



## Chapter 200: Don't Forget to Check!

Steve McCarthy - Bureau of Local Assessment Certification Advisor

November 2nd, 2017

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## By the Numbers

*City & Town* provides updates on the progress of the tax rate and certification season while also allowing you to follow the tax rate setting process in real time. Thanks to our Municipal Databank staff, this public information is available 24/7 by [clicking here](#).

Prelim. Certifications Approved: 47

Final Certification: 30 (of 70 total)

LA4 Approved: 196 (237 submitted)

LA13/ New Growth Approved:  
196 (225 submitted)

Tax Rates Approved: 48

Balance Sheets Approved: 188

Total Aggregate Free

Cash Approved: \$783,425,623

This article is a follow-up to the article published in the [October 5, 2017 edition of \*City & Town\*](#), entitled "Know Your Limits: Using the LA7, Chapter 200 and the Gateway Options Table." As boards of assessors are busy valuing taxable property for this fiscal year, here is another reminder that Gateway's BLA – Chapter 200 report cannot be overlooked.

### Chapter 200 of 1988

Chapter 200 of the Acts of 1988 amended [M.G.L. c. 58, § 1A](#) to allow cities and towns to give residential (R) and open space (O) property taxpayers greater tax relief by adopting a shift of the property tax burden from those RO taxpayers to the commercial, industrial and personal (CIP) taxpayers, provided certain parameters are not exceeded.

Currently, [M.G.L. c. 58, § 1A](#), provides:

- for a tax levy shift up to 50% (also known as a 150% shift) upon CIP taxpayers from RO taxpayers; and
- that if a shift is voted, R and O taxpayers must raise at least 65% of the amount they would have raised without a shift.

Provided certain conditions are met, [M.G.L. c. 58, § 1A](#) allows a shift up to 75% (also known as a 175% shift) and lowers the percentage that R and O taxpayers must raise to 50%. By expanding these parameters, the tax levy on CIP taxpayers increases and the tax on RO taxpayers decreases. (See also [IGR 17-24, Fiscal Year 2018 Guidelines for Annual Assessment and Allocation of Tax Levy](#).)

### Where to Find the Report on Gateway

The BLA - Chapter 200 report is found under Gateway's Tax Rate module, on the left side of the screen as shown below. Two particular reports highlighted below, BLA – LA7 and BLA – Chapter 200, will be cited in this article.

## Important Dates & Information

### W-2 Filing Deadline Information for Local Government Payroll Departments

Last year, a federal law change shifted the W-2 filing due date to January 31st. The Massachusetts Department of Revenue (DOR) adopted the January 31st due date. As the 1/31/18 due date approaches, DOR would like to remind employers of the importance of filing state copies of Form W-2 and all quarterly wage reports on time.

The Form W-2 data submitted to DOR by employers and the wage reporting data submitted to the Department of Unemployment Assistance is matched against the information reported by employees on their personal income tax returns. If an employer has not submitted W2 files or wage reports on time, employees may experience delays in receiving their state tax refunds or may receive notices from DOR requesting verification of their state withholding.

Employers filing 50 or more W-2's are required to submit them to DOR electronically. If your community uses DOR's online system, [MassTaxConnect](#), to upload your W-2 files and your confirmation includes a "check back" message, please be sure to do so. Last year, DOR found that many employers assumed their W-2 files were submitted on time only to find that the file had been suspended due to errors and the submission was incomplete.

Tracking	Certification	Taxrate	District Taxrate	Schedule A	LA-3	Misc Forms
<b>Tax Rate - Reports</b>						
<a href="#">LA4 Comparison</a>						
<a href="#">LA13 Statistics</a>						
<a href="#">BOA Comparison</a>						
<a href="#">Form Approval</a>						
<a href="#">TR Non Approvals</a>						
<a href="#">TR Approvals</a>						
<a href="#">New Growth Rate Status</a>						
<a href="#">Tax Rate Summary (Public)</a>						
<b>BLA - LA7</b>						
<b>BLA - Chap 200</b>						

### Purposes of these BLA Reports

#### The BLA – LA7 Report

- determines the extent to which the property taxing entity may vote to shift the property tax burden from RO to CIP under existing law; and
- calculates a minimum residential factor, or MRF, assuming that the R and O classes share at least 65% of the amount they would have raised without a shift and that the CIP classes share no more than 150% of the property tax levy without a shift.

