial Equality	24,398,223	24,398,223	24,398,223	24,398,223	24,398,221
School Lunch	5,150,903	5,143,509	4,873,818	5,126,830	5,121,451
Other Education	0	0	0	0	0
<b>TOTAL</b>	<b>\$2,159,742,742</b>	<b>\$2,406,650,040</b>	<b>\$2,666,975,473</b>	<b>\$2,973,902,131</b>	<b>\$3,258,164,778</b>
<b>GENERAL GOVERNMENT</b>					
Lottery	\$ 442,600,000	\$ 484,180,000	\$ 539,665,201	\$ 597,453,642	\$ 670,000,000
Additional Assistance	476,315,282	476,315,282	476,315,282	476,315,282	476,315,282
Highway Fund	43,472,110	43,472,110	43,472,110	43,472,110	43,472,110
Local Share of Racing Taxes	1,433,572	1,584,192	1,633,059	1,485,252	1,549,010
Regional Public Libraries	11,757,470	11,780,522	10,295,610	9,669,622	9,529,812
Police Career Incentive	11,500,000	12,660,093	17,529,397	20,460,923	23,737,040
Urban Renewal Projects	2,612,519	2,612,519	2,722,823	2,675,904	2,582,469
Veterans' Benefits	10,334,296	10,300,000	8,610,000	8,413,276	7,706,310
Exemptions — Vets, Blind, and Surviving Spouses	4,500,000	4,500,000	8,208,220	7,885,380	8,085,108
Exemptions — Elderly	14,040,954	13,600,000	13,400,000	12,956,990	12,380,250
State Owned Land	6,900,000	7,900,000	10,000,000	12,000,000	15,000,000
Public Libraries	6,899,804	6,899,804	6,899,804	6,899,804	9,899,804
Other General Government	0	0	0	0	0
<b>TOTAL</b>	<b>\$1,032,366,007</b>	<b>\$1,075,804,522</b>	<b>\$1,138,751,506</b>	<b>\$1,199,688,185</b>	<b>\$1,280,257,195</b>
<b>TOTAL ESTIMATED RECEIPTS</b>	<b>\$3,192,108,749</b>	<b>\$3,482,454,562</b>	<b>\$3,805,726,979</b>	<b>\$4,173,590,316</b>	<b>\$4,538,421,973</b>

# Offers in Final Settlement FY 2000

Under M.G.L. c. 62C, sec. 37A, the Commissioner of Revenue has the authority, under specific conditions, to accept less than full payment as a final settlement for a state tax liability. The statutory condition for such settlement is "serious doubt" as to collectibility of the tax due or the taxpayer's liability for it. The Commissioner must also determine that the taxpayer or responsible person has acted without intent to defraud. The settlement must be recommended to the Commissioner by at least two deputy commissioners.

The written agreement, signed by all parties and including the reasons for settlement, is a public record. In cases where the liability is reduced by more than half, or by \$20,000 or more, the Attorney General of the Commonwealth must review the settlement and has the authority to object to it.

The law requires that a listing of all settlements entered into during the fiscal year be included in the Commissioner's annual report. In Fiscal Year 2000, 46 settlements were made. All 46 were reviewed by the Attorney General. The Department rejected 92 other offers.

The cases approved were as follows:

NAME	TOTAL TAX, INTEREST & PENALTIES	AMOUNT PAID IN SETTLEMENT	AMOUNT ABATED
Alongi, Brian	\$ 2,661	\$ 1,200	\$ 1,461
Bernard, Arthur W. RP for Arthur Corporation & RP for Suburban Bus Lines Inc.	36,746	8,100	28,646
Avola, Doreen	4,808	600	4,208
Bencivenga, Anthony J. Jr	34,702	10,000	24,702
Brown, John P. RP for Jack's PB Enterprises Inc.	9,952	3,680	6,272
Buonopane, Scott	25,865	10,000	15,865
Calabrese, Crescenzo	21,618	2,500	19,118
Calabrese, Pasquale	21,532	2,500	19,032
Cantrell, Alesa	3,508	1,000	2,508
Carlman, Frank A.	12,518	2,500	10,018
Castagnetti, John P.	144,240	25,000	119,240
Cercone, Louis F.	6,387	2,500	3,887
Cronin, Steven RP for Regal Millwork	47,866	5,000	42,866
Crosbie, Mark B.	35,428	9,365	26,063
Crowley, Francis P.	12,825	1,500	11,325
Currier, Diane M.	10,909	3,000	7,909
Ducey, Steven & Denise	10,402	2,500	7,902
DiMartino, Joseph R. RP for Joseph R. Dimartino Corp.	30,331	10,000	20,331
Fitzgerald, James E.	12,199	2,500	9,699
Hanlon, Stephen R.	58,434	5,250	53,184
Laliberte, Thomas J.	14,148	5,000	9,148
Losordo, Stephen W.	12,411	4,000	8,411
Malachuk, Eric G. RP for Bedside Manor Inc.	42,297	12,000	30,297
Marshall, Charles RP for Colonial Office Installations Inc.	56,813	32,000	24,813
Kaplan, Hal E. RP for Halted Inc.	48,835	10,000	38,835
Gobron, John W.	51,754	40,626	11,128
Gomes, Frank B. RP for P.R.G. Enterprises Inc.	33,305	10,000	23,305
Goroshko, Anthony & Eileen	41,500	7,500	34,000
Heber, Mariann D.	10,610	5,875	4,735
Jacobson, Edward & Dolores	8,394	2,746	5,648
Kostopoulos, Peter RP for PKCP Inc	26,132	9,500	16,632
LaGrassa, Walter D.	112,142	75,000	37,142
Lebel, Robert R. RP Hansen's Office Supplies Inc.	79,456	12,000	67,456
Lenkowski, John RP for the Cottage Kitchen Inc.	91,304	10,000	81,304
Marks, Joseph H., Jr.	81,160	60,000	21,160
McGowan, June	7,869	2,500	5,369
Mercer, James D. & Virginia	13,349	2,500	10,849
Papoutsakis, Antonios	19,466	3,000	16,466
PKCP, Inc.	26,132	9,500	16,632
Ramsey, Derrick K	18,248	5,000	13,248
Reardon, Edward D. Jr. RP for Halted Inc.	58,627	12,000	46,627