#### The Chapter 200 Report

- determines the extent to which the property taxing entity may vote a property tax burden upon CIP expanded from existing law; and
- determines the proper residential factor percentage that must be voted by that body to finalize its official action at the annual classification hearing.

### How to Read the BLA – LA7 Report

This Report was recently presented in the [October 5, 2017 edition of City & Town](#).

#### MINIMUM RESIDENTIAL FACTOR COMPUTATION Fiscal Year 2015

A Class	B Full and Fair Cash Valuation	C Percentage Share	
1. Residential	2,580,813,689	79.3496%	79.3496%
2. Open Space	0	0.0000%	
3. Commercial	401,231,975	12.3363%	20.6504%
4. Industrial	163,096,581	5.0145%	
5. Personal Property	107,317,670	3.2996%	
<b>TOTALS</b>	<b>3,252,459,915</b>	<b>100.0000%</b>	

Maximum Share of Levy for Classes Three, Four and Personal Property:  $150\% * 20.6504\%$  (Lines 3C + 4C + 5C) = **30.9756%** (Max % Share)

Minimum Share of Levy for Classes One and Two:  $100\% - 30.9756\%$  (Max % Share) = **69.0244%** (Min % Share)

Minimum Residential Factor (MRF):  $69.0244\%$  (Min % Share) /  $79.3496\%$  (Lines 1C + 2C) = **86.9877%** (Minimum Residential Factor)

MINIMUM RESIDENTIAL FACTOR LA7 (6-96): **86.9877%**

Chapter 58, Section 1A mandates a minimum residential factor of not less than 65 percent.

If you have any questions or concerns about filing your state copies of Form W-2 or any of your state tax obligations, please contact DOR at [617-887-6367](tel:617-887-6367).

### Digital Connections Partnership Schools Grant Opportunity

Once again, the Department of Elementary and Secondary Education (ESE) and the Executive Office of Technology Services and Security (EOTSS) are inviting municipalities to apply for the Digital Connections Partnership Schools (DCPS) grant funds, if the need still exists to upgrade their schools' Wi-Fi networks or connect to high-speed broadband. The grant application, along with a list of schools and districts with apparent Wi-Fi and/or broadband needs, is posted at

<http://www.doe.mass.edu/grants/2018/eotss/>. Districts are encouraged to apply for the grant even if they are not prepared to participate in FY18; information submitted by districts this year will be used to inform the FY19 budgeting process. **The deadline for applications is November 10, 2017.**

ESE/EOTSS seek to ensure that schools have the capacity to meet the growing needs of students over time, understanding that the specific technology requirements will vary based on size, grades served, and educational program. The last year to apply for a rebate under the current E-rate program is spring 2019, and ESE/EOTSS anticipate that FY19 will also be the last year of the DCPS program.

- Districts seeking a fiber upgrade should make an appointment to speak with staff from the

Notice that the first two yellow-highlighted cells show that without a shift, the RO class percentage of the tax burden would be 79.3496% and the CIP percentage would be 20.6504%. Looking further down the form, by shifting the burden to 150%, the CIP percentage of the burden becomes 30.9756% and the RO percentage becomes 69.0244%.

The MRF, 86.9877%, represents the percentage that, when multiplied by 79.3496%, reduces the RO's share of the burden to its existing law minimum of 69.0244%.

These percentages are important to understand in order to fully grasp what is being shown on the BLA – Chapter 200 Report.

### How to Read the Chapter 200 Report

The Chapter 200 Report is divided into three sections, each with its own purpose. Here's an example for one town. *Assume the town has \$0 assessed as open space.*

The first section determines whether R taxpayers this fiscal year would raise a greater percentage of the property tax levy than they raised last fiscal year, if the town voted the existing law's maximum shift of 150% onto CIP taxpayers.

1. Last year's chosen residential percentage* ( Residential only, not R & O).	68.4664%
2. This year's MRF using a 150% shift to CIP (from LA-7).	86.9877%
3. Minimum residential share (R) in current year using 150% Shift to CIP.	69.0244%
<i>If #1 is greater than #3, <b>STOP!</b> You may shift only up to 150% to CIP and #2 remains MRF.</i>	
<i>If #3 is greater than #1, go on.</i>	

In this example, a 150% shift this fiscal year would result in R taxpayers raising 69.0244% (line 3) of the tax levy, which would be greater than the 68.4664% (line 1) of the tax levy R taxpayers raised last fiscal year. Note the MRF (line 2) from the BLA – LA7 Report. Had line 3 been less than line 1, a maximum shift of 150% would have been allowed. However, because it is greater, Chapter 200 expanded the shift parameter to 175% and the calculation continues in the second section.

The second section determines whether R taxpayers this fiscal year would raise a lesser percentage of the property tax levy than they ever raised since the community's first certification of values, if the town voted a 175% shift onto CIP taxpayers as allowed by Chapter 200.

The lowest R percentage ever used is referred to as the community's lowest historical residential percentage.

Commonwealth's nonprofit partner, EducationSuperHighway at <https://calendly.com/massachusetts-team/district-call/10-27-2017>. Any district that applies for the E-rate Special Construction State Match this spring will be eligible for funding in FY19.

- Districts that are not competing for the DCPS grant should continue to apply for E-rate discounts where applicable. For more information, including the estimated E-rate budgets remaining for each school, visit [www.doe.mass.edu/odl/funding/E-rate/](http://www.doe.mass.edu/odl/funding/E-rate/).
- District educational technology directors may receive an email from ESE's Office of Digital Learning or EOTSS; please encourage her or him to respond promptly with current information about the technology readiness of your schools.

If you have any questions about K-12 technology readiness, contact Kenneth Klau, Director of Digital Learning, ESE, at 781-338-3505 or [kklau@doe.mass.edu](mailto:kklau@doe.mass.edu).

**OSD's Second Annual State Fall Fleet Event**

Sturbridge Host Hotel  
 Tuesday, November 7, 2017  
 9:00 a.m. – 2:00 p.m.  
[Click here to register to attend!](#)

Based on positive feedback from

4. Calculate a residential factor using a 175% shift to CIP.	80.4816%
5. Multiply this new residential factor by this year's FFCV residential percentage (R).	63.8618%
6. What is the lowest historical residential percentage since the first certification (R).	67.1953%

*If #5 is greater than #6, **STOP!** You may shift up to 175% to the CIP and #4 is the Lowest Residential Factor.*

*If #6 is greater than #5, go on.*

In this example, a 175% shift this fiscal year would result in R taxpayers carrying 63.8618% (line 5) of the tax levy, which would be lower than the town's lowest historical residential percentage of 67.1953% (line 6). Therefore, a shift of 175% is not allowed. (The expanded parameter percentage on line 4 cannot be lower than 50%)

Had line 6 been less than line 5, a maximum shift of 175% would have been allowed.

The calculation to find the limit of the percentage shift continues in the third section.

The third section determines the maximum shift allowed by law and the lowest residential factor allowable to achieve the maximum shift.

7. Take the lowest historical residential percentage, #6	67.1953%	, divide it
by the current residential percentage at FFCV	79.3496%	; the result is
the lowest residential factor allowable (it may not be less than 50%).	84.6826%	
8. Multiply that factor by FFCV of the open space, add the new R% and O% shares, take 100% minus (R + O)% total to equal the new maximum CIP percentage share	32.8047%	
9. Divide this new maximum CIP share by FFCV of CIP share	20.6504%	to determine the
percentage of shift,	158.8575%	(this may not be more than 175%).

In this example, since the lowest residential percentage is the historic low at 67.1953% (line 7) and since the total percentage of all property values must equal 100%, CIP must carry the 32.8047% (line 8) difference. (67.1953% + 32.8047% = 100%.)

If CIP at full and fair cash value equals 20.6504% (line 9) and shifted equals 32.8047% (line 8), the shift equals 158.8575% (line 9).

If R at full and fair cash value equals 79.3496% (line 7) and shifted equals 67.1953% (line 7), the residential factor is 84.6826% (line 7).