# Offers in Final Settlement Continued

NAME	TOTAL TAX, INTEREST & PENALTIES	AMOUNT PAID IN SETTLEMENT	AMOUNT ABATED
Tischler, Stuart RP for Juniper Systems Inc.	110,834	55,471	55,363
Pagevly, Evelyn	2,181	500	1,681
Sherman, Adam J. RP for Sherman Furniture Co. Inc.	135,975	70,000	65,975
Szalla, Eugene D.	1,220	300	920
Walker, Gloria	17,891	2,000	15,891
<b>TOTAL</b>	<b>\$1,664,984</b>	<b>\$567,713</b>	<b>\$1,097,271</b>

*Because of rounding, detail may not add to Totals.*

*The figures contained herewith are DOR figures pending the comptroller's Comprehensive Annual Financial Report.*

## Collection Agencies FY 2000

Chapter 209 of the Acts of 1988 permits the Commissioner of Revenue to use private collection agencies to collect unpaid state taxes. The Commissioner is required to notify all taxpayers whose accounts are to be assigned to a collection agency at least 30 days beforehand.

The law requires that the Commissioner list all agencies with whom collection agreements exist, the amount of taxes collected and the amount of compensation paid in the Department's annual report.

They are as follows:

CONTRACTOR	TOTAL COLLECTED	FEES PAID	NET TO DOR
GCS	\$2,472,228	\$ 338,680	\$2,133,548
NCI	2,395,482	403,076	1,992,406
OSI	3,580,287	443,666	3,136,622
<b>TOTAL</b>	<b>\$8,447,997</b>	<b>\$1,185,422</b>	<b>\$7,262,575</b>

*Because of rounding, detail may not add to Totals.*

*The figures contained herewith are DOR figures pending the comptroller's Comprehensive Annual Financial Report.*

# Performance Awards

During FY2000, these employees were honored for their exemplary performance at the Department of Revenue.



**Mary Costigan** (center), Audit Deputy Commissioner Fred Beebe (left) and Commissioner Laskey.

Mary was recognized for her work creating and maintaining a weekly electronic newsletter for the Audit Division.



**Joseph Trent** (center), Worcester District Office Chief David Raphael (right), and Commissioner Laskey.

Joseph was honored for both his extraordinary tax knowledge and his leadership within the Worcester office.



**Dana Ackerman** (center), Senior Deputy Commissioner Crowley (left) and Commissioner Laskey.

Dana was recognized for her excellent work within the Problem Resolution Office as well as for her many successful speaking engagements at tax programs throughout the Commonwealth.



**Thomas Nowicki** (third from left), (from left), Commissioner Laskey, Kenneth Rideout, Carol Starkey, Mary Ruppert and Senior Deputy Commissioner Crowley.

Tom was honored for his successful performance in a \$6 million dollar tax fraud case as well as for his high level of expertise and dedication.



**Arnie Sobel** (center) and **Matt Kelley** (second from right), with (from left) Administrative Services Deputy Commissioner Martha Walsh, Paul Naves, and Commissioner Laskey.

Arnie and Matt were recognized for uncovering a potential check tampering and fraud situation.



**Clifford Williams** (second from left) with (from left) Commissioner Laskey, Monica Scanlon, CSE Deputy Commissioner Day, and Senior Deputy Commissioner Crowley.

Clifford was recognized for his superlative efforts in the complex and sensitive area of child support enforcement case work



## TAXPAYER BILL OF RIGHTS

- 1 You have the right to confidentiality.
- 2 You have the right to tax information that is written in plain language.
- 3 You have the right to appeal.
- 4 You have the right to courteous, prompt, and accurate answers to your questions.
- 5 You have the right to be certain that collection procedures or assessments are not influenced by performance goals or quotas.
- 6 You have the right to rely on the written advice given to you by the Department of Revenue.
- 7 You have the right to be notified before the Department audits your records unless the Commissioner of Revenue determines that a delay will jeopardize the collection of taxes.
- 8 You have the right to clear and consistent policy regarding the deadlines for filing tax returns and making payments.
- 9 You have the right to seek a refund of any taxes you believe you have overpaid within the last three years.
- 10 You have the right to a process requiring that the seizure of your property for taxes be approved by a person no lower in authority than the division director.
- 11 You have the right to expect that a good-faith effort to comply with tax laws will be given consideration in disputed cases.
- 12 You have the right to a tax credit of interest or penalties that are determined to have been inappropriately levied.
- 13 You have the right to the removal of a lien on your property within 30 days after you have paid all tax, penalty and interest due.
- 14 You have the right to have the Massachusetts Department of Revenue correct the public record.