Since a 158.8575% shift is at the legal maximum percentage allowed under M.G.L. c. 58, § 1A, the residential factor of 84.6826% is now considered the lowest residential factor allowed.

**The Surprise**

buyers and vendors alike, the Operational Services Division (OSD) once again will host the State Fall Fleet Event, this year in Sturbridge. Whether you manage a fleet or simply need to purchase vehicle-related items on occasion, you are sure to leave this event with money-saving ideas and information to drive more efficient purchasing activities. Among those attending last year were town managers, housing authority directors, school administrators, city and town chief procurement officers, DPW directors, and police and fire chiefs, as well as state agency representatives. We hope to see you there!

We are pleased to offer presentations on a wide range of engaging topics, including a Telematics overview by the Massachusetts Bay Transportation Authority (MBTA), industry updates from Original Equipment Manufacturers (OEMs), and other topics suggested through feedback from our buyer community. Similar to last year, vendors from across our spectrum of fleet-related statewide contracts will be showing off their products and services in the exhibit hall and look forward to speaking with attendees. Questions can be directed to [Lisa Westgate](mailto:Lisa.Westgate). For event logistics, email us at [OSD-events@state.ma.us](mailto:OSD-events@state.ma.us).

#### **OSD Statewide Contract OFF45 - Art & Instructional School Supplies**

##### Contract Highlights

- Wide selection of competitively priced art and instructional school supplies;
- New Category – Pre-K to

Don't let these calculations catch you by surprise! Just because your community may have been able to shift greater than 150% in prior fiscal years, doesn't mean that it can do so this fiscal year.

Similarly, just because your community could only shift up to 150% in prior fiscal years, doesn't mean that this same limit exists for the current fiscal year.

### **Some Concluding Thoughts**

As you now understand, the ultimate importance of the Chapter 200 Report is to help communities decide annually whether to shift the property tax burden from RO to CIP.

We recommend assessors be aware of the shift potential well before the classification hearing, whether their community annually shifts or not. This prevents having to return to the hearing with new information that should have been known ahead of time.

## **The Ten Worst Practices in Municipal Finance (Plus One)**

**Tony Rassias - Bureau of Accounts Deputy Director**

When I wrote about the *worst* practices in municipal finance a couple of years ago, I focused on what I thought were the *worst* ten. Well, unfortunately, I had to add an eleventh. The good news is that the Division of Local Services is still eager to hear your municipal best practices and relay them to other communities struggling to find their way through a veritable jungle of procedures.

A best practice isn't a popularity contest. A best practice is a professional procedure that has been accepted as correct, has consistently shown superior results than other means, and may generally be used as a standard for others to follow. But this article wasn't about the best practices in municipal finance; it was about the *worst* practices. Turn my definition of best practices around and you'll find that *worst* practices are bad to do, often show results that land the government in a mess and should be avoided.

Here's my list of eleven. I hope that none of these apply to your community, but if they do, I provide recommendations on how to correct them.

***#1: A self-insured health care trust fund that no one understands how to manage.***

### **My Recommendation – Learn It or Lose It!**

Several communities have a self-insurance fund and run it properly. However, several communities have landed in dire financial straits by having a fund like this that they couldn't manage correctly.

- Grade 3 furniture;
- More vendors than the predecessor contract, increasing the opportunity to negotiate;
- Prompt Pay Discounts up to 5%;
- Volume Discount opportunities;
- Wealth of Environmentally Preferable Product options.

#### Contract Categories

- Part A – Products such as composition notebooks, Crayola® washable markers, finger paints, construction paper, scissors, and many more selections from a fixed price catalog;
- Part B – Find mining/raw & moist clay supplies, sculpting tools, language arts comprehension games, sports & foam balls for multiple sports, plus thousands of other products via a percentage-off catalog — discounts ranging from 7.5 - 46.6% (excludes special order items);
- Part C – Shipping Information: Free on Board (FOB) with noted exceptions. Details provided in Appendix A of the Contract User Guide;
- Part D – NEW! Pre-K to Grade 3 furniture with discounts from 8.0 - 22.0% (excludes special order items)

#### Contract Guidance

Detailed information for each vendor, including pricing guidance, prompt pay and volume discounts, and vendor contact information may

It's time to stop the bleeding. Find a professional insurance administrator, go to the GIC, go anywhere premium based, find out what other communities in your situation have done, contact experts in the field, but if no community official understands how to properly manage this fund, please get rid of it.

#### **#2: An accounting software package that no one knows how to use.**

##### **My Recommendation – Figure it Out or Get Another One!**

Maybe your community has a contract with the software company that includes training and support. Maybe you can consult with another community that runs the same software. Don't find yourself in a position where the system automatically provides adjusting entries that you and your staff duplicate manually. Maybe your software system can do or does more than you know. Figure it out or get another one.

#### **#3: A computer system requiring a simple character password.**

##### **My Recommendation – Forget About It!**

You may have heard reports of attempted theft from municipal coffers by pretty slick hackers. A little malware, a little spam, a strong computer, maybe a trick telephone call or two and voila! They're in. Maybe they're located in the next building or thousands of miles away. Distance doesn't matter anymore.

Your community's accounting records and energy usage are probably both audited by competent professionals. Now, how about the security of your computer system and passwords? These days, longer and more complicated passwords with a combination of letters, numbers and special characters are necessary and should be changed regularly.

By the way, still keep your passwords under your keyboard? Just sayin'.

#### **#4: Reconciliation of cash and receivables are considered a waste of time.**

##### **My Recommendation – Think Again!**

Any healthy system of internal controls in a municipal environment includes accounting reconciliations between and sometimes among department heads. In government, the laws oftentimes direct two or more local officials to be notified of economic activity by either paper copy or nowadays by electronic transmission.

But notifications won't do any good if the information isn't verified and reconciled. Cash, for example, is preferred to be reconciled monthly. The government's internal controls should be such that the risk of fraud is at a minimum, if not eliminated. Reconciliations aren't a waste of time, they're a responsibility.

be found in the Contract User Guide: [mass.gov/osd](http://mass.gov/osd) > Find a Statewide Contract User Guide > View available statewide contract user guides > [OFF45](#). Vendor-specific resources are posted on [COMMBUYS.com](http://COMMBUYS.com): Contract & Bid Search > Contracts/Blankets > Enter OFF45 in the Contract/Blanket Description field. COMMBUYS purchasing via Release Requisition and PunchOut Catalog. Non-COMMBUYS users should contact the vendor directly.

**Questions?** Contact Peter Etzel, Contract Manager, for more information: 617-720-3397 or [peter.etzel@state.ma.us](mailto:peter.etzel@state.ma.us).

## MUNICIPAL Databank



### Other DLS Links:

[Local Officials Directory](#)

[Information Guideline  
Releases \(IGRs\)](#)

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial  
Calculators](#)

### #5: A town accountant that never read [M.G.L. Chapter 41, section 58](#).

#### My Recommendation – Read It!

*Whenever any appropriation shall have been expended or whenever, in the judgment of the town accountant, it appears that the liabilities incurred against any appropriation may be in excess of the unexpended balance thereof, he shall immediately notify the selectmen and the board, committee, head of department or officer authorized to make expenditures therefrom, and no claim against such appropriation shall be allowed nor any further liability incurred until the town makes provision for its payment.*

Section 58 works in conjunction with [M.G.L. chapter 44, section 31](#), another important municipal finance law, that says no department is allowed to overspend its budget except “in cases of major disaster” which pose “an immediate threat to the health or safety of persons or property,” and then only under controlled conditions.

While section 31 articulates a prohibition against deficit spending, Section 58 imposes a responsibility upon the town accountant to enforce the prohibition.

### #6: Relying on one-time revenues to fund annual operating costs.

#### My Recommendation – Don’t Do It!

Unbudgeted revenues or “windfalls” are good, but waiting for them to occur or even using them after they occur to finance annual operating costs is very risky. I’m not saying that it can’t be done in one year. Just don’t rely on any one-time revenue source like a new round of federal grant funds, a tax amnesty or a court judgment in the community’s favor when budgeting for the next year.

Annual operating costs should be financed using a dependable revenue stream like the tax levy rather than an inconsistent or anticipated one. “Windfalls” should help bolster reserves or be used to fund a one-time expense.

### #7: Quick! Hide the Audit!

#### My Recommendation – Use It, Don’t Lose It!

An audit is an examination of a community’s systems, procedures, programs and financial data to provide users of financial reports with independent assurance that a community’s financial statements are reliable, accurate, and complete. A financial statement audit determines whether, in the auditor’s opinion, the records are materially accurate.

In other words, it’s conducted to assure the public that an independent authority is

reviewing a community's financial health and practices, identifying areas for improvement, analyzing its overall financial position and reviewing internal control procedures to minimize the risk of errors or fraud.

The audit is there to help. The management letter is specifically written to improve operations and controls and it shouldn't be ignored. The audit is an examination and a management tool to improve efficiency and reduce weaknesses. So don't hide the audit; use it.

#### **#8: An accounting software conversion in mid-June.**

##### **My Recommendation – Can't anyone think of a better time?**

I've been affected by many different sorts of data and software conversions in my time (changes that occur immediately, as of a future date certain, that are bridged, that run concurrently with the existing system for a time, etc.) and there's almost always a glitch, sometimes a major one. You need time to determine if everything is running as expected. It takes time and perfection shouldn't be assumed. The end of the fiscal year, when the books are closing, may not be the best time to figure this all out.

I'm not saying that a data or software conversion is unnecessary. It may be necessary in your case. But thought must be given as to when it should occur.

#### **#9: Failing to return funds borrowed internally by June 30.**

##### **My recommendation – Understand the consequences!**

The problem is with internal borrowing in anticipation of the issuance of authorized debt, particularly regarding a capital program or project. Communities are allowed to borrow in a limited way from their own reserves (from available unrestricted funds), but only temporarily in anticipation of permanent borrowing. [G.L. c. 44, section 20A, IGR 17-21, Section VII](#). Internally borrowed funds must be returned by June 30 in the fiscal year that they were borrowed and may need to be replaced by externally borrowed funds to plug the deficit. If the deficit is not addressed, it becomes a reduction to free cash and that reduction could be significant.

In municipal finance, June 30 means something more than just another date on the calendar. Borrow timely.

#### **#10: Balancing the budget - Stretch the estimated receipts and clip the overlay.**

##### **My recommendation – Wait a minute!**

Balancing the budget is always a chore, and some places take it to the extreme by waiting for free cash to be certified in the fall (then find it's not enough), by hoping for

an override (which then fails), by allowing an imbalance to linger (then possible state intervention), and by unreasonably stretching estimated receipts and clipping the overlay by far too much (thus halting tax rate certification).

Be reminded that estimated receipts ([M.G.L. chapter 59, section 23](#)) and the overlay ([M.G.L. chapter 59, section 25](#)) must appear reasonable in amount for the tax rate to be certified by the Bureau of Accounts. Supporting documentation is necessary. Don't find yourself in a position of returning to city/town council or town meeting at Christmastime hoping for a quorum to cut the budget.

**BONUS #11: Forgoing the money because the paperwork seems too difficult to complete by the deadline.**

**My recommendation: Someone fill out the paperwork!**

How many times have I heard that the community didn't receive or had to forgo the money, the state aid, the reimbursement, a state or federal grant, the relief funds or whatever else because someone couldn't complete the associated paperwork by the deadline? Enough times!

I've been advising local officials for years to fill out the paperwork that brings in the money. I have heard very few good stories explaining why it couldn't be done, especially funds that have already allocated to the community but cannot be disbursed unless the paperwork is completed.

As you know, government usually involves paperwork. But whether it's by paper or electronic transmission, if it brings in the money, complete it or find someone who can.

So those are now my *Eleven Worst Practices* in Municipal Finance. Could there possibly be even more?

## ***Ask DLS: Personal Property Taxes***

This month's *Ask DLS* features frequently asked questions regarding the local taxation of personal property. Additional questions about personal property taxes will be featured in future editions of *City & Town*. Please let us know if you have other areas of interest or send a question to [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us). We would like to hear from you.

**How can the assessors verify that a property owner has reported its taxable personal property accurately and completely?**

Under [M.G.L. c. 59, § 31A](#), assessors may conduct a personal property audit. The assessors begin the audit by issuing a summons to the taxpayer for production of books, papers, records and other data. Any person or entity required to file a form of list is subject to an audit. The summons must be served in the same manner as

summonses for witnesses in criminal cases issued on behalf of the Commonwealth. Documents and other data within the scope of a personal property audit might include fixed asset listings, financial statements, federal tax returns, lease agreements for personal property at the business location, receipts for purchases of goods made during the audit period and inventory records.

### **How is a summons for a personal property audit served?**

A personal property audit summons may be served by mailing a copy to the taxpayer at the taxpayer's last known address. A summons may also be served by any officer authorized to serve process such as a constable or any disinterested person at least 18 years old, by delivering a copy to the taxpayer at the taxpayer's residence or usual place of abode. If the summons is left for the taxpayer at the taxpayer's last known address, it must be left with a person of suitable age or discretion who lives there.

The assessors should retain some proof that service of the summons was made. Assessors may find it useful to send a mailed summons by certified mail so as to reflect its receipt by the taxpayer. Assessors should consult with municipal counsel to ensure that an audit summons is served in accordance with law.

### **What are possible reasons for conducting a personal property audit?**

Reasons to conduct a personal property audit include the non-filing of a form of list by a taxpayer which has filed in prior years; the filing of a form of list without required documentation; a filing reporting large increases and decreases in the value of personal property accounts; a new filing reporting old equipment; a review of personal property accounts with values over a particular threshold; and a review of personal property accounts of taxpayers in a particular line of business.

### **How far back can the request for books and records go?**

Assessors may request books and records from fiscal years for which the required form of list was filed or due to be filed, whichever is later, within the three previous years. The "look back" period is three years, measured from the later of the actual filing date or filing due date for the fiscal year in question. For example, forms of list for fiscal year 2018 were due March 1, 2017. If the taxpayer filed on February 15, 2017, the assessors would have until March 1, 2020 to conduct the audit. If the taxpayer was given an extension and filed on February 1, 2018, the assessors would have until February 1, 2021.

### **What is the procedure to follow if unreported or underreported personal property is identified during a personal property audit?**

If the assessors discover that the taxpayer owned taxable personal property for the fiscal year and failed to report it entirely, an omitted assessment can be made for the unreported personal property. If the assessors discover the taxpayer did not include

all taxable personal property owned in the form of list returned for the year, a revised assessment can be made for the underreported personal property. In both instances, the omitted or revised assessments for a particular fiscal year must be made no later than 3 years and 6 months after the form of list for the fiscal year was filed or due to be filed, whichever is later. [M.G.L. c. 59, §§ 75 and 76](#).

## November Municipal Calendar

1	Taxpayer	<b>Semiannual Tax Bills - Deadline for First Payment</b> Per M.G.L. c. 59, §§ 23D and 5Z, this is the deadline to pay the first actual or optional preliminary tax payment without interest in a semiannual community that mailed tax bills by October 1. If the bills were mailed after October 1, the deadline is 30 days after the mailing date.
1	Taxpayer	<b>Semiannual Tax Bills – Deadline for Property Tax Abatement Application</b> Per M.G.L. c. 59, § 59, applications for abatement are due on the same date as the first actual tax installment for the year.
1	Taxpayer	<b>Quarterly Tax Bills - Deadline for Paying 2nd Quarter Tax Bill</b> Per M.G.L. c. 59, § 57C, this is the deadline to pay the 2nd quarter tax payment without interest.
1	Selectmen and Assessors	<b>Hold Classification Hearing (recommended date)</b> The Board of Selectmen holds a public hearing at which the Assessors present information to assist it in determining whether to apply uniform or different tax rates to the various classes of real and personal property.
30	Accountant	<b>Deadline to Submit Schedule A</b> Failure to file Schedule A to BOA by November 30 may result in the withholding or forfeiture of state aid.
30	Assessors	<b>Submit Tax Recap and all Schedules to BOA</b>
30	State Treasurer	<b>Notification of Monthly Local Aid Distributions</b> , see <a href="#">IGR 17-17</a> for more cherry sheet payment information, monthly breakdown by program is available <a href="#">here</a> .

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**Editorial Board:** Sean Cronin, Anthonia Bakare, Linda Bradley, Nate Cramer, Patricia Hunt and Tony Rassias

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